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As confidentially submitted to the Securities and Exchange Commission on April 6, 2021.
This draft registration statement has not been publicly filed with the
Securities and Exchange Commission and all information herein remains strictly confidential.

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

LegalZoom.com, Inc.
(Exact name of registrant as specified in its charter)

Delaware	7370	95-4752856
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

101 North Brand Boulevard, 11th Floor
Glendale, California 91203
(323) 962-8600
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Dan Wernikoff
Chief Executive Officer
LegalZoom.com, Inc.
101 North Brand Boulevard, 11th Floor
Glendale, California 91203
(323) 962-8600
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

C. Thomas Hopkins **Jodie Bourdet** **Jonie Kondracki** **Cooley LLP** **1333 2nd Street, Suite 400** **Santa Monica, California 90401** **(310) 883-6400**	**Noel Watson** **Chief Financial Officer** **Nicole Miller** **General Counsel** **LegalZoom.com, Inc.** **101 North Brand Boulevard, 11th Floor** **Glendale, California 91203** **(323) 962-8600**	**Richard A. Kline** **Adam J. Gelardi** **Latham & Watkins LLP** **140 Scott Drive** **Menlo Park, California 94025** **(650) 328-4600**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Proposed maximum aggregate offering price(1)	Amount of registration fee(2)
Common stock, $0.001 par value per share	$	$

(1) Estimated solely for the purpose of computing the amount of registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended. Includes the offering price of additional shares of common stock that the underwriters have the option to purchase.

(2) Calculated pursuant to Rule 457(o) based on an estimate of the proposed maximum aggregate offering price.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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Subject to completion, dated , 2021

Preliminary prospectus

Shares

LEGALZOOM

Common stock

This is the initial public offering of shares of our common stock. We are offering shares of our common stock and the selling stockholders identified in this prospectus are offering an additional shares of common stock. We will not receive any proceeds from the sale of shares by the selling stockholders.

Prior to this offering, there has been no public market for our common stock. We currently expect the initial public offering price to be between $ and $ per share of common stock.

We intend to apply for listing of our common stock on under the symbol “LZ”.

We are an “emerging growth company” as defined under the U.S. federal securities laws and, as such, may elect to comply with certain reduced public company reporting requirements for this and future filings.

	Per share	Total
Initial public offering price	$	$
Underwriting discounts and commissions[1]	$	$
Proceeds to us before expenses	$	$
Proceeds to selling stockholders before expenses	$	$

(1) We refer you to the section titled “Underwriting” for additional information regarding underwriter compensation.

We and the selling stockholders have granted the underwriters an option for a period of 30 days to purchase up to an additional and shares of common stock, respectively, at the initial public offering price, less the underwriting discounts and commissions.

Investing in our common stock involves a high degree of risk. See the section titled “Risk Factors” beginning on page 18.

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

The underwriters expect to deliver the shares of common stock to purchasers on , 2021.

J.P. Morgan **Morgan Stanley** **Barclays**

, 2021

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The information in this prospectus is not complete and is subject to change. No person should rely on the information contained in this document for any purpose other than participating in our proposed initial public offering, and only the prospectus dated , 2021, is authorized by us to be used in connection with our proposed initial public offering. The prospectus will only be distributed by us and the underwriters named herein and no other person has been authorized by us to use this document to offer or sell any of our securities.

We have not, the selling stockholders have not, and the underwriters have not, authorized anyone to provide you any information or to make any representations other than those contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. Neither we, the selling stockholders nor the underwriters take responsibility for, or provide any assurance as to the reliability of, any other information others may give you. This prospectus is an offer to sell only the shares offered hereby, and only under circumstances and in jurisdictions where it is lawful to do so. We are not, the selling stockholders are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of the shares of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date.

Through and including , 2021 (the 25th day after the date of this prospectus), all dealers that buy, sell, or trade shares of our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

For investors outside the United States: Neither we, the selling stockholders nor any of the underwriters have done anything that would permit our initial public offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the shares of our common stock and the distribution of this prospectus outside of the United States.

PROSPECTUS SUMMARY

This summary highlights selected information contained in greater detail elsewhere in this prospectus. This summary is not complete and does not contain all of the information that you should consider in making your investment decision. You should read this entire prospectus carefully before making an investment in our common stock. You should consider, among other things, the sections titled "Risk Factors," "Special Note Regarding Forward-Looking Statements," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes included elsewhere in this prospectus. Unless the context otherwise requires, the terms "LegalZoom.com," "LegalZoom," "the Company," "we," "us," "our" and similar references refer to LegalZoom.com, Inc. and, where appropriate, its subsidiaries. References to the "selling stockholders" refer to the selling stockholders named in this prospectus.

Our Mission

Our mission is to democratize law. We believe every business deserves the full protection of the legal system and a simple way to stay compliant with it. Our platform helps new businesses form. Once a small business is formed, we offer subscription services to protect the business, its ideas, and the families that create them. LegalZoom empowers small business owners to apply their energy and passion to their businesses instead of the legal and regulatory complexity required to operate them.

Our Business

LegalZoom is a leading online platform for legal and compliance solutions in the United States. In 2020, 10% of new limited liability companies, or LLCs, and 5% of new corporations in the United States were formed via LegalZoom. Our unique position at business inception allows us to become a trusted business advisor, supporting the evolving needs of a new business across its lifecycle. Along with formation, LegalZoom offerings include ongoing compliance and tax advice and filings, trademark filings, and estate plans. Additionally, we have unique insights into our customers and leverage our product as a channel to introduce small businesses to leading brands in our partner ecosystem, solving even more of their business needs. We operate across all 50 states and over 3,000 counties in the United States, and have more than 20 years of experience navigating complex regulation and simplifying the legal and compliance process for our customers.

The U.S. legal and regulatory landscape is broad and varied, complex, opaque, and constantly evolving, in particular with respect to the following:

- ***Multiple third-party interactions.*** The simple act of forming an LLC or incorporating a corporation may require specific federal, state, county and city interactions, each with their own idiosyncrasies.
- ***Compliance requirements are complex.*** At formation, basic compliance requirements are not anticipated or understood. More advanced requirements are dictated by industry, geography, and employer type.
- ***Regulations change constantly.*** The myriad of regulatory bodies and potential compliance requirements are daunting on their own, and this dynamic is amplified by the fact that they are constantly changing and evolving.

Many small businesses operate without forming a legal entity, unintentionally introducing financial risk to the owners' personal assets. The businesses that recognize that risk upfront often struggle to address it. Once they understand the need to be protected, they often do not know what to do, where to turn or how much it will cost to get help. Even when formed properly, small businesses often fail to comply with ongoing compliance requirements, thereby reintroducing personal liability or facing significant financial and operational risk. Furthermore, these difficulties are becoming more acute as the number of U.S. business formations increase, driven by various macroeconomic factors such as the rise of the gig economy and remote work, accentuating the need for a trusted, cost-effective, digital-first and simple legal and compliance solution.

LegalZoom commenced operations in 2000 so more people could access legal help. Initially, we focused on business formation, intellectual property, and estate planning. Over the years, we have expanded our offerings to cover a broader set of legal, compliance, tax and business services for small businesses. In 2020, we helped form 10% of all new LLCs and helped incorporate 5% of all new corporations in the United States. In addition, 6% of all trademark registration applications in the United States in 2020 were made through LegalZoom. At December 31, 2020, we had over 1.0 million subscription units outstanding and were one of the largest registered agent providers for small businesses in the United States. As a result of this success, we have become the leading brand in online legal services, with 70% aided brand awareness as of December 2020 according to a 2020 study hosted by Dynata.

Our platform combines the power of technology and people to demystify and simplify complicated processes, creating user-friendly experiences for our customers. Our proprietary technology enables us to automate many complex legal and compliance processes, allowing us to offer solutions at transparent, flat-fee prices that are at a significant discount to traditional offline alternatives. While the majority of our customers complete these transactions without human assistance, many prefer to have some guidance through the process. The combination of technology and people is at the heart of our unique customer experience. For our customers looking for general help, our customer care and sales organization of over 500 people is available for real-time guidance on how to use our services. For customers preferring credentialed assistance, we embed the option for them to retain attorneys and certified public accountants, or CPAs, from the beginning of the customer journey at affordable and transparent pricing. In addition, our unique and trusted position at business formation gives us unparalleled knowledge of our customers' needs prior to the business being operational or discoverable by other service providers. We leverage this valuable knowledge and our position as a small business' first advisor to introduce our customers to the most relevant business solutions within our partner ecosystem to help them run other aspects of their business.

We earn small businesses' trust and drive significant organic traffic through our free proprietary educational content, which is often our first interaction with a potential customer. From there, our small business customers' initial purchase is typically a formation product that streamlines the process of starting a business. Alongside and after this initial transaction, our customers generally purchase annual subscription services to solve additional legal, compliance and tax needs, deepening our relationship with our customers. The power of our platform yields highly efficient unit economics: over the past several years for customers in the United States, we have generated a lifetime customer value in excess of customer acquisition costs generally within the first 90 days of establishing a customer relationship. With recurring revenue through subscription services and repurchases from existing customers, we continue to benefit from an increasing customer lifetime value.

As a result of our traction with our customers, we have achieved economies of scale that we expect to continue to leverage as we accelerate the growth of our business. We generated revenue of $408.4 million in 2019 and $470.6 million in 2020, representing a year-over-year increase of 15.2%. We had net income of $7.4 million and $9.9 million in 2019 and 2020, respectively. We generated net cash flow from operating activities of $52.7 million in 2019 and $93.0 million in 2020. Adjusted EBITDA decreased from $97.2 million in 2019 to $88.0 million in 2020 as we decided to invest further in marketing spend and the launch of new Attorney Assist and Tax products. Free cash flow increased from $34.3 million in 2019 to $82.5 million in 2020 primarily as a result of growing deferred revenue, driven by an increase in subscription units, an increase in accounts payable due to the timing of our payments and lower capital expenditures for the purchase of property and equipment, including capitalization of internal-use software. For 2019 and 2020, our free cash flow included cash payments for interest of $37.3 million and $27.9 million, respectively. Adjusted EBITDA and free cash flow are not financial measures calculated in accordance with GAAP. For further information about Adjusted EBITDA and free cash flow, see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures."

Industry Trends

Millions of people start small businesses every year, an accelerating trend driven by digital enablement and the gig economy.

Small businesses are the engine of the U.S. economy, representing 65% of net new job creation since 2000, according to the Bureau of Labor Statistics. These businesses are often family affairs—according to a 2016 Annual Survey of Entrepreneurs conducted by the U.S. Census Bureau, during 2016, 64% were started with family or personal savings, and 31% were family owned. These entrepreneurs also come from diverse backgrounds: according to a 2018 Annual Business Survey conducted by the U.S. Census Bureau, out of all employer firms in 2017, 20% were women-owned, 18% were minority-owned, 17% were immigrant-owned, and 6% were veteran-owned. Two major factors are driving an acceleration in small business creation: digital enablement and the gig economy. Today, an idea can become a digital business within a few days with the help of small business enablement tools. Further, with the rise of the gig economy and lead-generating platforms, a person can become a business in hours by engaging in independent work such as renting their home, driving their car, or selling their crafts or services on an established marketplace. According to a report published by MBO Partners, there were 38 million independent workers in the United States in 2019.

People start small businesses when economic times are both good and bad. Based on information available from secretaries of state, the number of business formations in the United States have grown for 28 out of the past 30 years on a year over year basis.

Small business owners often do not know that they may face personal liability and tax consequences depending on their business formation decision.

The first step to form a business entity is choosing a business structure at formation. A person is automatically a sole proprietor if they do not register as any other kind of business. As a sole proprietor, a small business owner has unlimited personal liability for their business activities, impacting their families and well-being. According to the U.S. Census Bureau, there were 31.7 million small businesses in the United States in 2017 all of whom could benefit from protection. In spite of the risk and the complexity of the U.S. legal system, 35% of new business owners received no professional guidance in selecting a business formation structure, according to a survey conducted by Magid, a consumer-centered business strategy company, in 2021.

Many small business owners try to figure out legal requirements on their own, and often face regulatory problems for noncompliance. It can be frustrating, time consuming and expensive to navigate multiple layers of legal and compliance requirements.

The U.S. legal and compliance system is often opaque and complex, so it is challenging for people to access legal advice and protection and to stay compliant with regulations and taxes. According to a 2017 National Small Business Association, or NSBA, Small Business Regulations Survey, 44% of small firms in the United States reported spending 40 hours or more each year dealing with new and existing federal regulations, and 30% spend 40 hours or more each year navigating state and local regulations. Overlapping, potentially contradicting, and changing guidelines increase the complexity small businesses face while navigating legal and compliance requirements on their own.

The difficulty in staying current with compliance requirements can also result in high expenses for a small business. According to a 2017 NSBA Small Business Regulations Survey, 10% of small businesses in the United States are fined for regulatory non-compliance, with an average total cost of citations of nearly $31,000 for regulatory non-compliance over a five-year period.

There are structural impediments that make traditional offline attorneys unable to adapt to consumer behaviors and technology advancements.

Traditional offline attorneys face significant challenges in creating a scaled technology platform. Attorneys cannot practice nationally without being licensed and regulated in each individual state, or limiting their practice exclusively to federal law. They also face numerous restrictions on the services they offer, how they advertise, their ability to work or partner with people who are not attorneys, and even receiving credit card payments. In addition, due to regulatory restrictions concerning law firm business models, offline attorneys are prohibited from offering equity to investors that are not law firms or attorneys and cannot offer equity to employees that are not attorneys. This results in a lack of available technical talent for significant investment in technology and innovation.

Online adoption of legal services lags behind other comparable industries.

While service industries like accounting, tax, marketing and payments have rapidly transitioned online, legal offerings largely remain offline. According to IBISWorld, approximately 8% of legal services in the United States were conducted online in 2020, compared to 30% of IT consulting services and approximately 70% of financial services.

Online penetration has lagged in the legal industry due to the incredible complexity of the U.S. legal and regulatory landscape, which makes it difficult for an online platform to gain scale with use cases that are applicable and tailored to each local jurisdiction.

The gap between a small business owner's legal and compliance needs and available offline solutions is widening.

The COVID-19 pandemic spurred new business formation and also highlighted the impact of policy and enforcement differences across local, regional and state levels. At the same time, the challenges associated with traditional offline "do it yourself" or "find an expert" options are becoming relatively worse as service level expectations increase as a result of small business enablement in other industries.

Technological advances are transforming consumer expectations for professional services. According to McKinsey, digital channels will help companies both meet changing customer needs and expectations and prepare for future industry disruption. The standard for digital convenience and efficiency, already high before the pandemic, has only increased.

Our Market Opportunity

We view our opportunity in terms of a $48.7 billion serviceable addressable market, or SAM, which we believe we address today, and a larger total addressable market, or TAM, which we believe we can address over the long term as we grow small business consumption of legal and compliance solutions. We primarily serve small businesses with up to 50 or fewer employees. In 2017, there were 31.7 million such businesses according to the U.S. Census Bureau. The small business market is dynamic, and we estimate that there are 4.4 million new business formations annually, based on our analysis of secretary of state filings.

Our SAM includes $18.3 billion in services that small businesses use at the time of business formation, $21.5 billion in services that small businesses use later in their lifetime, and $8.8 billion of consumer estate planning services. We categorize our business formation and attach opportunity as total small business spending on business formation, registered agent and government filings, tax planning and bookkeeping/records, and intellectual property protection. We categorize our post-business formation opportunity as contracts, legal forms, and other legal matters and tax preparation. In spite of the benefits of third-party legal and compliance services, there is very little usage today by small businesses of external providers of these services.

We believe that our TAM could grow to be multiples of our SAM over the long term with increased usage of legal and compliance solutions by small businesses. By increasing access, we believe we will grow our market opportunity. Many small businesses are not aware of the various legal and compliance solutions that exist, or are daunted by the complexity and uncertainty of traditional solutions. We believe that we can address the needs of every small business with our simple, transparent, and affordable solution. Beyond our core legal and compliance solutions, our trusted relationship with small businesses gives us further opportunities to increase our TAM by adding adjacent services through third-party partnerships, in categories such as business insurance and financial planning.

Our Customer Journey

Our first interaction with potential customers is typically through our free proprietary educational content, through which we earn trust and drive significant organic traffic. Most of our customers interact with our educational content before making a purchase.

Typically, our small business customers' initial purchase is a business formation product that streamlines the process of starting a business. We use our technology platform to create a simple, user-friendly workflow that enables our customers to confidently form a business with just a few clicks. For many customers, getting real-time general information about the overall business entity formation process and our related products is an important benefit, so we provide care and sales support real time. As a result, our business formation products have a net promoter score, or NPS, over double that of traditional offline attorneys, helping us form a trusted relationship with small business owners. Based on this trusted relationship, during 2020, over 60% of our small business customers purchased one year of one of our subscription services at the time of their initial formation purchase, and over half of our small business customers purchased at least one third-party solution at time of business formation.

Our compliance solutions are our largest group of subscription services. Compliance regulation and process are often cumbersome to follow and difficult to understand. For example, in most states, small businesses are required to have a registered agent, which generally must be an adult or authorized business that can receive mail or hand-delivered court documents at a physical address during normal business hours. With our registered agent subscription, we serve as our customer's registered agent: accepting their documents through the mail, digitizing critical business documents, and alerting them of critical business documents or notices. This serves to help them adhere to critical tax and annual report deadlines, among other benefits. In this fashion, our compliance solutions simplify cumbersome processes and free up our customers' time to focus on their businesses.

Customers can freely access live help from our world class customer care and sales organization, while subscribers to our legal and tax advisory plans may consult with a vetted network of independent attorneys licensed in their jurisdiction to provide legal advice, or an accountant for tax advice. With these assisted subscription services, our customers get the benefit of a credentialed professional that can provide advice at an affordable cost. For example, with our business advisory plan, our customers get fast and ongoing legal support from our independent network of attorneys for less than $40 a month. A significant number of our customers purchase attorney advice subscriptions when starting their business, and we have seen strong traction with our tax advice subscriptions, which include advice from a CPA or enrolled agent, since its launch in late 2020.

The majority of our customers have not begun operations when they begin their relationship with LegalZoom, giving us a unique position in the business lifecycle. To help our customers operate, we partner with a variety of third-party solutions, such as business license services, bookkeeping services, banking services, productivity tools and business insurance, among others. We provide our customers with seamless introductions to trusted partners, giving them access to the critical services they need to operate and grow their business. In 2020, over half of our small business customers purchased at least one third-party solution.

We continue to engage our customers after their initial purchase of transaction products and subscription services. For example, after forming their business entity, our customers can opt to register their company name and/or logo as a trademark or protect their intellectual property with a patent or copyright. Additionally, as forming a company is an important life event, some of our small business customers opt to purchase an estate plan offering when they form their company. Our ongoing customer engagement results in additional purchases. Since 2017, 27% of our transaction customers have made additional purchases after their initial order.

Our Value Proposition

Our offerings align with our mission of democratizing law and empowering small business owners to apply their energy and passion to their businesses instead of the legal and regulatory complexity required to operate them. We achieve this mission because our platform has:

Simplicity: Streamlined approach to legal and compliance. LegalZoom simplifies complicated legal and compliance processes, creating user-friendly experiences for customers. We offer extensive legal, compliance and tax information that anyone can freely access. Once customers decide to purchase a product, our platform removes the friction associated with filing documents with local, state, and federal regulators through an intuitive user-friendly questionnaire that guides customers through the process. Additionally, our products are reflective of our customers' evolving behaviors: almost half of our traffic is through mobile devices, and we have built a simple mobile responsive experience.

Affordability: Accessible with fixed pricing. We believe our platform is significantly more efficient when compared to traditional offline legal services, allowing us to offer solutions at transparent, flat-fee prices. Our business formation product starts at a flat fee of $79, excluding state-imposed filing fees. We achieve this significant cost saving by automating aspects of the legal document production process and by utilizing customer care and fulfillment specialists to provide generalized help and only involve our independent attorney network and CPAs at the customer's request and where legally required.

Trust: Confidence in quality. Through over 20 years of delivering high-quality solutions, LegalZoom has built a brand associated with ease of use, transparency, and trusted quality. When small businesses come to LegalZoom to form their business and stay protected, they know they are receiving consistently high-quality, comprehensive services that will meet their needs. This trust is reflected in our NPS for small businesses, which is over double the score of traditional offline attorneys, and our NPS for our attorney network, which is roughly three times that of traditional offline attorneys. These product features are supplemented by our customer care and sales organization, with over 500 team members that are able to answer customers' general process questions in real time.

Expertise: Credentialed professional-assisted solutions. In instances where customers choose to engage a credentialed professional, our platform connects customers with independent attorneys in our network or in-house accountants. Our network of over 1,300 independent attorneys and 75 in-house tax advisors provides our users with access to legal and compliance support when they need it. Since 2011, our independent network of attorneys has provided over 589,000 individual consultations to small businesses and families.

Breadth: Comprehensive product and partner ecosystem. We have built a comprehensive product ecosystem that protects businesses, ideas and the families that create them. Our educational content and business formation products arm entrepreneurs at the start of their journeys, and our IP, compliance, attorney, and tax advisory subscriptions help small business owners as they run their businesses by protecting their ideas and ensuring they stay compliant. We supplement our products and services with a curated network of partnerships that customers can access through our platform, enabling our customers to discover additional services to run their businesses. We also offer a range of services for families including estate planning services, divorce, name change, residential leases, deed transfers and attorney subscription services.

Our Competitive Strengths

Leading legal platform. We provide a leading online legal platform that helps small businesses form, protect their ideas, stay compliant and run their businesses. Since inception, we have helped form 2.8 million businesses (378,000 businesses formed in 2020) and helped create 3.6 million estate plans (250,000 created in 2020). In 2020, approximately 10% of new LLCs and 5% of new corporations were formed through LegalZoom. In addition, 6% of all trademark registration applications in the United States in 2020 were made through LegalZoom. At December 31, 2020, we had over 1.0 million subscription units outstanding and were one of the largest registered agent providers for small businesses in the United States. We have invested significantly to create a highly recognizable legal brand, online and offline, with aided brand awareness of 70% and unaided brand awareness of 25% as of December 2020, more than eight times our nearest online competitor.

Proven ability to operate in a highly regulated market. We have spent more than 20 years building a systematic understanding of many aspects of the U.S. legal system, across 50 states and over 3,000 counties. There is a wide variety of individual statutes and requirements across the United States, making it difficult for small businesses and consumers to fulfill their legal obligations. We have filed millions of documents on behalf of our customers with various county and state agencies in the United States. Since we are a large filer of business formation and other documents with these agencies, our fulfillment teams have direct relationships with many of them and interact with many of these agencies every business day.

Attorney integration. Most people prefer the comfort of knowing an attorney is available to help them with their legal needs, even if on an as-needed basis. However, most other online providers are either positioned purely as self-help with no access to attorney advice, or for those who do provide access, it is often a service connecting customers to attorneys with limited integration of the network to ensure consistent service quality. Offering attorney advice nationally through a legal plan, as we do, requires significant initial and ongoing investment, including: sourcing law firms and attorneys licensed in each state; ensuring such plans are acceptable to state regulatory agencies with varying rules; and keeping up with the administration of the plan. It took LegalZoom seven years from service inception to offer 50-state coverage through our network of independent attorneys.

Unique position within small business lifecycle. Given our unique position at business inception, we are typically the first business advisor a small business interacts with. In 2020, approximately two-thirds of the small businesses that formed through LegalZoom had not even begun operations when they first engaged with us. Before a small business has employees, an address or a website, they have LegalZoom. By delivering quality business formation solutions, we are able to establish trust with small businesses, who then frequently trust us with other critical needs as well. We have leveraged this trust to extend our legal and compliance product portfolio over time, through both first-party solutions such as tax, given that approximately 70% of small business owners that sought a tax accountant did not have one at the time of their entity formation, as well as our partner ecosystem, where we recommend third-party partners to our customers.

Authority in educational legal and compliance content for small businesses. Our content library serves as a funnel for new customers. Most of our customers interacted with our educational content before making a purchase. We have grown our content library to thousands of educational articles across our services and established ourselves as a trusted source of expertise before a potential customer even begins seeking access to legal and compliance care.

Our technology platform. We have invested significantly since our inception in building proprietary technology that drives quality and efficiency on our platform. We consistently improve our technology platform, resulting in improved document generation, increased automation, and increased use of the cloud to enable digital collaboration. In addition, we have developed a highly accurate database of millions of business entities

we have helped form. We are able to leverage data, with consent and only as permitted by law, to understand new products that may be relevant to our customers and optimize our operations. We also use APIs to seamlessly integrate our formation products within third-party applications, further extending our platform reach.

Attractive business model. Our financial performance is a result of attracting new customers and delivering more value over time for customers as they stay on our platform. Our unique position at business formation allows us to grow our relationships with our small business customers as their businesses evolve. We have expanded our solutions to meet more of these needs, and have seen consistent lifetime value improvement over time. Given our efficient customer acquisition dynamics, we are able to profitably acquire new customers as we pursue our massive market opportunity. We have built a profitable and cash flow generative business, given this customer acquisition efficiency, economies of scale and favorable working capital dynamics.

Our Growth Strategy

We are in the early days of penetrating and growing the online market for small business legal and compliance services. We expect to continue to grow our customer base, retain and expand our customer relationships, and increase our market opportunity with the following strategies.

Grow our customer base. We continue to grow the top of our funnel and improve our customer experience in order to grow our customer base. To accelerate growth, we intend to:

- ***Increase LegalZoom brand awareness.*** We intend to continue to invest in our brand to increase awareness of the protection that legal and compliance services offer small businesses, and the ease and affordability of our platform.
- ***Improve conversion***. We have millions of visitors to our website each month and a large opportunity to increase conversion of prospects into customers. We have invested in improving ease of use and optimizing the checkout flow to drive better conversion upon the first interaction with potential customers.
- ***Attract new customers through partner integration***. We partner with leading players that can help our small business customers and improve our ecosystem. Through our APIs, our partners can offer our solutions within their experience, providing us with a highly efficient customer acquisition channel. We will continue to seek partner integrations to increase awareness of our brand and to grow our customer base.

Retain and expand our customer relationships following formation. As we innovate for small businesses, we aim to become their trusted partner for life. In order to do this, we intend to:

- ***Launch adjacent services.*** Our strategy is to meaningfully expand our product line in the medium term to offer a solution for the majority of small business legal and compliance needs. We have collected a vast amount of data in the past 20+ years to both improve our own solutions as well as identify additional areas where we can launch new products for our customers throughout their lifetime. For example, in 2020, we introduced a tax advisory product. We plan on continuing to invest in a broader array of services to capture this opportunity.
- ***Partner to offer our customers broader ecosystem solutions***. We plan to offer additional access to third-party solutions to further support small business needs in areas such as banking, payments, payroll, accounting, and website hosting. In 2020, two-thirds of our new customers had not yet started their businesses when they first engaged with us. We believe that by working with our partners, we can increase our customer engagement and retention.

- ***Increase customer lifetime value***. We plan to continue to improve the lifetime value of our customers, particularly by increasing retention of our small business subscribers. We plan to maintain engagement post-purchase with additional investments in existing solutions, add new solutions to serve additional needs, and improve lifecycle marketing to increase retention rates. Through these initiatives, we plan to better monetize our existing customers by allowing them to realize continued value on our platform over time.

Increase our market opportunity by introducing a new tier of higher-priced, higher-value products. We have a large opportunity to serve customer demand by offering assistance with their legal and compliance needs.

- ***Broaden customer top of funnel.*** We aim to reduce peoples' uncertainty and doubt about forming a business on their own, as well as to expand our opportunity to serve people who would not consider a "do it yourself" solution. We expect to continue to broaden the top of the funnel consideration for LegalZoom by highlighting our attorney integration. We believe the "assisted" market is multiples larger than the "do it yourself" market that we have historically served, because expertise increases customer confidence.
- ***Increase adoption of assisted offerings.*** We plan to provide more value to our customers from existing product lines by adding a tier of Attorney Assist solutions. In June 2020, our "Attorney Assist" product for trademarks became widely available, and we have seen higher average order value, or AOV, and more orders, over time, as customers value the ability to work directly with attorneys. Solutions that incorporate an attorney have higher completion rates. We plan to continue to expand our credentialed professional-assisted offerings to complement our technology-enabled solutions.

Summary of Risk Factors

Our business is subject to numerous risks and uncertainties, as discussed more fully in the section titled "Risk Factors" immediately following the prospectus summary. You should carefully consider these risks before making an investment in our common stock. Some of these risks include:

- Our recent growth may not be indicative of our future growth and, if we continue to grow, we may not be able to manage our growth effectively.
- If we are unable to sustain our revenue growth rate, we may not maintain profitability in the future.
- Our future quarterly results of operations may fluctuate significantly due to a wide range of factors, which makes our future results difficult to predict.
- We have a history of net losses, we anticipate increasing expenses in the future, and we may not be able to maintain profitability.
- If we fail to provide high-quality services, customer care and customer experience and add new services that meet our customers' expectations, we may not be able to attract and retain customers.
- If we do not continue to innovate and provide a platform that is useful to our customers, we may not remain competitive, and our results of operations could suffer.
- Our business depends on business formations.
- Our subscription services are highly dependent upon our transaction products.
- Our business depends substantially on our subscribers renewing their subscriptions with us and expanding their use of our platform.
- Our business depends on our ability to drive additional purchases and cross-sell to paying customers.
- The legal solutions market is highly competitive.

- We depend on top talent, including our senior management team, to grow and operate our business, and if we are unable to hire, retain and motivate our employees, we may not be able to grow effectively, which may adversely affect our business and future prospects.
- Our business and success depend in part on our strategic relationships with third parties, including our partner ecosystem, and our business would be harmed if we fail to maintain or expand these relationships.
- Our business and services subject us to complex and evolving U.S. and foreign laws and regulations regarding the unauthorized practice of law, legal document processing, legal plans, and other related matters.

Corporate Information

We were initially formed as a California corporation in July 1999, we commenced operations in 2000 and we converted to a Delaware corporation in February 2007. Our principal executive offices are located at 101 North Brand Boulevard, 11th Floor, Glendale, California 91203, and our telephone number at this address is (323) 962-8600. Our corporate website is www.legalzoom.com. Information contained on, or that can be accessed through, our websites shall not be deemed incorporated into and is not a part of this prospectus or the registration statement of which it forms a part. We have included our website in this prospectus solely as an inactive textual reference.

LegalZoom, the LegalZoom.com logo and other LegalZoom-formative marks are trademarks of LegalZoom.com, Inc. in the United States or other countries. This prospectus also includes other trademarks of LegalZoom.com, Inc. and trademarks of other persons, which are the property of their respective owners. Solely for convenience, trademarks and trade names referred to in this prospectus may appear without the ® or ™ symbols, but that does not mean that we will not assert, to the full extent permitted by law, our rights to any such trademarks owned by us.

Implications of Being an Emerging Growth Company

We are an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. We may take advantage of certain exemptions from various public company reporting requirements, including not being required to have our internal control over financial reporting audited by our independent registered public accounting firm under Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and any golden parachute payments. We may take advantage of these exemptions for up to five years or until we are no longer an emerging growth company, whichever is earlier. We will cease to be an emerging growth company prior to the end of such five-year period if certain earlier events occur, including if we become a “large accelerated filer” as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended, or the Exchange Act, our annual gross revenues exceed $1.07 billion or we issue more than $1.0 billion of non-convertible debt in any three-year period. In particular, in this prospectus, we have provided only two years of audited financial statements and have not included all of the executive compensation related information that would be required if we were not an emerging growth company. Accordingly, the information contained herein may be different than the information you receive from other public companies in which you hold stock. In addition, the JOBS Act provides that an “emerging growth company” can delay adopting new or revised accounting standards until those standards apply to private companies. We have elected to use the extended transition period under the JOBS Act. Accordingly, our financial statements may not be comparable to the financial statements of public companies that comply with such new or revised accounting standards.

The Offering

Common stock offered by us	shares
Common stock offered by the selling stockholders	shares
Option to purchase additional shares of common stock	We and the selling stockholders have granted the underwriters an option to purchase up to an aggregate of shares from us and shares from the selling stockholders.
Total common stock to be outstanding after this initial public offering	shares (shares if the underwriters exercise their option to purchase additional shares from us in full)
Use of proceeds	We estimate that the net proceeds from this offering will be approximately $ million (or approximately $ million if the underwriters exercise in full their option to purchase up to additional shares of common stock from us), based on an assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We will not receive any proceeds from the sale of shares of our common stock by the selling stockholders. The principal purposes of this offering are to increase our capitalization and financial flexibility, create a public market for our common stock and facilitate our future access to the public capital markets. We currently intend to use the net proceeds to us from this offering primarily (1) to repay $ million of the outstanding indebtedness under our $535.0 million term loan, or the 2018 Term Loan, and (2) for general corporate purposes, including working capital, operating expenses and capital expenditures. We may also use a portion of the net proceeds for the acquisition of, or investment in, technologies, businesses, products, services or other assets that complement our business or operations, although we have no present commitments or agreements to enter into any acquisitions or investments. See the section titled “Use of Proceeds” for more information.
Risk factors	You should read the section titled “Risk Factors” and the other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock.
Proposed trading symbol	“LZ”

The total number of shares of common stock to be outstanding after this offering is based on 171,199,023 shares of common stock outstanding as of December 31, 2020, and excludes:

- 15,234,644 shares of common stock issuable upon the exercise of outstanding options as of December 31, 2020, granted pursuant to our 2016 Stock Incentive Plan, or 2016 Plan, at a weighted-average exercise price of $8.78 per share;
- shares of common stock issuable upon the settlement of restricted stock units, or RSUs, outstanding as of December 31, 2020, granted pursuant to our 2016 Plan, that would not have satisfied the market vesting conditions or service-based vesting conditions as of December 31, 2020;
- shares of common stock issuable upon the settlement of RSUs granted between December 31, 2020 and , 2021, granted pursuant to our 2016 Plan;
- shares of our common stock reserved for future issuance under our 2021 Equity Incentive Plan, or 2021 Plan, which will become effective immediately prior to the execution of the underwriting agreement related to this offering, as well as any future automatic annual increases in the number of shares of common stock reserved for issuance under our 2021 Plan; and
- shares of our common stock reserved for future issuance under our 2021 Employee Stock Purchase Plan, or ESPP, which will become effective immediately prior to the execution of the underwriting agreement related to this offering, as well as any future automatic annual increases in the number of shares of common stock reserved for issuance under our ESPP.

Unless otherwise stated, information in this prospectus (except for the historical financial statements) assumes:

- the filing and effectiveness of our amended and restated certificate of incorporation immediately after the completion of this offering and the adoption of our amended and restated bylaws immediately prior to the completion of this offering;
- the automatic conversion of all 23,081,080 shares of our outstanding redeemable convertible preferred stock as of December 31, 2020 into an aggregate of 46,162,160 shares of our common stock upon the completion of this offering;
- no exercise or cancellation of outstanding options and no settlement or cancellation of RSUs subsequent to December 31, 2020, other than (1) the vesting of 44,286 RSUs, for which the service-based condition was satisfied as of December 31, 2020 and for which the performance-based vesting condition will be satisfied upon the effective date of the registration statement of which this prospectus is a part, net of shares surrendered for withholding taxes (based on an assumed % tax withholding rate) and (2) the vesting of RSUs, for which the performance-based vesting condition will be satisfied upon the effective date of the registration statement of which this prospectus is a part, net of shares surrendered for withholding taxes (based on an assumed % tax withholding rate); and
- no exercise by the underwriters of their option to purchase up to an additional shares of common stock from us and up to an additional shares of common stock from the selling stockholders in this offering.

SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables summarize our historical consolidated financial and other data. You should read this summary consolidated financial and other data in conjunction with the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus. The summary consolidated financial and other data in this section are not intended to replace our consolidated financial statements and the related notes and are qualified in their entirety by our consolidated financial statements and the related notes included elsewhere in this prospectus.

The summary consolidated statements of operations data for the years ended December 31, 2019 and 2020 and the consolidated balance sheet data as of December 31, 2020 have been derived from our consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that may be expected in the future.

	Year Ended December 31,	
	2019	2020
	(in thousands, except per share data)	
Consolidated Statements of Operations Data:		
Revenue(1)	$ 408,380	$ 470,636
Cost of revenue(2)(3)	136,915	154,563
Gross profit	271,465	316,073
Operating expenses:		
Sales and marketing(2)(3)	115,913	171,390
Technology and development(2)(3)	37,204	41,863
General and administrative(2)(3)	57,762	51,017
Impairment of goodwill, long-lived and other assets	14,321	1,105
Loss on sale of business	—	1,764
Total operating expenses	225,200	267,139
Income from operations	46,265	48,934
Interest expense, net	(38,559)	(35,504)
Other income, net	2,577	3,713
Impairment of available-for-sale debt securities	—	(4,818)
Income before income taxes and income from equity method investment	10,283	12,325
Provision for income taxes	3,161	2,429
Income before income from equity method investment	7,122	9,896
Income from equity method investment	321	—
Net income	$ 7,443	$ 9,896
Net income attributable to common stockholders—basic(4)	$ 5,422	$ 7,223
Net income attributable to common stockholders—diluted	$ 5,476	$ 7,262
Net income per share attributable to common stockholders:		
Basic	$ 0.04	$ 0.06
Diluted	$ 0.04	$ 0.06
Weighted-average shares used to compute net income per share attributable to common stockholders(4):		
Basic	123,826	124,709
Diluted	128,546	127,259

	Year Ended December 31, 2019	Year Ended December 31, 2020
	(in thousands, except per share data)	
Pro forma net income per share (unaudited)(5):		
Basic		$
Diluted		$
Pro forma weighted-average shares used to compute pro forma net income per share (unaudited)(5):		
Basic		
Diluted		
Consolidated Statements of Cash Flows Data:		
Net cash provided by operating activities	$ 52,695	$ 93,049
Net cash used in investing activities	(20,717)	(12,727)
Net cash used in financing activities	(12,852)	(15,089)

(1) Comprises transaction, subscription and partner revenue as follows:

	Year Ended December 31, 2019	Year Ended December 31, 2020
	(in thousands)	
Transaction	$ 168,305	$ 212,114
Subscription	206,447	229,840
Partner	33,628	28,682
Total revenue	$ 408,380	$ 470,636

See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Components of our Results of Operations” for a description of our sources of revenue.

(2) Includes stock-based compensation expense as follows:

	Year Ended December 31, 2019	Year Ended December 31, 2020
	(in thousands)	
Cost of revenue	$ 205	$ 177
Sales and marketing	1,020	1,122
Technology and development	1,314	2,703
General and administrative	4,170	9,719
Total stock-based compensation expense	$ 6,709	$ 13,721

(3) Includes depreciation and amortization expense for our property and equipment, including capitalized internal-use software, and intangible assets as follows:

	Year Ended December 31,	
	2019	2020
	(in thousands)	
Cost of revenue	$ 6,773	$ 8,324
Sales and marketing	6,469	6,913
Technology and development	1,055	2,800
General and administrative	2,093	2,060
Total depreciation and amortization expense	$ 16,390	$ 20,097

(4) See Note 2 and Note 3 to our consolidated financial statements included elsewhere in this prospectus for an explanation of the methods used to compute basic and diluted net income per share attributable to common stockholders and the weighted-average number of shares used in the computation of the per share amounts.

(5) The pro forma net income per share (unaudited) and the pro forma weighted-average shares used to compute pro forma net income per share (unaudited) give effect to (1) the automatic conversion of all 23,081,080 outstanding shares of redeemable convertible preferred stock into an aggregate 46,162,160 shares of common stock as if the conversion occurred on January 1, 2020, (2) the sale of such number of shares of common stock at the assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, as would be necessary for the repayment of $ million of outstanding indebtedness under the 2018 Term Loan after the completion of this offering, (3) the reversal of interest expense of $ relating to such debt repaid as if the repayment occurred on January 1, 2020, net of the estimated income tax effect using a blended statutory income tax rate of %, and (4) additional stock-based compensation expense of approximately $ million, net of estimated income tax effect using a blended statutory income tax rate of %, associated with certain options and RSUs for which the performance condition is satisfied upon the completion of this offering, assuming the offering occurred on January 1, 2020. The pro forma weighted-average shares used to compute pro forma net income per share (unaudited) also gives effect to the weighted-average shares related to certain RSUs containing service, performance and market vesting conditions, as if such conditions were satisfied and the settlement had occurred as of January 1, 2020, or the date of issuance, if later, net of shares surrendered for withholding taxes (based on an assumed % tax withholding rate).

Unaudited Pro Forma Net Income Per Share

The following table sets forth the computation of our unaudited pro forma basic and diluted net income per share of common stock:

	Year Ended December 31, 2020 (in thousands, except per share data)
Numerator:	
Net income	$ 9,896
Add: Pro forma adjustment to reverse interest expense, net of taxes of $	
Less: Pro forma adjustment to record stock-based compensation expense for awards for which the performance condition is satisfied upon this offering, net of taxes of $	
Pro forma net income—basic and diluted	$
Denominator:	
Weighted-average common stock outstanding—basic	124,709
Add: Pro forma adjustment to reflect assumed conversion of redeemable convertible preferred stock	46,162
Add: Pro forma adjustment for the number of shares necessary for the repayment of $ of our 2018 Term Loan	
Add: Pro forma adjustment to reflect the settlement of RSUs upon this offering, net of shares surrendered for withholding taxes	
Weighted-average shares used in computing basic pro forma net income per share	
Effect of potentially dilutive securities	
Weighted-average shares used in computing diluted pro forma net income per share	
Pro forma net income per share:	
Basic	$
Diluted	$

	As of December 31, 2020		
	Actual	Pro Forma(2)	Pro Forma as Adjusted(3) (4)
		(in thousands)	
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 114,470	$	$
Working (deficit) capital(1)	(66,372)		
Restricted cash equivalent	25,000		
Property and equipment, net	51,374		
Total assets	252,064		
Long-term debt, net of current portion	512,362		
Total liabilities	731,790		
Redeemable convertible preferred stock	70,906		
Total stockholders' deficit (equity)	(550,632)		

(1) Working (deficit) capital is defined as current assets less current liabilities. See our consolidated financial statements and the accompanying notes included elsewhere in this prospectus for further details regarding our current assets and current liabilities.

(2) The pro forma consolidated balance sheet data gives effect to (1) the automatic conversion of all 23,081,080 outstanding shares of redeemable convertible preferred stock into an aggregate 46,162,160 shares of common stock and the related reclassification of the carrying value of the redeemable convertible preferred stock to stockholders' deficit upon the completion of this offering, (2) additional stock-based compensation expense of approximately $ million associated with certain options and RSUs for which the performance condition is satisfied upon the completion of this offering, assuming the offering occurred on January 1, 2020, recorded as an increase to additional paid-in capital and accumulated deficit, (3) the vesting and settlement of RSUs outstanding as of December 31, 2020, net of shares surrendered for withholding taxes (based on an assumed % tax withholding rate), that will vest upon the completion of this offering, and (4) the lapse of the restriction on $25.0 million of our restricted cash equivalent upon the repayment of a personal loan by a former executive prior to the completion of this offering. See the section titled "Certain Relationships and Related Persons Transactions—John Suh Line of Credit."

(3) The pro forma as adjusted consolidated balance sheet data gives effect to (1) the pro forma adjustments described in footnote (2) above, (2) the sale of shares of common stock in this offering by us at an assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us and (3) the repayment of $ million of outstanding indebtedness under the 2018 Term Loan after the completion of this offering.

(4) Pro forma as adjusted consolidated balance sheet data is illustrative only and will change based on the actual initial public offering price and other terms of this offering determined at pricing. Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) our pro forma as adjusted cash and cash equivalents, working (deficit) capital, total assets and total stockholders' deficit by $ million, assuming the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting estimated underwriting discounts and commissions payable by us. Similarly, each increase (decrease) of 1.0 million shares in the number of shares of common stock offered by us would increase (decrease) our pro forma as adjusted cash and cash equivalents, working (deficit) capital, total assets and total stockholders' deficit by approximately $ million, assuming the assumed initial public offering price of $ per share remains the same, and after deducting estimated underwriting discounts and commissions payable by us.

Key Business Metrics

We regularly monitor a number of financial and operating metrics, including the following key business metrics, in order to evaluate the growth of our business, measure the effectiveness of our marketing efforts, identify trends, formulate financial forecasts and make strategic decisions. For a further description of how we use these financial and operating metrics, see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Business Metrics."

	Year Ended December 31,	
	2019	2020
Number of business formations (in thousands)(1)	292	378
Number of transactions (in thousands)(2)	691	892
Average order value(3)	$ 230	$ 236
Number of subscription units (in thousands) at year end(4)	883	1,027
Average revenue per subscription unit(5)	$ 235	$ 241
Adjusted EBITDA (in thousands)(6)(8)	$ 97,157	$ 87,975
Adjusted EBITDA margin(6)(8)	23.8%	18.7%
Free cash flow (in thousands)(7)(8)	$ 34,346	$ 82,462

(1) We define the number of business formations in a given period as the number of LLC, formations, incorporations and not-for-profit formations completed on our platform in such period.

(2) We define the number of transactions 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.

(3) 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.

(4) We define the number of subscription units in a given period as the paid subscriptions that remain active at the end of such period. For the majority of newly acquired subscriptions, we include those that are at least 60 days past their subscription order dates to account for our satisfaction guarantee. Subscriptions acquired through our partner integrations and by customers in the United Kingdom are counted as subscription units upon purchase.

(5) 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.

(6) 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. We define Adjusted EBITDA margin as Adjusted EBITDA as a percentage of revenue.

(7) We define free cash flow as cash generated by operations after purchases of property and equipment including capitalized internal-use software. For 2019 and 2020, we also made interest payments of $37.3 million and $27.9 million on our 2018 Term Loan, respectively.

(8) Adjusted EBITDA, Adjusted EBITDA margin and free cash flow are not financial measures calculated in accordance with GAAP. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for explanations of how we calculate these measures, the issues inherent in their use, why we consider them important for analyzing our business and for reconciliations to their most directly comparable GAAP financial measures.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information in this prospectus, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus, before deciding whether to invest in our common stock. If any of the following risks occur, our business, results of operations, financial condition and future prospects could be harmed. In that event, the price of our common stock could decline, and you could lose part or all of your investment.

Risks Relating to Our Business and Industry

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

We have experienced, and continue to experience, growth in operations and headcount, which has placed, and will continue to place, significant demands on our management team and our administrative, operational and financial infrastructure. In particular, the number of transactions processed grew from 691,000 transactions in 2019 to 892,000 in 2020, our number of subscription units increased from 883,000 in 2019 to 1,027,000 in 2020, and we have also significantly increased the size of our customer base over the last several years. We anticipate that we will continue to expand our operations and headcount in the near term. Our success will depend in part on our ability to manage this growth effectively. To manage the expected growth of our operations and personnel, we will need to continue to improve our operational, financial and management controls and our reporting systems and procedures. As we continue to grow, we must effectively integrate, develop and motivate a large number of new employees, and maintain the beneficial aspects of our corporate culture. To attract top talent, we have had to offer, and believe we will need to continue to offer, highly competitive compensation packages before we can validate the productivity of those employees. Failure to effectively manage our growth could result in difficulty or delays in providing services to customers, declines in service quality or customer satisfaction, increases in costs, difficulties in introducing new features or other operational difficulties. Any of these difficulties could adversely impact our brand and reputation, business, results of operations, financial condition or future prospects.

Our growth also makes it difficult to evaluate future prospects. Our ability to forecast our future operating results is subject to a number of uncertainties, including our ability to plan for and model future growth. If our assumptions regarding these uncertainties, which we use to plan our business, are incorrect or change in reaction to changes in our markets, or if we do not address these uncertainties successfully, our results of operations and financial condition could differ materially from our expectations, our business could suffer and the trading price of our stock may decline.

If we are unable to sustain our revenue growth rate, we may not maintain profitability in the future.

From 2019 to 2020, our revenue grew from $408.4 million to $470.6 million, which represents an annual growth rate of 15.2%. Although our revenue growth rate has increased in certain recent periods, even if our revenue increases in the future to higher levels on an absolute basis, our revenue growth rate may decline. As we grow our business, our revenue growth rate may slow in future periods due to a number of reasons. Any success that we may experience in the future will depend in large part on our ability to, among other things:

- maintain and expand our customer base;
- increase revenue from existing customers through increased or broader use of our services;
- provide high-quality services to customers;
- improve the performance and capabilities of our services through research and development;

- develop new services;
- maintain the rate at which customers purchase our subscriptions;
- identify and acquire or invest in new businesses, products or technologies that we believe could complement or expand our platform;
- continue to successfully expand our business; and
- successfully compete with other companies.

If we are unable to maintain consistent revenue or revenue growth, our stock price could be volatile, and it may be difficult to maintain profitability. You should not rely on our revenue for any prior quarterly or annual periods as any indication of our future revenue or revenue growth.

Our future quarterly results of operations may fluctuate significantly due to a wide range of factors, which makes our future results difficult to predict.

Our revenue and results of operations have historically varied from period to period, and we expect that they will continue to do so as a result of a number of factors, many of which are outside of our control, including:

- the number of business formations;
- the level of demand for our services;
- the rate of renewal of subscriptions with, and extent of sales of additional subscriptions to, existing customers;
- customers failing to renew their subscriptions;
- the size, timing and terms of our subscription agreements with existing and new customers;
- the timing and growth of our business, in particular through our hiring of new employees;
- changes in stock-based compensation expenses;
- the timing of our adoption of new or revised accounting pronouncements and the impact on our results of operations;
- the introduction of new products and product enhancements by existing competitors or new entrants into our market, and changes in pricing for solutions offered by us or our competitors;
- network outages, security breaches, technical difficulties or interruptions with our platform;
- changes in the growth rate of the markets in which we compete;
- the mix of subscriptions and services sold during a period;
- customers delaying purchasing decisions in anticipation of new developments or enhancements by us or our competitors or otherwise;
- changes in customers' budgets;
- seasonal variations related to sales and marketing and other activities;
- our ability to attract new customers or retain existing customers;
- our ability to increase, retain and incentivize the strategic partners that market and sell our platform;
- our ability to control costs, including our operating expenses;
- our ability to hire, train and maintain our customer care specialists and direct sales force;
- unforeseen litigation, regulatory actions, and intellectual property infringement claims;

- the rate of failure for small businesses;
- changes in governmental or other regulations affecting our business;
- variations in our provision for income taxes, which may be affected by the mix of income we earn in the United States and in jurisdictions with comparatively lower tax rates, the effects of stock-based compensation, the effects of changes in our business, and the impact of changes in tax laws or judicial or regulatory interpretations of tax laws;
- adverse economic and market conditions, such as those related to the current COVID-19 pandemic, currency fluctuations, and adverse global events; and
- general economic and political conditions, both domestically and internationally, as well as economic conditions specifically affecting industries in which our customers operate.

Fluctuations in our quarterly operating results and the price of our common stock may be particularly pronounced in the current economic environment due to the uncertainty caused by the current COVID-19 pandemic and its potential future impact on consumer spending patterns, the success of small businesses and the formation of new small businesses, as well as the impacts of the reopening of the offline economy and lessening of restrictions on movement and travel. Fluctuations in our quarterly operating results may cause those results to fall below our financial guidance or other projections, or the expectations of analysts or investors, which could cause the price of our common stock to decline. Fluctuations in our results could also cause a number of other problems. For example, analysts or investors may change their models for valuing our common stock, particularly post-pandemic, we could experience short-term liquidity issues, our ability to retain or attract key personnel may diminish, and other unanticipated issues may arise.

We believe that our quarterly operating results may vary in the future and that period-to-period comparisons of our operating results may not be meaningful. For example, our overall historical growth rate and the impacts of the COVID-19 pandemic may have overshadowed the effect of seasonal variations on our historical operating results. Any seasonal effects may change or become more pronounced over time, which could also cause our operating results to fluctuate. You should not rely on the results of any given quarter as an indication of future performance.

We have a history of net losses, we anticipate increasing expenses in the future, and we may not be able to maintain profitability.

Since inception, we have incurred an accumulated deficit and may incur net losses in the foreseeable future. We generated net income of $7.4 million and $9.9 million for the years ended December 31, 2019 and 2020, respectively. However, in most prior periods, we incurred net losses. At December 31, 2020, we had an accumulated deficit of $639.3 million.

We will need to generate and sustain increased revenue levels in future periods in order to maintain or increase our level of profitability. We expect our operating expenses to increase in the future as we expand our operations. Furthermore, as a public company, we will incur additional legal, accounting and other expenses that we did not incur as a private company. If our revenue and gross profit do not continue to grow at a greater rate than our operating expenses, we will not be able to maintain or increase profitability. We may incur significant losses in the future for a number of reasons, including without limitation the other risks and uncertainties described herein. Additionally, we may encounter unforeseen operating or legal expenses, difficulties, complications, delays and other factors that may result in losses in future periods. If our expenses exceed our revenue, we may not maintain profitability and our business may be harmed.

If we fail to provide high-quality services, customer care and customer experience and add new services that meet our customers' expectations, we may not be able to attract and retain customers.

In order to increase revenue and maintain profitability, we must attract new customers and retain existing customers. The rate at which new and existing customers purchase and renew subscriptions to our services

depends on a number of factors, including those outside of our control. The quality and value of our services, customer care and customer experience, as well as the quality and accuracy of the services provided by our accountants and the independent attorneys who participate in our and our partner's networks, are critical to our ability to attract and retain customers.

We have made substantial investments in developing our websites, mobile platform, legal documents, educational content, customer relationship management, automated supply chain and fulfillment, integrated digital workflow management and other dynamic online processes that comprise our online legal platform to improve the quality of our services, customer care and customer experience. We also intend to add new services and enhance our existing product and services. For example, in October 2020, we introduced LZ Tax, a LegalZoom fulfilled tax advisory service. We may fail to attract new customers or lose existing customers if these or future development efforts or services fail to meet changing customer preferences on a timely basis or if the independent attorneys who participate in our legal services plan, or legal plan, or the tax experts who complete the tax preparation services in our network fail to provide accurate, high-quality services, customer care and customer experience. In addition, larger enterprises may demand more support services and features, which puts additional pressure on us to satisfy the increased support required for these customers. If we are unable to attract new customers or lose existing customers, our business, results of operations, financial condition and future prospects would be adversely affected.

Additionally, we offer many forms of documents on our platform, such as business formations and wills, that must comply with the latest local jurisdiction requirements. While we have never experienced defects that have resulted in material liability, if there is a defect in any of our forms, or if we fail to update our forms to comply with new or modified jurisdiction requirements, this could result in negative consequences to our customers, legal liability, harm our brand and adversely affect our business, results of operations, financial condition and future prospects.

The independent attorneys who participate in our legal plans and attorneys who fulfill our attorney assisted legal offerings, as well as accountants who fulfill our tax offering, are critical to the success of our business. The failure or perceived failure of these independent attorneys and accountants to satisfy customer expectations could impede our ability to attract and retain customers. Further, the independent attorneys who participate in our legal plans and attorneys who fulfill our attorney assisted legal offerings have duties both to the courts and their clients. These duties, including the associated responsibilities, such as confidentiality and the rules relating to the attorney-client and attorney work product privileges, are paramount. Although we have not experienced this problem to date, there could be circumstances in which the attorneys who participate in our network and fulfill the attorney assisted offerings believe that in order to comply with these duties they may have to act against the interests of our stockholders and the short-term profitability of our business.

In addition, because our platform is available over the internet or on mobile networks, we need to continually modify and enhance our platform to keep pace with changes in internet-related hardware, software, communications and database technologies and standards. If we are unable to respond in a timely and cost-effective manner to these rapid technological developments and changes in standards, our platform may become less marketable, less competitive, or obsolete, and our business, results of operations, financial condition and future prospects will be harmed. If new technologies emerge that are able to deliver competitive services at lower prices, more efficiently, more conveniently or more securely, such technologies could adversely impact our ability to compete. Our platform must also integrate with a variety of network, hardware, mobile, and software platforms and technologies, and we need to continually modify and enhance its services to adapt to changes and innovation in these technologies. Any failure of our platform to operate effectively with future infrastructure platforms and technologies could reduce the demand for our platform. If we are unable to respond to these changes in a cost-effective manner, our platform may become less marketable, less competitive or obsolete, and our business, results of operations, financial condition and future prospects may be adversely affected.

If we do not continue to innovate and provide a platform that is useful to our customers, we may not remain competitive, and our results of operations could suffer.

Our success depends on continued innovation to provide features that make our platform useful for our customers. We must continue to invest resources in technology and development in order to continually improve the simplicity and effectiveness of our platform. We may introduce significant changes to our platform or develop and introduce new and unproven services, including using technologies with which we have little or no prior development or operating experience. We have in the past invested resources and introduced new services that have failed to produce the customer interest that we expected, and we have since removed these services from our platform. If we are unable to continue offering innovative solutions or if new or enhanced solutions fail to engage our customers, we may be unable to attract additional customers or retain our current customers, which may adversely affect our business, results of operations, financial condition or future prospects.

Our business depends on business formations.

Our success significantly depends on business formations. The majority of our transaction revenue is generated by providing formation services to guide our customers through the transition from being aspiring business owners to actually launching their entities. In each of 2019 and 2020, a majority of our total transaction orders were derived from business formations. The number of business formations on our platform could decline or fluctuate as a result of a number of factors, including an overall decline in the number of U.S. business formations, an economic downturn, increased competition, regulatory obstacles, changes in law (including changes in tax laws and regulations) and dissatisfaction with our services. Any decline in the overall number of business formations or the number of business formations on our platform may adversely affect our business, results of operations, financial condition or future prospects.

Our subscription services are highly dependent upon our transaction products.

For the past few years, a significant amount of our revenue has been derived from our subscription services. In 2020, approximately 50% of our revenue came from subscriptions. Subscriptions have primarily originated from transactional customers who opted to become subscribers. However, we may not be able to predict whether sufficient numbers of our existing or new customers will continue to subscribe to our registered agent services, legal plans or other subscription services, or if they will continue to subscribe at the same rate. If we are unable to continue to convert our transactional customers to subscribers, our business, results of operations, financial condition and future prospects would be adversely affected.

Our business depends substantially on our subscribers renewing their subscriptions with us and expanding their use of our platform.

A large portion of our revenue stream comes from our subscriptions for small businesses and individuals. For us to maintain or improve our operating results, it is important that we retain our existing customers and that our subscribers renew their subscriptions with us when the existing subscription term expires. Our subscribers have no obligation to renew their subscriptions upon expiration, and we cannot assure you that subscribers will renew subscriptions at the same or higher level of service, if at all.

We cannot accurately predict renewal rates. Our retention rate may decline or fluctuate as a result of a number of factors, including subscribers' satisfaction or dissatisfaction with our platform, the effectiveness of our customer support services, the quality and perceived quality of the services provided by our tax professionals and the independent attorneys who participate in our legal plan network, the attorneys who fulfill our attorney assisted offering, our pricing, the prices of competing products or services, the effects of global economic conditions, regulatory changes or reductions in subscribers' spending levels. If we are unable to attract new subscribers to grow our subscription services, if subscribers cancel their subscriptions at a higher rate than anticipated or do not renew their subscriptions or renew on less favorable terms, our business, results of

operations, financial condition and future prospects would be adversely affected. If our renewal rates fall below the expectations of the public market, securities analysts or investors, the price of our common stock could also be harmed.

Our business depends on our ability to drive additional purchases and cross-sell to paying customers.

Our future success depends on our ability to expand our relationships with our customers by selling additional solutions to serve their needs, by offering more subscription products that increase engagement. This may require more sophisticated and costly sales efforts. Similarly, the rate at which our customers purchase additional services from us depends on a number of factors, including general economic conditions and customer reaction to pricing of these services. If our efforts to sell additional services to our customers are not successful, our business, results of operations, financial condition or future prospects may be harmed.

The legal solutions market is highly competitive.

We operate in a very competitive industry. We face intense competition from law firms and solo attorneys, online legal document services, legal plans, secretaries of state, tax preparation companies and other service providers. The online legal solutions market is evolving rapidly and is becoming increasingly competitive. Other companies that focus on the online legal document services market or business formations, such as BizFilings, LegalShield, MyCorporation, and RocketLawyer, and law firms that may elect to pursue the online legal document services market, can and do directly compete with us. Law firms and solo attorneys, who provide in-person consultations and are able to provide direct legal advice that we cannot offer due to laws and regulations regarding the unauthorized practice of law, or UPL, compete with us offline and have or may develop competing online legal services. We compete in the registered agent services business with several companies that target small businesses, including Wolters Kluwer, and these competitors have extensive experience in this market. In addition, if U.S. state agencies increase their offerings of free and easy-to-use business formation services, such as limited liability company formations and other document filings, or filing portals to the public, it could have a significant adverse effect on our business, financial condition or results of operations. For example, states such as Nevada and Louisiana offer online portals where consumers may file their articles of organization for free other than filing fees. We also compete in tax advisory service business with several companies, including H&R Block and Jackson Hewitt.

Our business depends on our brand and reputation.

We believe our brand has contributed to the success of our business and we have made substantial investments to build and strengthen our brand and reputation. Maintaining and enhancing the LegalZoom brand and our reputation is critical to growing and retaining our customer base. Regulatory proceedings, consumer claims, litigation, customer complaints or negative publicity through word-of-mouth, social media outlets, blogs, the Better Business Bureau and other sources related to our business practices, as well as customer care, data privacy and security issues, or reputation of our endorsers, irrespective of their validity, could diminish confidence in our services and adversely affect our brand and reputation and our ability to attract and retain customers.

Our services, as well as those of our competitors, are regularly reviewed and commented upon by online and social media sources. Negative reviews, or reviews in which our competitors' services are rated more highly than ours, irrespective of their accuracy, could negatively affect our brand and reputation. We have in the past received negative reviews wherein our customers expressed dissatisfaction with our services, including dissatisfaction with our customer support, our billing policies and the way our subscriptions operate, and we may receive similar reviews in the future. If we do not handle customer complaints effectively, our brand and reputation may suffer. We may lose our customers' confidence, they may choose not to renew their subscriptions or additional services from us, and we may fail to attract new customers. In addition, maintaining and enhancing our brand and reputation may require us to incur significant expenses and make substantial investments, which may not be successful. If we fail to successfully promote and maintain our brand and reputation, or if we incur

excessive expenses in doing so, our business, results of operations, financial condition and future prospects may be adversely affected.

Furthermore, our brand and reputation are in part reliant on third parties, including the independent attorneys and accountants who participate in our and our partner's networks. The failure or perceived failure of these attorneys and accountants to satisfy customer expectations could negatively impact our brand and reputation.

If our marketing efforts are unsuccessful, our ability to attract new customers or retain existing customers may be adversely affected, which may adversely affect our business, results of operations, financial condition and future prospects.

Our ability to attract new customers and retain existing customers depends in large part on the success of our marketing channels. Our primary marketing channels that generate traffic for our websites include search engine marketing, television, radio, and our inside sales team.

We rely on both algorithmic and paid listing internet search results to drive customer traffic to our websites. Algorithmic listings are determined and displayed solely by a set of formulas designed by internet search engine companies, such as Google and Bing. Paid listings can be purchased and then are displayed if particular words or terms are included in a customer's internet search. We bid on words or terms we expect customers will use to search for our services in the search engine's auction system for preferred placement on its results page. Placement in paid listings is generally not determined solely on the bid price, but also considers the search engines' assessment of the quality of the website featured in the paid listing and other factors. Our ability to maintain or increase customer traffic to our websites from internet search engines is not entirely within our control. For example, internet search engines sometimes revise their algorithms to optimize their search result listings or maintain their internal standards and strategies. Changes in search algorithms could cause our websites to receive less favorable placement and reduce traffic to our websites. In addition, we bid for paid listings against our competitors and third parties that may outbid us for preferred placement, which could adversely impact advertising efficiency and customer acquisition efforts. If competition for paid listings increases, we may be required to increase our marketing expenses or reduce the number or prominence of these paid listings. If we reduce our internet search engine advertising, the number of customers who visit our websites could decline significantly. Additionally, changes in regulations could limit the ability of search engines and social media platforms, including but not limited to Google and Facebook, to collect data from users and engage in targeted advertising, making them less effective in disseminating our advertisements to our target customers.

A reduction or loss of any of our advertising channels may adversely affect our ability to attract new customers, which could adversely affect our business, results of operations, financial condition and future prospects.

We depend on top talent, including our senior management team, to grow and operate our business, and if we are unable to hire, retain and motivate our employees, we may not be able to grow effectively, which may adversely affect our business and future prospects.

Our future success will depend upon our continued ability to identify, hire, develop, motivate and retain top talent. Competition for such talent is intense. We have from time to time experienced, and we expect to continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications which may, among other things, impede our ability to execute our growth strategies. If we are not able to effectively attract and retain quality employees, our ability to achieve our strategic objectives will be adversely impacted, our brand or reputation could suffer, and our business will be adversely affected. Our ability to execute efficiently depends upon contributions from all of our employees and our senior management team. In addition, from time to time, there may be changes in our senior management team that may be disruptive to our business. If our senior management team, including any new hires that we may make, fails to work together effectively and execute our plans and strategies on a timely basis, our business and future prospects may be adversely affected.

If we cannot attract additional, qualified independent attorneys to participate in our legal plan network to service the needs of our legal plan subscribers, if we cannot attract additional, qualified certified public accountants, enrolled agents, and tax professionals to service the needs of our subscribers, or if these attorneys, accountants and tax professionals encounter regulatory issues that prevent them from being able to service the needs of our customers, we may not be able grow and maintain our legal plan subscription business effectively and our business, revenue, results of operations and future prospects may be adversely affected.

Our business and success depend in part on our strategic relationships with third parties, including our partner ecosystem, and our business would be harmed if we fail to maintain or expand these relationships.

We depend on, and anticipate we will continue to depend on, various third-party relationships to sustain and grow our business. For example, we partner with a variety of third parties to provide business license services, bookkeeping services, credit card and banking services, productivity tools and business insurance, among others. Our sales and our customers' user experience are dependent on our ability to connect and integrate easily to such third-party solutions. We may fail to retain and expand relationships for many reasons, including due to third parties' failure to maintain, support, or secure their technology platforms in general, restrictions imposed by regulatory compliance, and our integrations in particular. Any such failure could harm our relationship with our customers, our reputation and brand, and our business and results of operations.

As we seek to add different types of partners to our partner ecosystem, it is uncertain whether these third parties will be successful in building integrations, co-marketing our solutions to provide a significant volume and quality of lead referrals and orders, or continuing to work with us as their own products evolve. Identifying and negotiating new and expanded partner relationships requires significant resources. In addition, integrating third-party technology can be complex, costly, and time-consuming. Third parties may be unwilling to build integrations, and we may be required to devote additional resources to develop integrations for business applications on our own. The contracts applicable to third parties' development tools may be unfavorable and add costs or risks to our business or may require us to push additional contract terms to our customers that affect our relationship with our customers. Providers of business applications with which we have integrations may decide to compete with us or enter into arrangements with our competitors, resulting in such providers withdrawing support for our integrations. In addition, any failure of our solutions to operate effectively with business applications could reduce the demand for our solutions and harm to our business. If we are unable to respond to these changes or failures in a cost-effective manner, our solutions may become less marketable, less competitive, or obsolete, and our results of operations may be negatively impacted.

If we are unable to effectively manage and minimize errors, failures, interruptions or delays caused by third parties, or if our third-party service providers cease to do business with us, our ability to deliver services to our customers, business, brand and reputation and results of operations may be adversely affected.

We rely on third parties to fulfill portions of the services we offer and to support our operations. For example, we rely on government agencies, including secretary of state offices and the U.S. Patent and Trademark Office, to process business formation documents and intellectual property applications. If these agencies are unable or refuse to process submissions in a timely manner, including as a result of any government shutdowns or slowdowns, including as a result of the COVID-19 pandemic, our brand and reputation may be adversely affected, or customers may seek other avenues for their business formation or intellectual property needs. We also utilize other third parties in connection with the fulfillment and distribution of our services, including the independent attorneys in our legal plan network, as well as accountants and tax professionals through our subscription plans, and a third party to support our registered agent subscription services. Our platform also interoperates with certain third-party sites. As a result, our results may be affected by the performance of those parties and the interoperability of our platform with other sites. If certain third parties limit certain integration functionality, change their treatment of our services at any time, or experience quality issues, such as bugs and defects, our revenue, results of operations and future prospects may be adversely affected.

In addition, we may be unable to renew or replace our agreements with these third parties on comparable terms, or at all. Moreover, we cannot guarantee that the parties with which we have relationships can and will continue to devote the resources necessary to operate and expand our platform. Further, some of these third parties offer, or could offer, competing services or also work with our competitors. As a result of these factors, many of these third parties may choose to develop alternative services in addition to, or in lieu of, our platform, either on their own or in collaboration with others, including our competitors. If we are unsuccessful in establishing or maintaining our relationships with third parties, our ability to compete or our revenue, results of operations and future prospects may be adversely affected. Even if we are successful in establishing and maintaining these relationships with third parties, we cannot ensure that these relationships will result in increased usage of our platform or increased revenue. We may also be held responsible for obligations that arise from the actions or omissions of these third parties.

We also utilize various types of data, technology, intellectual property and services licensed or otherwise obtained from unaffiliated third parties in order to provide certain elements of our solutions. We exercise limited control over these third parties, which increases our vulnerability to problems with the services they provide for us and to security incidents or breaches affecting the data and information they hold or process on our behalf. Any errors or defects in any third-party data or other technology could result in errors in our solutions that could harm our business, damage our reputation and result in losses in revenue, and we could be required to undertake substantial additional research and expend significant development resources to fix any problems that arise. In addition, such licensed data, technology, intellectual property and services may not continue to be available on commercially reasonable terms, or at all. Any loss of the right to use any of these on commercially reasonable terms, or at all, could result in delays in producing or delivering our solutions until equivalent data, technology, intellectual property or services are identified and integrated, which delays could harm our business. In this situation we would be required to either redesign our solutions to function with such equivalent data, technology, intellectual property or services available from other parties or to develop these components or services ourselves, which would result in increased costs and potential delays in service. Furthermore, we might be forced to limit the features available in our current or future solutions. If we fail to maintain or renegotiate any of these data, technology or intellectual property licenses or services, we could face significant delays and diversion of resources in attempting to develop similar or replacement technology, or to license and integrate a functional equivalent of the relevant data, technology, intellectual property or service. The occurrence of any of these events may have an adverse effect on our business, financial condition, results of operations and future prospects.

The estimates of market opportunity and forecasts of market growth included in this prospectus may prove to be inaccurate, and even if the market in which we compete achieves the forecasted growth, our business could fail to grow at similar rates, if at all.

Market opportunity estimates and growth forecasts included in this prospectus are based on data published by third parties and on internally generated data and assumptions, which are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. We have not independently verified any third-party information and cannot assure you of its accuracy or completeness. While we believe our market size estimates are reasonable, such information is inherently imprecise. Even if the market in which we compete meets the size estimates and growth forecasted in this prospectus, our business could fail to grow for a variety of reasons, which would adversely affect our business, results of operations, financial condition and future prospects. For more information regarding the estimates of market opportunity and the forecasts of market growth included in this prospectus, see the section titled “Market, Industry and Other Data.”

We may also face potential competition from large internet providers, such as Amazon or Alphabet, who may choose to enter into the online legal solutions business. These businesses have disrupted multiple industries and routinely enter new verticals. While they have no particular expertise in providing legal solutions online, their extensive resources and brand recognition would make them formidable competitors and could adversely affect our business.

Our direct and indirect competitors, whether they are online legal document providers, legal plan providers, law firms, accounting firms, solo attorneys or large internet providers, may also be developing innovative and cost-effective services, including automated corporate formation document processing, that target our existing and potential customers. We expect to face increasing competition from offline and online legal services providers in our market, and our failure to effectively compete with these providers could result in revenue reductions, reduced margins, and loss of market share, any of which could materially and adversely affect our business, results of operations, financial condition and future prospects.

Our failure to successfully address the evolving market for transactions on mobile devices and to build mobile products could harm our business.

A significant and growing portion of our customers access our platform through mobile devices. Almost half of our traffic is through mobile devices. The number of people who access the internet and purchase services through mobile devices, including smartphones and handheld tablets or computers, has increased significantly in the past few years and is expected to continue to increase. If we are not able to provide customers with the experience and solutions they want on mobile devices, we may not be able to attract or retain customers or convert our website traffic into customers and our business may be harmed.

While we have created mobile applications and versions of some of our web content, if these mobile applications and versions are not well received by customers, or if they don't offer the information, services and functionality required by customers that widely use mobile devices, our business may suffer and we may experience difficulty in attracting and retaining customers. In addition, we face different fraud risks and regulatory risks from transactions sent from mobile devices than we do from personal computers. If we are unable to effectively anticipate and manage these risks, our business, results of operations, financial condition and future prospects may be harmed.

We may acquire or invest in companies, which may divert our management's attention and result in additional dilution to our stockholders.

We have in the past acquired or invested in businesses, products or technologies that we believed could complement or expand our current platform, enhance our technical capabilities or otherwise offer growth opportunities. As part of our business strategy, we may in the future continue to seek to acquire or invest in businesses, products or technologies that we believe could complement or expand our services, enhance our technical capabilities or otherwise offer growth opportunities. The risks we face in connection with acquisitions, whether or not they are consummated, include:

- an acquisition may negatively affect our results of operations because it may require us to incur charges or assume substantial debt or other liabilities, may cause adverse tax consequences, may expose us to claims and disputes by stockholders and third parties, including intellectual property claims and disputes, or may not generate sufficient financial return to offset additional costs and expenses related to the acquisition;
- we may encounter difficulties or unforeseen expenditures in integrating the business, technologies, products, personnel or operations of any company that we acquire, particularly if key personnel of the acquired company decide not to work for us;
- we may not be able to realize anticipated synergies;
- an acquisition may disrupt our ongoing business, divert resources, increase our expenses and distract our management;
- an acquisition may result in a delay or reduction of customer purchases for both us and the company acquired due to customer uncertainty about continuity and effectiveness of service from either company;

- we may encounter challenges integrating the employees of the acquired company into our company culture;
- we may find it difficult to, or may be unable to, successfully sell any acquired services or products;
- our use of cash to pay for acquisitions would limit other potential uses for our cash;
- if we incur debt to fund any acquisitions, such debt may subject us to material restrictions on our ability to conduct our business financial maintenance covenants; and
- if we issue a significant amount of equity securities in connection with future acquisitions, existing stockholders may be diluted and earnings per share may decrease.

We have in the past faced these difficulties successfully integrating some of our acquisitions and we may face similar problems in the future. We may also decide to restructure, divest or sell businesses, products or technologies that we have acquired or invested in. The occurrence of any of these risks could have an adverse effect on our business, results of operations, financial condition and future prospects and could adversely affect the market price of our common stock.

Our focus on the long-term best interests of our company and our consideration of all of our stakeholders, including our stockholders, customers, employees, and other stakeholders that we may identify from time to time, may conflict with short- or medium-term financial interests and business performance, which may negatively impact the value of our common stock.

We believe that focusing on the long-term best interests of our company and our consideration of all of our stakeholders, including our stockholders, customers, partners, the communities in which we operate, and other stakeholders we may identify from time to time, is essential to the long-term success of our company and to long-term stockholder value. Therefore, we have made decisions, and may in the future make decisions, that we believe are in the long-term best interests of our company and our stockholders, even if such decisions may negatively impact the short- or medium-term performance of our business, results of operations, and financial condition or the short- or medium-term performance of our common stock. Our commitment to pursuing long-term value for the company and its stockholders, potentially at the expense of short- or medium-term performance, may materially adversely affect the trading price of our common stock, including by making owning our common stock less appealing to investors who are focused on returns over a shorter time horizon. Our decisions and actions in pursuit of long-term success and long-term stockholder value, which may include changes to our platform to enhance the experience of our customers, partners and the communities in which we operate, including by improving the trust and safety of our platform, enable equitable access to legal and compliance services, investing in our relationships with our customers, partners, and employees, investing in and introducing new services, or changes in our approach to working with local or national jurisdictions on laws and regulations governing our business, may not result in the long-term benefits that we expect, in which case our business, results of operations, and financial condition, as well as the trading price of our common stock, could be materially adversely affected.

We may not effectively ensure that online services and physical locations are protected from significant outages, denial or degradation of service attacks, natural disasters, including adverse weather conditions, and other disruptions, any of which could adversely affect our brand and reputation, business, results of operations, financial condition and future prospects.

A key element of our continued growth is the ability of our customers to access our websites and mobile applications and our ability to fulfill orders placed through such platforms. Our systems may not be adequately designed with the necessary reliability to avoid performance delays, disruptions or outages that could be harmful to our business. In addition, any steps we take to increase the reliability and redundancy of our systems may be expensive and may not be successful in preventing system failures. At times we have experienced, or may in the future experience, website disruptions, outages, and other performance problems due to a variety of factors,

including infrastructure maintenance, human or software errors, ransomware attacks, capacity constraints, denial of service, fraud or security attacks. In some instances, we may not be able to identify the cause or causes of these website or mobile application performance problems within an acceptable period of time. It may become increasingly difficult to maintain and improve our website or mobile application performance, especially during peak usage times, if the number of online services we offer increases, our services become more complex, or our customer traffic grows. If our websites or mobile applications are unavailable when customers attempt to access them, our customers may seek other solutions to address their needs and may not return to our websites or mobile applications in the future. To the extent that we do not effectively address future capacity constraints, upgrade and protect our systems, and continually develop our online legal platform to accommodate actual and anticipated technology changes, our brand and reputation, business, results of operations, financial condition and future prospects could be adversely affected.

In particular, our online services may be vulnerable to denial or degradation of service attacks or ransomware attacks, which are designed to adversely impact our operations by reducing the capacity or availability of our IT systems, the speed of operations of online services or disrupt the public's ability to access websites or applications. Although we have taken steps to prevent these attacks and mitigate their potential impact on our systems and operations, such steps may be ineffective to prevent service disruptions or outages. We have experienced denial-of-service attacks in the past, and we may be subject to additional attacks or threats of attacks in the future. Any similar events or failure to maintain performance, reliability, security and availability of our legal document services and online technology platform to the satisfaction of our customers may harm our brand and reputation, as well as our ability to retain existing customers and attract new customers, which could adversely affect our business, results of operations, financial condition and future prospects. Further, if our customers are unable to access the information they store on our platform for even limited periods of time, data protection laws may require us to notify regulators and affected individuals, which may increase the likelihood of regulatory investigations into our data protection practices, loss of customers, litigation and other liabilities.

Our operations and online services also rely on the continued functioning and accessibility of certain physical locations, including our product fulfillment locations and data centers, which are vulnerable to damage or interruption from natural disasters, adverse weather conditions, power losses, telecommunication failures, terrorist attacks, human errors, break-ins and similar events. The occurrence of a natural disaster or other unanticipated problems at our facilities could result in lengthy interruptions in our services. We may not be able to efficiently relocate our fulfillment and delivery operations due to disruptions in service if one of these events occurs and our insurance coverage may be insufficient to compensate us for such losses. Because the Los Angeles area, where our corporate and executive headquarters is located, is in an earthquake fault zone and because both the Los Angeles area and Austin, Texas, where our operational headquarters is located, are subject to the increased risk of wildfires, tornadoes, and power outages, we are particularly sensitive to the risk of damage to, or total destruction of, our primary offices and two of our key fulfillment and delivery centers. Although we are insured up to certain limits against any certain losses or expenses that may result from a disruption to our business due to earthquakes or wildfires, either of these events, if incurred, could adversely affect our business, results of operations, financial condition and future prospects.

We have been or are involved in, and may in the future become involved in, litigation matters that are expensive and time consuming, and, if resolved adversely, could harm our brand and reputation, business, results of operations, financial condition or future prospects.

We have been or are involved in lawsuits and other actions brought by customers, purported competitors, regulators, and other parties alleging that we engage in the unauthorized practice of law, unfairly compete or otherwise violate the law. The plaintiffs in these actions generally seek monetary damages, penalties, and/or injunctive relief. While we have denied and continue to deny all of the allegations and claims asserted in these proceedings, and we believe our services do not constitute the practice of law, unfairly compete, or otherwise violate the law, we cannot predict the outcome of such proceedings or the amount of time and expense that will

be required to resolve these and other proceedings. If such litigation were to be determined adversely to our interests, or if we were forced to settle such matters for a significant amount, such resolutions or settlements could have a negative effect on our business, results of operations, financial condition and future prospects. We anticipate that we will continue to be a target for such lawsuits in the future. Any litigation to which we are a party may result in an onerous or unfavorable judgment that may not be reversed upon appeal, or we may decide to settle lawsuits on unfavorable terms. In addition, defending these claims is costly and can impose a significant burden on management and employees, and we may receive unfavorable preliminary or interim rulings in the course of litigation. Any such negative outcome could result in payments of substantial monetary damages or fines, injunctive relief, adverse effects on the market price of our common stock or changes to our products or business practices, and accordingly our brand and reputation, business, results of operations, financial condition, or future prospects could be materially and adversely affected.

We also may encounter future claims. For example, our U.K. subsidiary operates as an alternative business structure (ABS), which allows corporate entities to become licensed providers of reserved legal activities in that jurisdiction. As a result, our U.K. subsidiary may be susceptible to potential claims from clients, such as breach of contract, product liability, negligence, or other claims. Any such claims could result in reputational damage or an adverse effect on our results of operations. In addition, while we believe this structure is legally permissible, it is generally untested in U.S. courts and we cannot assure you that it will insulate us from claims of CPL or UPL. Even though our U.K. subsidiary holds professional liability insurance, limiting its liability in accordance with its engagement letters with clients, such insurance and limitations in liability may not insure or protect against all potential claims or sufficiently indemnify us or our U.K. subsidiary for all liability that may be incurred. Any such liability, inclusive of the costs and expenses that may be incurred in defending any such claims, that exceeds the insurance coverage could have a material adverse effect on our business, results of operations, financial condition, or future prospects.

Furthermore, our employees may, from time to time, bring lawsuits against us regarding injuries, a hostile workplace, discrimination, wage and hour disputes, sexual harassment, or other employment issues. In recent years there has been an increase in the number of discrimination and harassment claims against employers generally. Coupled with the expansion of social media platforms, employer review websites and similar devices that allow individuals access to a broad audience, these claims have had a significant negative impact on some businesses. Certain companies that have faced employment- or harassment-related claims have had to terminate management or other key personnel and have suffered reputational harm that has negatively impacted their business, including their ability to attract and hire top talent. If we were to face any employment- or harassment-related claims, our business could be negatively affected in similar or other ways.

As we face increasing competition and gain an increasingly high profile, including in connection with our initial public offering, third parties may make intellectual property rights claims, file lawsuits or initiate regulatory actions or other proceedings against us. In addition, we may introduce new services, including in areas where we currently do not compete, which could increase our exposure to lawsuits, regulatory actions, or intellectual property claims. Defending against lawsuits, regulatory actions, and other intellectual property claims is costly and can place a significant burden on management and employees. If such claims are made against us, there can be no assurances that favorable final outcomes will be obtained and, if resolved adversely, may result in changes to or discontinuance of some of our services, potential liabilities or additional costs, which could adversely affect our business, results of operations, financial condition and future prospects.

We are subject to risks related to accepting credit and debit card payments that may harm our business or expose us to additional costs and liabilities.

We accept payments from our customers primarily through credit and debit card transactions. Our customers generally pay for transactions in advance by credit or debit card except for certain services provided under installment plans where we allow customers to pay for their order in two or three equal payments. For credit and debit card payments, we pay interchange and other fees, which may increase over time and raise our

operating costs and lower profitability. We rely on third parties to provide payment processing services, including the processing of our credit and debit card transactions, and to provide payment collection services, and it could interrupt our business if these third parties become unwilling or unable to provide these services to us, or if we are otherwise unable to collect payments. For example, if our processing vendors have problems with our billing software, or the billing software malfunctions, we could lose customers who subscribe to our legal plans, registered agent services and other subscription services, which could decrease our revenue. In addition, if our billing software fails to work properly and, as a result, we do not automatically charge our subscribers' credit cards on a timely basis or at all, our revenue could be adversely affected.

We are also subject to payment card industry rules, certification requirements and rules governing electronic funds transfer, any of which could change or be reinterpreted to make it more difficult for us to comply. Our failure to comply fully with these rules or requirements may subject us to fines, higher transaction fees, penalties, damages, and civil liability and may result in the loss of our ability to accept credit and debit card payments, which could have a material adverse effect on our business, results of operations, financial condition and future prospects.

Risks Relating to Our Financial Condition, Indebtedness and Capital Requirements

Our business is subject to seasonal fluctuations that may cause our results of operations to vary from period to period.

Many of the factors that contribute to seasonal fluctuations in our results of operations are out of our control. We have experienced, and expect that we will continue to experience, seasonality in the number of orders placed and when we enter into subscription agreements with customers. Customers tend to place a higher number of orders and enter into new or renewed subscriptions in the first quarter of the year, which is when we believe the demand for forming businesses is the highest. Further seasonality is reflected in the timing of our revenue recognition in the second quarter, when we typically recognize a high amount of revenue from orders placed in the first quarter but fulfilled in the second quarter. Also, we generally see demand for our services decline around the beginning of the third quarter as a result of summer vacations and in the last two months of the fourth quarter as a result of the winter holidays. Seasonality in our business may cause period-to-period fluctuations in certain of our operating results and financial metrics and thus limit our ability to predict our future results.

Our results of operations may not immediately reflect downturns or upturns in sales because we recognize revenue from our customers over the term of their paid subscriptions with us.

We recognize revenue from paid subscriptions to our services over the respective term of the subscription period. After a short introductory trial period, if any, most paying subscribers make a one-year subscription commitment, with the upcoming annual subscription fee paid upon subscribing. As a result, much of our revenue is generated from the recognition of deferred revenue relating to subscriptions entered into during previous quarters. Consequently, a shortfall in demand for our services or a decline in new or renewed subscriptions in any one quarter may have a small impact on the revenue that we recognize for that quarter but could negatively affect our revenue in future quarters. Accordingly, the effect of significant downturns in sales and potential changes in our pricing policies or rate of customer expansion or retention may not be fully reflected in our results of operations until future periods. In addition, a significant majority of our costs are expensed as incurred, while revenue is recognized over the life of the subscription agreement. As a result, growth in the number of customers could continue to result in our recognition of higher costs and lower revenue in the earlier periods of our subscription agreements. Finally, our subscription-based revenue model also makes it difficult for us to rapidly increase our revenue through additional sales in any period, as revenue from new customers and significant increases in the size of subscriptions with existing customers must be recognized over the applicable subscription term.

We track certain financial and operating metrics with internal systems and tools and do not independently verify such metrics. Certain of our financial and operating metrics are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business.

We track certain financial and operating metrics, including key business metrics such as number of transactions, number of subscription units and average revenue per customer, with internal company data, systems and tools that are not independently verified by any third party. Our internal systems and tools have a number of limitations, and our methodologies for tracking these metrics may change over time, which could result in unexpected changes to our metrics, including the metrics we publicly disclose. If the internal systems and tools we use to track these metrics undercount or overcount performance or contain algorithmic or other technical errors, the data we report may not be accurate. While these numbers are based on what we believe to be reasonable estimates of our metrics for the applicable period of measurement, there are inherent challenges in measuring how our services are used across large populations globally. For example, there are customers who have multiple subscriptions, which we treat as multiple subscription units for purposes of calculating our subscription units.

In addition, limitations or errors with respect to how we measure data or with respect to the data that we measure may affect our understanding of certain details of our business, which could affect our long-term strategies. If our financial and operating metrics are not accurate representations of our business, or if we discover material inaccuracies in our metrics, our reputation may be harmed, and our business, results of operations, financial condition and future prospects could be adversely affected.

We are in the process of implementing an Enterprise Resource Planning, or ERP, software system and challenges with the implementation of the system may impact our business and operations.

We are in the process of implementing a company-wide ERP software program and the related infrastructure to support future growth and to integrate our processes. Our ERP software program has involved, and will continue to involve, substantial expenditures on system hardware and software, as well as design, development and implementation activities. The implementation of the ERP software program may prove to be more difficult, costly, or time consuming than expected, and it is possible that the system will not yield the benefits anticipated. Any disruptions, delays or deficiencies in the design and implementation of our new ERP software program could materially impact our operations and adversely affect our ability to process orders, fulfill contractual obligations or otherwise operate our business. Additionally, future cost estimates related to our new ERP software system are based on assumptions that are subject to wide variability.

We have identified material weaknesses in our internal control over financial reporting and, if our remediation of these material weaknesses is not effective, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect investor confidence and the price of our common stock.

We have identified three material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

The material weaknesses we identified are listed below:

- We did not maintain an effective control environment. Specifically, we did not maintain sufficient accounting resources commensurate with our structure and financial reporting requirements. This material weakness contributed to the additional material weaknesses below.
- We did not design and maintain effective controls to address the initial application of complex accounting standards and accounting of non-routine, unusual or complex events and transactions.

- We did not design and maintain effective controls over our financial statement close process. Specifically, we did not design and maintain effective controls over certain account analyses and account reconciliations.

These material weaknesses resulted in adjustments to our current and prior year financial statements primarily related to debt extinguishment costs, goodwill, revenue, accounts receivable, foreign exchange expense and deferred revenue, and could result in a misstatement of any account balances or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

In response to the identified material weaknesses, we are in the process of designing and implementing a plan to remediate the material weaknesses identified, including:

- hiring additional experienced accounting, financial reporting and internal control personnel;
- implementing controls to enhance our review of significant accounting transactions and other new technical accounting and financial reporting issues and preparing and reviewing accounting memoranda addressing these issues; and
- implementing controls to enable an effective and timely review of account analyses and account reconciliations.

We cannot assure you that that these measures will significantly improve or remediate the material weaknesses described above. The implementation of these measures is ongoing and will require validation and testing of the design and operating effectiveness of internal controls over a sustained period of financial reporting cycles. If the steps we take do not remediate the material weaknesses in a timely manner, there could continue to be a reasonable possibility that these control deficiencies or others would result in a material misstatement of our annual or interim financial statements that would not be prevented or detected on a timely basis. This, in turn, could jeopardize our ability to comply with our reporting obligations, limit our ability to access the capital markets and adversely impact our stock price.

We and our independent registered public accounting firm were not required to perform an evaluation of our internal control over financial reporting as of December 31, 2020 in accordance with the provisions of the Sarbanes-Oxley Act of 2002. Accordingly, we cannot assure you that we have identified all, or that we will not in the future have additional, material weaknesses. Material weaknesses may still exist when we report on the effectiveness of our internal control over financial reporting as required by reporting requirements under Section 404 after the completion of this offering. If we are unable to successfully remediate the existing material weakness in our internal control over financial reporting, the accuracy and timing of our financial reporting, and our stock price, may be adversely affected and we may be unable to maintain compliance with the applicable stock exchange listing requirements.

Implementing any appropriate changes to our internal controls may distract our officers and employees, entail substantial costs to modify our existing processes and take significant time to complete. These changes may not, however, be effective in maintaining the adequacy of our internal controls, and any failure to maintain that adequacy, or consequent inability to produce accurate financial statements on a timely basis, could increase our operating costs and harm our business. In addition, investors' perceptions that our internal controls are inadequate or that we are unable to produce accurate financial statements on a timely basis may harm our stock price and make it more difficult for us to effectively market and sell our services to new and existing customers.

If we are unable to implement and maintain effective internal control over financial reporting in the future, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock may decline.

As a public company, we will be required to maintain internal control over financial reporting and to report any material weaknesses in such internal control. In addition, beginning with our 2022 annual report on Form

10-K to be filed in 2023, we will be required to furnish a report by management on the effectiveness of our internal control over financial reporting pursuant to Section 404. This assessment will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. In addition, our independent registered public accounting firm will be required to attest to the effectiveness of our internal control over financial reporting beginning with our first annual report on Form 10-K following the date on which we are no longer an "emerging growth company."

We have commenced the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404, and we may not be able to complete our evaluation, testing and any required remediation in a timely fashion. Our compliance with Section 404 will require that we incur substantial accounting expense and expend significant management efforts. We currently do not have an internal audit group, and we will need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge and compile the system and process documentation necessary to perform the evaluation needed to comply with Section 404.

During the evaluation and testing process of our internal controls, if we identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective. We cannot assure you that there will not be additional material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition or results of operations. If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines we have a material weakness in our internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of our common stock could be negatively affected, and we could be subject to sanctions or investigations by the stock exchange on which our securities are listed, the SEC, or other regulatory authorities, which could also require additional financial and management resources. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

We have substantial indebtedness, which reduces our capability to withstand adverse developments or business conditions.

We have incurred substantial indebtedness. In November 2018, we entered into an amended first lien credit and guarantee agreement, or the 2018 Credit Agreement, with JPMorgan Chase Bank, N.A., an affiliate of one of the underwriters in this offering, as administrative agent, and the other lenders party thereto, which provided for $575.0 million of loans, consisting a $535.0 million term loan, or the 2018 Term Loan, and $40.0 million of availability under a revolving credit facility, or the 2018 Revolving Facility. We refer to the 2018 Term Loan and 2018 Revolving Facility collectively as the 2018 Credit Facility. Pursuant to the 2018 Credit Agreement, debt under the 2018 Credit Facility is guaranteed by certain of our material wholly owned domestic restricted subsidiaries and is secured by substantially all of our and such subsidiaries' assets and property, including our and such subsidiary's intellectual property.

Borrowings under the 2018 Term Loan bear interest, at our option, at a rate equal to either (a) the London Interbank Offered Rate, or LIBOR (or a comparable successor rate approved by the administrative agent and us), subject to a 0.00% floor, plus a margin of 4.50% per annum or (b) the Base Rate, defined as the greatest of the prime rate, the federal funds rate plus one-half of 1.00%, and the sum of one-month LIBOR plus 2.00% per annum, subject to a floor of 1.00%, plus a margin of 3.50% per annum. Each such margin may decrease depending on our total net first lien leverage ratio. The 2018 Term Loan is required to be repaid in quarterly installments of 0.25% of the outstanding principal, with the remaining outstanding principal due on maturity on November 21, 2024. The 2018 Term Loan must be repaid with proceeds of certain asset sales, debt issuances and a portion of our annual excess cash flow.

Loans under the 2018 Revolving Facility may be borrowed, at our option, at a rate equal to (i) LIBOR or Euro LIBOR (or a comparable successor rate approved by the administrative agent and us), in each case, subject to a 0.00% floor, plus a margin of 4.00% per annum or (ii) the Base Rate, defined as the greatest of the prime rate, the federal funds rate plus one-half of 1%, and the sum of one-month LIBOR plus 1.00% per annum, subject to a floor of 1.00%, plus a margin of 3.00% per annum. Each such margin may decrease depending on our total net first lien leverage ratio. The 2018 Revolving Facility has a commitment fee of 0.375% per annum, which steps down to 0.25% per annum upon achieving a certain total net first lien leverage ratio level. The 2018 Revolving Facility is due in full on maturity on November 23, 2023.

At December 31, 2020, our total aggregate indebtedness under the 2018 Credit Agreement was $524.3 million of principal outstanding under the 2018 Term Loan and we had $40.0 million available for additional borrowings under 2018 Revolving Facility. We intend to use the net proceeds from this offering to repay $ million of the outstanding indebtedness under the 2018 Term Loan, and we expect to have $ million outstanding under the 2018 Term Loan immediately after such repayment. Our payments on our outstanding indebtedness are significant in relation to our revenue and cash flow, which exposes us to significant risk in the event of downturns in our businesses (whether through competitive pressures or otherwise), our industry or the economy generally, since our cash flows would decrease but our required payments under our indebtedness would not. Economic downturns may impact our ability to comply with the covenants and restrictions in the 2018 Credit Agreement and may impact our ability to pay or refinance our indebtedness as they come due, which may (i) allow the lenders under the 2018 Credit Facility to accelerate the debt under the 2018 Credit Facility and/or seize our assets, including our intellectual property, (ii) allow third parties to terminate certain contracts to which we are a party or (iii) otherwise adversely affect our business, results of operations, financial condition and future prospects.

Despite our current indebtedness level, we and our restricted subsidiaries may be able to incur substantially more indebtedness, which could further exacerbate the risks associated with our substantial indebtedness.

Although the terms of the agreements governing our outstanding indebtedness contain restrictions on the incurrence of additional indebtedness, such restrictions are subject to a number of important exceptions and indebtedness incurred in compliance with such restrictions could be substantial. If we and our restricted subsidiaries incur significant additional indebtedness, the related risks that we face could increase. If new debt is added to our or our subsidiaries' current debt levels, the related risks that we now face would increase, and we may not be able to meet all our debt obligations. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Borrowings."

The agreements governing our indebtedness require us to meet certain operating and financial covenants and place restrictions on our operating and financial flexibility. If we raise additional capital through debt financing, the terms of any new debt could further restrict our ability to operate our business.

The 2018 Credit Agreement contains affirmative and negative covenants, indemnification provisions and events of default. The affirmative covenants include, among others, administrative, reporting and legal covenants, in each case subject to certain exceptions. The negative covenants include, among others, limitations on our and certain of our subsidiaries' abilities to, in each case subject to certain exceptions:

- make restricted payments including dividends and distributions on, redemptions of, repurchases or retirement of our capital stock;
- make certain intercompany distributions;
- incur additional indebtedness and issue certain types of equity;
- sell assets, including capital stock of subsidiaries;
- enter into certain transactions with affiliates;

- incur liens;
- enter into fundamental changes including mergers and consolidations;
- make investments, acquisitions, loans or advances;
- create negative pledges or restrictions on the payment of dividends or payment of other amounts owed from subsidiaries;
- make prepayments or modify documents governing debt that is subordinated with respect to right of payment;
- engage in certain sale leaseback transactions;
- change our fiscal year; and
- change our lines of business.

The 2018 Credit Agreement also contains a financial covenant with respect to the 2018 Revolving Facility that requires us to maintain a total net first lien leverage ratio of 7.90:1.00 on the last day of any fiscal quarter during which our 2018 Revolving Facility usage exceeds 35% of the 2018 Revolving Facility capacity. As a result of the restrictions described above, we will be limited as to how we conduct our business and we may be unable to raise additional debt or equity financing to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include more restrictive covenants. We cannot assure you that we will be able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the lenders or amend the covenants.

Our ability to comply with the covenants and restrictions contained in the 2018 Credit Agreement may be affected by economic, financial and industry conditions beyond our control. The restrictions in the 2018 Credit Agreement may prevent us from taking actions that we believe would be in the best interests of our business and may make it difficult for us to execute our business strategy successfully or effectively compete with companies that are not similarly restricted. Even if the 2018 Credit Agreement is terminated, any additional debt that we incur in the future could subject us to similar or additional covenants.

The 2018 Credit Agreement includes customary events of default, including: failure to pay principal, interest or certain other amounts when due; material inaccuracy of representations and warranties; violation of covenants; specified cross-default and cross-acceleration to other material indebtedness; certain bankruptcy and insolvency events; certain events relating to ERISA; certain undischarged judgments; material invalidity of guarantees or grant of security interest; and change of control, in certain cases subject to certain thresholds and grace periods. In addition, if we fail to sell at least 15% of our issued and outstanding common stock in connection with this offering, then if certain of our stockholders do not continue to maintain voting control over the election of directors after this offering, we could be deemed to have undergone a change of control, which would constitute an event of default under the 2018 Credit Agreement.

Our failure to comply with the restrictive covenants described above as well as other terms of our indebtedness could result in an event of default, which, if not cured or waived, could result in the lenders declaring all obligations, together with accrued and unpaid interest, immediately due and payable and take control of the collateral, potentially requiring us to renegotiate the 2018 Credit Agreement on terms less favorable to us. If we are forced to refinance these borrowings on less favorable terms or are unable to refinance these borrowings, our business, results of operations, financial condition and future prospects could be adversely affected. In addition, such a default or acceleration may result in the acceleration of any future indebtedness or result in the termination of certain other contracts with third parties, in each case to which a cross-acceleration or cross-default provision applies. If we are unable to repay our indebtedness, lenders having secured obligations, such as the lenders under the 2018 Credit Agreement, could proceed against the collateral securing the indebtedness. In any such case, we may be unable to borrow under our 2018 Credit Facility and may not be able

to repay the amounts due under our 2018 Credit Facility. This could have serious consequences to our business, results of operations, financial condition and future prospects and could cause us to become bankrupt or insolvent.

When LIBOR is discontinued, borrowing costs under the 2018 Credit Agreement or agreements governing any of our future indebtedness will be calculated using another reference rate, which may cause substantial uncertainty as to the effect of such replacement on our borrowing costs

On November 30, 2020, the Chief Executive of the United Kingdom Financial Conduct Authority, or FCA, which regulates LIBOR, announced that the FCA intends to cease the publication of one-week and two-month LIBOR by the end of 2021 and all other LIBOR tenors (overnight, one-month, three-month, six-month and 12-month) on June 30, 2023. In addition, the U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee consisting of large U.S. financial institutions, is considering replacing U.S. dollar LIBOR with the Secured Overnight Financing Rate, or SOFR, a new index calculated by short-term repurchase agreements, backed by Treasury securities. Although there have been a few transactions utilizing SOFR and similar rates, it is unknown whether these alternative reference rates will attain market acceptance as replacements for LIBOR. LIBOR is used as a benchmark reference throughout the 2018 Credit Agreement. While the 2018 Credit Agreement provides fallback language in the event LIBOR ceases to be published, including the possibility of designation of a replacement rate by the administrative agent under the 2018 Credit Agreement, there is substantial uncertainty as to the effect of such replacement on our borrowing costs. In addition, in such event, we may need to renegotiate the 2018 Credit Agreement in order to determine the interest rate to replace LIBOR with the new standard that is established. There is currently no definitive information regarding the future utilization of LIBOR or of any particular replacement rate. As such, the potential effect of any such event on our borrowing costs or the effectiveness of certain related transactions such as hedges cannot yet be determined.

We are subject to fluctuations in interest rates.

Borrowings under the 2018 Credit Facility are subject to variable rates of interest and expose us to interest rate risk. In April 2019, we entered into interest rate swap agreements for an aggregate notional amount of $131.9 million to swap our variable interest rate on our 2018 Term Loan for a fixed interest rate of 2.2745%. The interest rate swaps were to expire in March 2022. In March 2020, in response to a drop in LIBOR, we modified our interest rate swap agreements to extend the terms to March 2024 and also lower the fixed interest rate from 2.2745% to a revised average rate of 1.6786%. Our obligations under these interest rate swaps (and any other derivative transaction entered into with the administrative agent, an arranger, a lender or any affiliate thereof under the 2018 Credit Facility) are secured by substantially all of our and our subsidiaries' assets and property, including our and our subsidiaries' intellectual property on a pari passu basis with the 2018 Credit Facility.

We may decide to enter into additional derivative financial instruments in the future. If we do, we may not maintain interest rate swaps, caps or other applicable financial instruments with respect to all of our indebtedness and any financial instrument we enter into may not fully mitigate our interest rate risk, may prove disadvantageous or may create additional risks.

Certain of our indebtedness may be denominated in foreign currencies, which subjects us to foreign exchange risk, which could cause our debt service obligations to increase significantly.

The 2018 Credit Agreement's 2018 Revolving Facility also permits borrowings denominated in Euros, GBP and other alternative currencies that may be approved by the administrative agent and revolving lenders. See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Borrowings." Such non-U.S. dollar-denominated debt may not necessarily correspond to the cash flow we generate in such currencies. Sharp changes in the exchange rates between the currencies in which we borrow and the currencies in which we generate cash flow could adversely affect us. In

the future, we may enter into contractual arrangements designed to hedge a portion of the foreign currency exchange risk associated with any non-U.S. dollar-denominated debt. If these hedging arrangements are unsuccessful, we may experience an adverse effect on our business, results of operations, financial condition and future prospects.

Changes in tax laws or tax rulings could affect our financial condition, results of operations, and cash flows.

The tax regimes we are subject to or operate under, including income and non-income taxes, are unsettled and may be subject to significant change. Changes in tax laws, regulations, or rulings, or changes in interpretations of existing laws and regulations, could affect our financial condition, results of operations and cash flows. For example, the 2017 Tax Cuts and Jobs Act, or the Tax Act, made broad and complex changes to the U.S. tax code, including changes to U.S. federal tax rates, additional limitations on the deductibility of interest, both positive and negative changes to the utilization of future net operating loss, or NOL, carryforwards, allowing for the expensing of certain capital expenditures, and putting into effect the migration from a “worldwide” system of taxation to a largely territorial system. The issuance of additional regulatory or accounting guidance related to the Tax Act could affect our tax obligations and effective tax rate in the period issued. In addition, many countries in Europe, as well as a number of other countries and organizations, have recently proposed or recommended changes to existing tax laws or have enacted new laws that could significantly increase our tax obligations in the countries where we do business or require us to change the manner in which we operate our business.

The Organization for Economic Cooperation and Development has been working on a Base Erosion and Profit Shifting Project, and issued a report in 2015, an interim report in 2018, and is expected to continue to issue guidelines and proposals that may change various aspects of the existing framework under which our tax obligations are determined in many of the countries in which we do business. Similarly, the European Commission and several countries have issued proposals that would change various aspects of the current tax framework under which we are taxed. These proposals include changes to the existing framework to calculate income tax, as well as proposals to change or impose new types of non-income taxes, including taxes based on a percentage of revenue. For example, several countries have proposed or enacted taxes applicable to digital services, which could apply to our business.

Our ability to use our net operating loss carryforwards may be limited.

We have incurred substantial losses during our history and may not be able to maintain profitability. Unused U.S. federal NOLs for taxable years beginning before January 1, 2018, may be carried forward to offset future taxable income, if any, until such unused NOLs expire. Under legislation enacted in 2017, informally titled the Tax Act, as modified by legislation enacted on March 27, 2020, entitled the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act, U.S. federal NOLs incurred in taxable years beginning after December 31, 2017, can be carried forward indefinitely, but the deductibility of such U.S. federal NOLs in taxable years beginning after December 31, 2020 is limited to 80% of taxable income. It is uncertain if and to what extent various states will change their tax laws to conform to the Tax Act or the CARES Act.

At December 31, 2020, we had U.S. federal and state NOL carryforwards of $11.7 million and $49.8 million, respectively. Of the $11.7 million U.S. federal NOL carryforwards, $7.4 million may be carried forward indefinitely with utilization limited to 80% of taxable income. The remaining $4.3 million will begin to expire in 2031. The state NOL carryforwards begin to expire in 2022.

In addition, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, and corresponding provisions of state law, if a corporation undergoes an “ownership change,” which is generally defined as a greater than 50 percentage point change (by value) in its equity ownership over a three-year period, the corporation’s ability to use its pre-change NOL carryforwards to offset its post- change income or taxes may be limited. We have completed a Section 382 study and have determined that none of our net operating losses

will expire solely due to Section 382 limitations. However, we may experience ownership changes as a result of our initial public offering or in the future as a result of subsequent shifts in our stock ownership, some of which may be outside of our control. This could limit the amount of NOLs that we can utilize annually to offset future taxable income or tax liabilities. Subsequent ownership changes and changes to the U.S. tax rules in respect of the utilization of NOLs may further affect the limitation in future years. In addition, at the state level, there may be periods during which the use of NOLs is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed.

Changes in our effective tax rate or tax liability may have an adverse effect on our results of operations.

We are subject to income taxes in the United States and various foreign jurisdictions. The determination of our worldwide provision for income taxes and other tax liabilities requires significant judgment by management, and there are many transactions where the ultimate tax determination is uncertain. We believe that our provision for income taxes is reasonable, but the ultimate tax outcome may differ from the amounts recorded in our consolidated financial statements and may affect our financial results in the period or periods in which such outcome is determined.

Our effective tax rate could increase due to several factors, including:

- changes in the relative amounts of income before taxes in the various jurisdictions in which we operate that have differing statutory tax rates;
- changes in tax laws, tax treaties, and regulations or the interpretation of them, including the Tax Act and the CARES Act;
- changes to our assessment about our ability to realize our deferred tax assets that are based on estimates of our future results, the prudence and feasibility of possible tax planning strategies, and the economic and political environments in which we do business;
- the outcome of current and future tax audits, examinations, or administrative appeals; and
- the effects of acquisitions.

Any of these developments could adversely affect our results of operations.

Changes in tax laws or regulations that are applied adversely to us or our customers may have a material adverse effect on our business, cash flow, financial condition or results of operations.

New income, sales, use, or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, which could adversely affect our business operations and financial performance. Further, existing tax laws, statutes, rules, regulations, or ordinances could be interpreted, changed, modified, or applied adversely to us. For example, the Tax Act enacted many significant changes to the U.S. tax laws. Future guidance from the Internal Revenue Service and other tax authorities with respect to the Tax Act may affect us, and certain aspects of the Tax Act could be repealed or modified in future legislation. For example, the CARES Act modified certain provisions of the Tax Act. In addition, it is uncertain if and to what extent various states will conform to the Tax Act, the CARES Act, or any newly enacted federal tax legislation. Changes in corporate tax rates, the realization of net deferred tax assets relating to our operations, the taxation of foreign earnings, and the deductibility of expenses under the Tax Act or future reform legislation could have a material impact on the value of our deferred tax assets, could result in significant one-time charges, and could increase our future U.S. tax expense.

Risks Relating to Legal, Compliance and Regulatory Matters

Our business and services subject us to complex and evolving U.S. and foreign laws and regulations regarding the unauthorized practice of law, legal document processing, legal plans, and other related matters.

Our business involves providing services that meet the legal and accounting needs of our customers and, as a result, is subject to a variety of complex and evolving U.S. and foreign laws and regulations, including the following:

- Our business model includes the provision of services that represent an alternative to traditional legal services, which subjects us to allegations of UPL. UPL generally refers to an entity or person giving legal advice who is not licensed to practice law or advertising their services as the practice of law. However, laws and regulations defining UPL, and the governing bodies that enforce UPL rules, differ among the various jurisdictions in which we operate and are often vague.
- In the United States, we are unable to hire attorneys as employees to provide legal advice directly to our customers, because we do not meet certain regulatory requirements such as being exclusively owned by licensed attorneys. In addition, we are currently unable to acquire a license to practice law in the United States. Laws, regulations, and professional responsibility rules impose limitations on business transactions between attorneys and persons who are not licensed attorneys, including those related to the ethics of attorney fee-splitting and CPL. This position can be contrasted with that in the United Kingdom, where we operate an ABS, which allows certain corporate entities to become licensed providers of reserved legal activities in that jurisdiction, pursuant to the U.K. Legal Services Act 2007, or the LSA. As the regulatory environment in the United States continues to evolve, we may consider implementing alternative structures to conduct our business in the United States. For example, the Arizona Supreme Court recently approved regulatory reform that will permit nonlawyers to co-own law firms and other legal service operations. While the structure would be legally permissible in Arizona, we cannot assure you that it will insulate us from claims of CPL or UPL in other jurisdictions.
- Regulation of legal document processing services and registered agent services varies among the jurisdictions in which we conduct business.
- Regulation of our legal plans varies considerably among the insurance departments, bar associations and attorneys general of each U.S. state. In addition, some U.S. states and federal agencies may seek to regulate our legal plans or other subscription plans, such as Business Advantage Plus, as insurance, legal expense insurance, specialized legal service products or financial planning.

Our business operations also subject us to laws and regulations relating to general business practices, and the manner in which we offer our services to customers subjects us to various consumer laws and regulations, including false advertising, payment laws, telephone sales, email marketing, automatic contract or subscription renewal, and deceptive trade practices.

The scope of these laws and regulations are often vague and broad, and their applications and interpretations are often uncertain and conflicting. Compliance with these disparate laws and regulations requires us to structure our business and services differently in certain jurisdictions. Additionally, these laws and regulations are evolving, and changes in such laws could require us to significantly change the ways in we structure our business and services. These laws and regulations could also make it more difficult for us to convert our transactional customers to subscribers or attract new subscribers to grow our subscription services. We dedicate significant management time and expense to dealing with these issues and expect that these issues will continue to be a significant focus as we expand into other services and jurisdictions.

In addition, any failure or perceived failure by us to comply with applicable laws and regulations may subject us to regulatory inquiries, claims, suits and prosecutions. For example, in February 2020, a complaint was filed in California against us alleging violations of the Florida Security of Communications Act for violations of privacy based on a claim of wiretapping. We may be the subject of similar complaints in the future. We have also

incurred in the past, and expect to incur in the future, costs associated with responding to, defending, resolving, and/or settling proceedings, particularly those related to UPL, competitor claims and the provision of our services more generally. We can give no assurance that we will prevail in such regulatory inquiries, claims, suits and prosecutions on commercially reasonable terms or at all. Responding to, defending and/or settling regulatory inquiries, claims, suits and prosecutions may be time-consuming and divert management and financial resources or have other adverse effects on our business. A negative outcome in any of these proceedings may result in claims, changes to or discontinuance of some of our services, potential liabilities or additional costs that could have a material adverse effect on our business, results of operations, financial condition, future prospects and brand.

Our U.K. subsidiary, being a "licensed body" law firm, is subject to restrictions under the LSA.

Under the LSA, there are restrictions on the holding of "restricted interests" in "licensed body" law firms. A restricted interest for the purpose of these restrictions is an interest of 10% or more in the issued share capital of the licensed body or the parent company of such licensed body. As our wholly owned UK subsidiary is a licensed body for the purposes of the LSA, the restrictions referred to above will apply to any holder(s) of 10% or more of our common stock following the completion of this offering.

The consent of the U.K. Solicitors Regulatory Authority, or the SRA, is required should any person who is a "non-deemed approved lawyer" seek to acquire a restricted interest. It is a criminal offense in the United Kingdom for any "non-deemed approved lawyer" to acquire a restricted interest without having given prior notification to the SRA or, having given prior notification to the SRA, to acquire a restricted interest without having obtaining the SRA's consent. The SRA may attach conditions to any consent that it may give in respect of the holding of a restricted interest. However, should any stockholder wish to consider owning a stake in our common stock in excess of this threshold, it is possible for the SRA to be approached and grant pre-approval in advance of any such acquisition.

The SRA can force any person who acquires a restricted interest in contravention of the applicable rules to divest its share ownership in the licensed body (or its parent company). The SRA also has the ability to suspend or revoke the relevant entity's licensed body status in respect of any such contravention. Any suspension or revocation of our U.K. subsidiary's licensed body status would have a serious detrimental impact on our business, and, in such circumstances, we would seek to collaborate with the SRA to minimize any resultant business disruption.

If the independent professionals who participate in our or our partner's networks are characterized as employees, we would be subject to employment and withholding liabilities and regulatory risks.

We structure our relationships with the independent attorneys and independent accountants who participate in our and our partner's networks in a manner that we believe results in an independent contractor relationship, not an employee relationship. On the other hand, our LZ Tax offering is fulfilled by our own employee accountants and tax professionals. An independent contractor is generally distinguished from an employee by his or her degree of autonomy and independence in providing services. A high degree of autonomy and independence is generally indicative of a contractor relationship, while a high degree of control is generally indicative of an employment relationship. Although we believe that the independent attorneys and independent accountants who participate in our and our partner's networks are properly characterized as independent contractors, tax or other regulatory authorities may in the future challenge our characterization of these relationships. If such regulatory authorities or state, federal or foreign courts were to determine that these attorneys or accountants are employees, and not independent contractors, we would be required to withhold income taxes, to withhold and pay social security, Medicare and similar taxes, to pay unemployment and other related payroll taxes and could face allegations of UPL or CPL. We would also be liable for unpaid past taxes and subject to penalties. As a result, any determination that these independent attorneys or independent accountants are our employees could have a material adverse effect on our business, results of operations, financial condition and future prospects.

We are subject to stringent and changing laws, regulations and standards, and contractual obligations related to data privacy and security. The actual or perceived failure to comply with applicable data protection, privacy, and security laws, regulations, standards, and other requirements could adversely affect our business, results of operations, and financial conditions.

We are subject to numerous foreign and domestic laws, regulations, and standards regarding privacy and data security governing the personal information and other data that we may collect, store, use, or process. Privacy has become a significant issue in the United States. The regulatory framework for privacy issues is rapidly evolving and is likely to remain uncertain for the foreseeable future. Many government bodies and agencies have adopted or are considering adopting laws and regulations regarding the collection, use, storage, destruction, and disclosure of personal information and breach notification procedures. We are also required to comply with laws, rules and regulations relating to data security. Interpretation of these laws, rules and regulations in applicable jurisdictions is ongoing and cannot be fully determined at this time.

In June 2018, California adopted the California Consumer Privacy Act of 2018, or CCPA, which took effect on January 1, 2020. The CCPA gives California residents expanded rights to access and delete their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is used. The CCPA also provides for civil penalties for violations, as well as a private right of action for data breaches that is expected to increase litigation involving misuse of personal information of California residents. The CCPA may increase our compliance costs and potential liability. In addition, California voters recently approved the California Privacy Rights Act of 2020, or CPRA, which goes into effect on January 1, 2023. It is expected that the CPRA would, among other things, give California residents the ability to limit the use of their personal information, further restrict the use of cross-contextual advertising, establish restrictions on the retention of personal information, expand the types of data breaches subject to the CCPA's private right of action, provide for increased penalties for CPRA violations concerning California residents under the age of 16, and establish a new California Privacy Protection Agency to implement and enforce the new law. Some observers have noted that the CCPA and CPRA could mark the beginning of a trend of states adopting more stringent privacy legislation in the United States, which could further increase our compliance costs, potential liability and adversely affect our business.

The global data protection landscape is also rapidly evolving, and we expect that there will continue to be new and proposed laws, regulations, and industry standards concerning privacy, data protection, and information security, and we cannot yet determine the impact that such future laws, regulations and standards may have on our business. For example, in May 2018, the General Data Protection Regulation, or the GDPR, went into effect in the EU. The GDPR imposes stringent data protection requirements and to date, has increased compliance burdens on us, including by mandating burdensome documentation requirements and granting certain rights to individuals to control how we collect, use, disclose, retain and process information about them. The GDPR also provides for more robust regulatory enforcement and greater penalties for noncompliance than previous data protection laws, including fines of up to €20 million or 4% of global annual revenue of any noncompliant company for the preceding financial year, whichever is greater.

European data protection laws including the GDPR also generally prohibit the transfer of personal information from Europe to the United States and most other countries unless the parties to the transfer have implemented specific safeguards to protect the transferred personal information. The Court of Justice of the European Union, or CJEU, recently raised questions about whether the European Commission's Standard Contractual Clauses, one of the primary mechanisms used by U.S. companies to import personal information from Europe, complies with the GDPR. While the CJEU upheld the validity of Standard Contractual Clauses, the CJEU ruled that the underlying data transfers must be assessed on a case-by-case basis by the data controller to determine whether the personal information will be adequately protected. Further, the European Commission recently proposed updates to the Standard Contractual Clauses. At present, there are few if any viable alternatives to the Standard Contractual Clauses and, therefore, there is uncertainty regarding how to ensure that transfers of personal information from Europe to the United States comply with the GDPR. As such, any transfers by us, or

our third-party service providers, of personal information from Europe may not comply with European data protection laws; may increase our exposure to the GDPR's heightened sanctions for violations of its cross-border data transfer restrictions; and may reduce demand for our services from companies subject to European data protection laws. Loss of our ability to transfer personal information from Europe may also require us to increase our data processing capabilities in those jurisdictions at significant expense.

Further, the United Kingdom's decision to leave the European Union, often referred to as Brexit, has created uncertainty with regard to the regulation of data protection in the United Kingdom, including with respect to whether laws or regulations will apply to us consistent with the GDPR in the future and how data transfers to and from the United Kingdom will be regulated. Following December 31, 2020, and the expiry of transitional arrangements between the United Kingdom and European Union, the data protection obligations of the GDPR continue to apply to U.K.-related processing of personal data in substantially unvaried form under the so-called U.K. GDPR (i.e., the GDPR as it continues to form part of U.K. law by virtue of section 3 of the EU (Withdrawal) Act 2018, as amended). However, going forward, there is increasing risk for divergence in application, interpretation and enforcement of the data protection laws as between the United Kingdom and European Economic Area, or EEA. Furthermore, the relationship between the United Kingdom and the EEA in relation to certain aspects of data protection law remains uncertain. For example, it is unclear whether transfers of personal data from the EEA to the United Kingdom will be permitted to take place on the basis of a future adequacy decision of the European Commission, or whether a transfer mechanism such as the SCCs will be required. Under the post-Brexit Trade and Cooperation Agreement between the European Union and the United Kingdom, the United Kingdom and European Union have agreed that transfers of personal data to the UK from EEA member states will not be treated as 'restricted transfers' to a non-EEA country for a period of up to four months from January 1, 2021, plus a potential further two months extension, or the "Extended Adequacy Assessment Period." Although the current maximum duration of the Extended Adequacy Assessment Period is six months, it may end sooner, for example, in the event that the European Commission adopts an adequacy decision in respect of the United Kingdom, or the United Kingdom amends the U.K. GDPR and/or makes certain changes regarding data transfers under the U.K. GDPR/Data Protection Act 2018 without the consent of the European Union (unless those amendments or decisions are made simply to keep relevant U.K. laws aligned with the European Union's data protection regime). If the European Commission does not adopt an adequacy decision in respect of the United Kingdom prior to the expiry of the Extended Adequacy Assessment Period, from that point onwards the United Kingdom will be an inadequate third country under the GDPR and transfers of personal data from the EEA to the United Kingdom will require a 'transfer mechanism' such as the Standard Contractual Clauses.

The type of challenges we face in Europe will likely also arise in other jurisdictions that adopt laws similar in construction to the GDPR or regulatory frameworks of equivalent complexity. For example, Brazil enacted the General Data Protection Law, New Zealand enacted the New Zealand Privacy Act, China released its draft Personal Information Protection Law, and Canada introduced the Digital Charter Implementation Act.

Compliance with these and any other applicable privacy and data security laws, including the Gramm-Leach-Bliley Act and Code Section 7216, and regulations is a rigorous and time-intensive process, and we may be required to put in place additional mechanisms to ensure compliance with the new data protection rules. Any failure or perceived failure by us or third parties working on our behalf to comply with applicable laws and regulations, any privacy and data security obligations pursuant to contract, our stated privacy or security policies, or obligations to customers or other third parties may result in governmental enforcement actions (including fines, penalties, judgments, settlements, imprisonment of company officials and public censure), civil claims, litigation, damage to our brand and reputation and loss of goodwill (both in relation to existing customers and prospective customers), any of which could have a material adverse effect on our business, operations and financial performance.

Additionally, some providers of consumer devices and web browsers have implemented, or announced plans to implement, means to make it easier for Internet users to prevent the placement of cookies or to block other

tracking technologies, which could, if widely adopted, result in the use of third-party cookies and other methods of online tracking becoming significantly less effective. The regulation of the use of these cookies and other current online tracking and advertising practices or a loss in our ability to make effective use of services that employ such practices could adversely affect our business, financial condition, and results of operations.

Breaches and other types of security incidents of our networks or systems, or those of our third-party service providers, could negatively impact our ability to conduct our business, our brand and reputation, our ability to retain existing customers and attract new customers, and may cause us to incur significant liabilities and adversely affect our business, results of operations, financial condition, and future prospects.

We collect, use, store, transmit and process data and information about our customers, employees and others, some of which may be sensitive, personal, or confidential. Any actual or perceived breach of our security measures or those of our third-party service providers could adversely affect our business, operations and future prospects. A third party that is able to circumvent our security measures or those of our third-party service providers may access, misappropriate, delete, alter, publish or modify this information, which could cause interruptions in our business and operations, fraud or loss to third parties, regulatory enforcement actions, litigation, indemnity obligations and other possible liabilities, as well as negative publicity. Widespread negative publicity may also result from real, threatened or perceived security compromises affecting our industry, competitors, and customers. Concerns regarding data privacy and security could cause some of our customers to stop using our services and fail to renew their subscriptions. This discontinuance in use and failure to renew could harm our business, results of operations, financial condition, and future prospects.

Our internal computer systems, cloud-based computing services, and those of our current and any future third-party service providers are vulnerable to interruption. Cyberattacks and other malicious internet-based activity, such as computer malware, hacking, and phishing attempts, continue to increase. In addition to traditional computer “hackers,” malicious code (such as viruses, worms and ransomware), social engineering, cyber extortion and personnel theft or misuse, sophisticated nation-state and nation-state supported actors now engage in similar attacks (including advanced persistent threat intrusions). Due to the COVID-19 pandemic, our employees are temporarily working remotely, which may pose additional data security risks. We may also be the subject of denial of service attacks, server malfunction, software or hardware failures, loss of data or other computer assets, adware or other similar issues. While we have security measures in place designed to protect customer information and prevent data loss and other security breaches, we cannot guarantee that our, or our third-party service providers’ security measures will be sufficient to protect against unauthorized access to, or other compromise of, personal information confidential or proprietary information. The techniques used to sabotage or to obtain unauthorized access to our platform, systems, networks and/or physical facilities in which data is stored or through which data is transmitted change frequently, and we have not always been able in the past and may be unable in the future to anticipate such techniques or implement adequate preventative measures or stop security breaches that may arise from such techniques. As a result, our safeguards and preventive measures may not be adequate to prevent current or future cyberattacks and security incidents, including security breaches that may remain undetected for extended periods of time, which can substantially increase the potential for a material adverse impact resulting from the breach.

We are required to comply with laws, rules and regulations that require us to maintain the security of personal information. We may have contractual and other legal obligations to notify relevant stakeholders of security breaches. We operate in an industry that is prone to cyberattacks. Failure to prevent or mitigate cyberattacks could result in the unauthorized access to such data, including personal information. Most jurisdictions have enacted laws requiring companies to notify individuals, regulatory authorities, and others of security breaches involving certain types of data. In addition, our agreements with certain customers and partners may require us to notify them in the event of a security breach. We have experienced and may in the future experience personal information security breaches as to which we are legally required to notify individuals, customers, regulators, the media and others. Such disclosures are costly, could lead to negative publicity, may cause our customers to lose confidence in the effectiveness of our security measures and not use our services, and

require us to expend significant capital and other resources to respond to and/or alleviate problems caused by the actual or perceived security breach. In addition, the costs to respond to a cybersecurity event or to mitigate any security vulnerabilities that may be identified could be significant, including costs for remediating the effects of such an event, paying a ransom, restoring data from backups, and conducting data analysis to determine what data may have been affected by the breach. In addition, our efforts to contain or remediate a security breach or any vulnerability exploited to cause a breach may be unsuccessful, and efforts and any related failures to contain or remediate them could result in interruptions, delays, loss in customer trust, harm to our reputation, and increases to our insurance coverage.

We may not have adequate insurance coverage for security incidents or breaches, including fines, judgments, settlements, penalties, costs, attorney fees and other impacts that arise out of incidents or breaches. Although we maintain cyber liability insurance, we cannot assure you that such insurance coverage will be adequate to cover liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms, or at all. The successful assertion of one or more large claims against us that exceeds our available insurance coverage, or results in changes to our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have an adverse effect on our business. Our risks are likely to increase as we continue to expand, grow our customer base, and process, store, and transmit increasingly large amounts of confidential, proprietary and sensitive data.

We are subject to anti-corruption, anti-bribery, anti-money laundering, and similar laws, and non-compliance with such laws can subject us to criminal and/or civil liability and harm our business.

We are subject to the U.S. Foreign Corrupt Practices Act of 1977, as amended, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the U.K. Bribery Act, and other anti-bribery and anti-money laundering laws in the countries in which we conduct activities. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies and their employees and third-party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sector. In addition, we or our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We can be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners, and agents, even if we do not explicitly authorize such activities.

While we have policies and procedures to address compliance with such anti-corruption laws, we cannot assure you that all of our employees and agents will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible.

Detecting, investigating and resolving actual or alleged violations of anti-corruption and anti-money laundering laws can require a significant diversion of time, resources, and attention from senior management. In addition, noncompliance with anti-corruption, anti-bribery, or anti-money-laundering laws could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, suspension and/or debarment from contracting with certain persons, the loss of export privileges, reputational harm, adverse media coverage, and other collateral consequences. If any subpoenas or investigations are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, results of operations, financial condition and future prospects could be materially harmed. In addition, responding to any action will likely result in a materially significant diversion of management’s attention and resources and significant defense costs and other professional fees. Enforcement actions and sanctions could further harm our business, results of operations, financial condition and future prospects.

Risks Relating to Intellectual Property

Our use of open source software could negatively affect our proprietary technologies and our ability to offer and sell subscriptions to our products and could subject us to possible litigation.

Certain of the technologies we currently use incorporate open source software (OSS), and we expect to continue to utilize OSS in the future. OSS is licensed by its authors under a variety of license types. Some of these licenses (often called "hereditary" or "viral" licenses) contain requirements that could cause us to make available the source code of the modifications or derivative works that we create based upon the licensed OSS, and that we license such modifications or derivative works under the terms of a particular open source license granting third parties certain rights of further use. By the terms of such open source licenses, we also could be required to release the source code of our proprietary (closed-source) software, and to make our proprietary software available under open source licenses, if we combine and/or distribute our proprietary software with such open source software in a manner that triggers the obligation of the license. Although we monitor our use of open source software in a manner designed to avoid such risks, we cannot be sure that all OSS and their associated licenses are reviewed prior to use in our proprietary software, that our programmers have not incorporated open source software into our proprietary software in a manner triggering such adverse licensing obligations, or that they will not do so in the future. Additionally, the terms of many open source licenses have not been interpreted by U.S. or other courts, and these licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to commercialize our products. We may face claims from others claiming ownership of open source software or patents reading on that software, rights to our intellectual property or breach of open source license terms, including a demand for release of material portions of our source code or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation, which could be costly to defend, require us to purchase a costly license (such as a commercial version of an open source license), require us to establish additional specific open source compliance procedures, or require us to devote additional research and development resources to remove open source elements from or otherwise change our solutions, any of which would have a negative effect on our business, results of operations, financial condition and future prospects. Any of the foregoing could disrupt and harm our business, results of operations, financial condition and future prospects.

If we are unable to adequately protect our intellectual property to prevent unauthorized use or appropriation, the value of our brand and other intangible assets, as well as our business, results of operations, financial condition and future prospects may be adversely affected.

We rely and expect to continue to rely on confidentiality and license agreements with our employees, consultants and third parties, and on trademark, copyright, trade secret, and domain name protection laws, to protect our proprietary rights. We have no issued patents, and have 17 U.S. trademark registrations and 17 pending U.S. trademark applications, and additional trademark registrations outside of the United States. Third parties may knowingly or unknowingly infringe on or challenge our proprietary rights, and pending and future trademark or other intellectual property applications may not be approved. In addition, effective intellectual property protection may not be available in every country in which we operate or intend to operate our business. In these cases, we may expend significant time and expense to prevent infringement and enforce our rights. We cannot assure you that others will not offer services or concepts that are substantially similar to ours and compete with our business. If the protection of our proprietary rights is inadequate to prevent unauthorized use or appropriation, the value of our brand and other intangible assets may be diminished and competitors may be able to more effectively mimic our services, business practices or operations, which may have an adverse effect on our business, results of operations, financial condition and future prospects.

Confidentiality agreements with employees and others may not adequately prevent disclosure of trade secrets and proprietary information.

We have devoted substantial resources to the development of our intellectual property and proprietary rights. In order to protect our intellectual property and proprietary rights, we rely in part on confidentiality

agreements with our employees, licensees, independent contractors and other advisors. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. In addition, others may independently discover trade secrets and proprietary information, and in such cases we could not assert any trade secret rights against such parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

Risks Relating to Ownership of Our Common Stock and this Offering

The market price of our common stock may be volatile or may decline regardless of our operating performance, and you may not be able to resell your shares at or above the initial public offering price, if at all.

The initial public offering price for our common stock will be determined through negotiations between the underwriters and us and may vary from the market price of our common stock following our initial public offering. If you purchase shares of our common stock in this offering, you may not be able to resell those shares at or above the initial public offering price, if at all. We cannot assure you that the initial public offering price of our common stock, or the market price following this offering, will equal or exceed prices in privately negotiated transactions of our shares that have occurred from time to time prior to this offering. The market price of our common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- actual or anticipated fluctuations in our revenue and results of operations;
- the operating and financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- variance in our financial performance from expectations of securities analysts;
- increase or loss of customers;
- fluctuations in product sales mix;
- changes in our pricing strategy or those of our competitors;
- developments in new legislation and pending lawsuits or regulatory actions, including interim or final rulings by judicial or regulatory bodies;
- our involvement in any litigation;
- actual or anticipated changes in our growth rate relative to those of our competitors;
- announcements of technological innovations or new services offered by us or our competitors;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital-raising activities or commitments;
- additions or departures of key personnel;
- actions of securities analysts who initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our company, or our failure to meet these estimates or investor expectations;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- additional shares of our common stock or other securities being sold into the market by us or our existing stockholders or the anticipation of such sales, including if existing stockholders sell shares into the market when applicable “lock-up” periods end;

- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;
- other events or factors, including those resulting from war or incidents of terrorism, or responses to these events; and
- general economic, political, regulatory and market conditions.

Broad market and industry fluctuations, as well as general economic, political, regulatory and market conditions such as recessions, interest rate changes or international currency fluctuations, may negatively impact the market price of our common stock. If the market price of our common stock after this offering does not exceed the initial public offering price, you may not realize any return on your investment in us and may lose some or all of your investment. In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could adversely affect our business, results of operations, financial condition and future prospects.

A significant portion of our total outstanding shares are restricted from immediate resale but may be sold into the market in the near future, which could cause the market price of our common stock to drop significantly, even if our business is performing well.

Sales of a substantial number of shares of our common stock in the public market after our initial public offering, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that such sales may have on the prevailing market price of our common stock. After this offering, we will have outstanding shares of common stock, based on the number of shares of our common stock outstanding as of December 31, 2020, assuming no exercise by the underwriters' option to purchase additional shares in this offering. This number includes shares that we are selling in this offering, which may be resold in the public market immediately without restriction, unless purchased by our affiliates. The remaining shares of our common stock outstanding after this offering, based on shares outstanding as of December 31, 2020, are currently restricted as a result of securities laws, lock-up agreements or other contractual restrictions that restrict transfers for at least 180 days after the date of this prospectus, subject to certain extensions, but will generally be able to be sold after the offering as described in the sections titled "Shares Eligible for Future Sale" and "Underwriting."

After this offering, the holders of shares of common stock, or % of our total outstanding common stock, based on shares outstanding as of December 31, 2020 and giving effect to the sale of shares by us, will be entitled to rights pursuant to an investors' rights agreement and related agreements, subject to some conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. If these holders of our common stock sell a large number of shares by exercising their registration rights, they could adversely affect the market price for our common stock. If we file a registration statement for the purposes of selling additional shares to raise capital and are required to include shares held by these holders pursuant to the exercise of their registration rights, our ability to raise capital may be impaired. We intend to register all shares of common stock that we may issue under our equity compensation plans. Once we register these shares, they can be freely sold in the public market upon issuance, subject to volume limitations applicable to affiliates and the lock-up agreements described in the section titled "Underwriting."

No public market for our common stock currently exists, and an active public trading market may not develop or be sustained following this offering.

Prior to this offering, there has been no public market for our common stock. Although we expect to apply to list our common stock on , an active trading market may not develop following the completion of this

offering or, if developed, may not be sustained. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair value of your shares. An inactive market may also impair our ability to raise capital to continue to fund operations by selling shares and may impair our ability to acquire other companies or technologies by using our shares as consideration.

If you purchase shares of our common stock in this offering, you will experience substantial and immediate dilution.

The initial public offering price of our common stock will be substantially higher than the pro forma as adjusted net tangible book value per share of our common stock as of December 31, 2020, immediately after this offering. Therefore, if you purchase shares of our common stock in this offering, you will pay a price per share that substantially exceeds our pro forma as adjusted net tangible book value per share immediately after this offering. Based on an assumed initial public offering price of $ per share, which is the midpoint of the estimated price range on the cover page of this prospectus, you will experience immediate dilution of $ per share, or $ per share if the underwriters exercise their option to purchase additional shares in this offering in full, representing the difference between our pro forma as adjusted net tangible book value per share after this offering and the initial public offering price per share. If outstanding options or RSUs are exercised or settled in the future, you will experience additional dilution. See the section titled “Dilution” for additional information.

We have broad discretion in the use of our cash and cash equivalents, including the net proceeds from this offering, and may use them ineffectively, in ways with which you do not agree or in ways that do not increase the value of your investment.

We intend to use the net proceeds to us from this offering primarily for general corporate purposes, including working capital and capital expenditures, and to repay $ of the outstanding indebtedness under the 2018 Term Loan. We may also use a portion of the net proceeds for the acquisition of, or investment in, technologies, solutions, businesses or assets that complement our business or operations, although we have no present commitments or agreements to enter into any such acquisitions or investments after this offering. However, we will have broad discretion over the uses of the net proceeds, as well as our cash and cash equivalents, and we may spend or invest them in ways that our stockholders disagree with, that cause the price of our common stock to decline or that could adversely affect our business, results of operations, financial condition and future prospects.

We do not intend to pay dividends for the foreseeable future, which could reduce the attractiveness of our stock to some investors.

Although we have paid cash dividends to our stockholders in the past, we currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our board of directors. In addition, the 2018 Credit Agreement contains restrictions on our ability to pay dividends. As a result, you must rely on sales of your common stock after price appreciation, which may never occur, as the only way to realize any future gains on your investments for the foreseeable future.

Concentration of ownership of our common stock among our existing executive officers, directors and principal stockholders may prevent new investors from influencing significant corporate decisions.

Based upon our shares of our common stock outstanding as of December 31, 2020, upon the completion of this offering, our executive officers, directors and stockholders who owned more than 5% of our outstanding common stock before this offering will, in the aggregate, beneficially own shares representing approximately % of our outstanding common stock. If our executive officers, directors and stockholders who

owned more than 5% of our outstanding common stock acted together, they may be able to significantly influence all matters requiring stockholder approval, including the election and removal of directors and approval of any merger, consolidation or sale of all or substantially all of our assets. The concentration of voting power and transfer restrictions could delay or prevent an acquisition of our company on terms that other stockholders may desire or result in the management of our company in ways with which other stockholders disagree.

Provisions in our corporate charter documents and provisions under Delaware law could make an acquisition of us, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management.

Provisions in our corporate charter and our bylaws that will become effective upon the completion of this offering may discourage, delay or prevent a merger, acquisition or other change in control of us that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. These provisions also could limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. In addition, because our board of directors is responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. Among other things, these provisions:

- establish a classified board of directors such that not all members of the board are elected at one time;
- allow the authorized number of our directors to be changed only by resolution of our board of directors;
- limit the manner in which stockholders can remove directors from the board;
- establish advance notice requirements for stockholder proposals that can be acted on at stockholder meetings and nominations to our board of directors;
- require that stockholder actions must be effected at a duly called stockholder meeting and prohibit actions by our stockholders by written consent;
- limit who may call stockholder meetings;
- authorize our board of directors to issue preferred stock without stockholder approval, which could be used to institute a stockholder rights plan, or so-called “poison pill,” that would work to dilute the stock ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by our board of directors; and
- require the approval of the holders of at least 66 2/3% of the votes that all our stockholders would be entitled to cast to amend or repeal certain provisions of our charter or bylaws.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which prohibits a person who owns 15% or more of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired 15% or more of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner. These provisions could discourage potential acquisition proposals and could delay or prevent a change in control transaction. They could also have the effect of discouraging others from making tender offers for our common stock, including transactions that may be in your best interests. These provisions may also prevent changes in our management or limit the price that investors are willing to pay for our stock.

Our amended and restated certificate of incorporation will provide that the Court of Chancery of the State of Delaware and the federal district courts of the United States of America will be the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated certificate of incorporation, as will be in effect upon the completion of this offering, will provide that the Court of Chancery of the State of Delaware is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- any derivative claim or cause of action brought on our behalf;
- any claim or cause of action asserting a breach of fiduciary duty;
- any claim or cause of action against us arising under the Delaware General Corporation Law;
- any claim or cause of action arising under or seeking to interpret our amended and restated certificate of incorporation or our amended and restated bylaws; and
- any claim or cause of action against us that is governed by the internal affairs doctrine.

The provisions would not apply to suits brought to enforce a duty or liability created by the Securities Exchange Act of 1934, or the Exchange Act. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated certificate of incorporation will further provide that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause or causes of action arising under the Securities Act, including all causes of action asserted against any defendant to such complaint. For the avoidance of doubt, this provision is intended to benefit and may be enforced by us, our officers and directors, the underwriters to any offering giving rise to such complaint, and any other professional entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering.

While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our amended and restated certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions.

These exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees. If a court were to find either exclusive-forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could seriously harm our business.

General Risk Factors

As a public company, we will be subject to more stringent federal and state law requirements.

As a public company, we will be subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002, the Dodd-Frank Act, the listing requirements , and other applicable securities rules and regulations. Despite reforms made possible by the Jumpstart Our Business Startups Act of 2012 (the JOBS Act), compliance with these rules and regulations will nonetheless increase our legal and financial compliance

costs, make some activities more difficult, time-consuming or costly and increase demand on our systems and resources, particularly after we are no longer an "emerging growth company." The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating results.

As a result of disclosure of information in this prospectus and in filings required of a public company, our business and financial condition will become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business, results of operations, financial condition and future prospects could be harmed, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our brand and reputation, business, results of operations, financial condition and future prospects.

We may also be subject to more stringent state law requirements. For example, on September 30, 2018, California Governor Jerry Brown signed into law Senator Bill 826, or SB 826, which generally requires public companies with principal executive offices in California to have a minimum number of females on the company's board of directors. By December 31, 2019, each public company with principal executive offices in California was required to have at least one female on its board of directors. By December 31, 2021, each public company is required to have at least two females on its board of directors if the company has at least five directors, and at least three females on its board of directors if the company has at least six directors. The new law does not provide a transition period for newly listed companies. Additionally, on September 30, 2020, California Governor Gavin Newsom signed into law Assembly Bill 979, or AB 979, which generally requires public companies with principal executive offices in California to include specified numbers of directors from "underrepresented communities." A director from an "underrepresented community" means a director who self-identifies as Black, African American, Hispanic, Latino, Asian, Pacific Islander, Native American, Native Hawaiian, Alaska Native, gay, lesbian, bisexual or transgender. By December 31, 2021, each public company with principal executive offices in California is required to have at least one director from an underrepresented community. By December 31, 2022, a public company with more than four but fewer than nine directors will be required to have a minimum of two directors from underrepresented communities, and a public company with nine or more directors will need to have a minimum of three directors from underrepresented communities. Similar to SB 826, AB 979 does not provide a transition period for newly listed companies. If we fail to comply with either SB 826 or AB 979, we could be fined by the California Secretary of State, with a $100,000 fine for the first violation and a $300,000 fine for each subsequent violation of either law, and our reputation may be adversely affected.

We also expect that being a public company and these new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

If securities or industry analysts do not publish research or reports about our business, or publish negative reports about our business, our share price and trading volume could decline.

Our stock price and trading volume will be heavily influenced by the way analysts and investors interpret our financial information and other disclosures. If securities or industry analysts do not publish research or reports about our business, delay publishing reports about our business or publish negative reports about our business, regardless of accuracy, our stock price and trading volume could decline.

The trading market for our common stock will, to some extent, depend on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our shares or change their opinion of our shares, our

share price would likely decline. If one or more of these analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our share price or trading volume to decline. Even if our common stock is actively covered by analysts, we do not have any control over the analysts or the measures that analysts or investors may rely upon to forecast our future results. Over-reliance by analysts or investors on any particular metric to forecast our future results may result in forecasts that differ significantly from our own.

Regardless of accuracy, unfavorable interpretations of our financial information and other public disclosures could have a negative impact on our stock price. If our financial performance fails to meet analyst estimates, for any of the reasons discussed above or otherwise, or one or more of the analysts who cover us downgrade our common stock or change their opinion of our common stock, our stock price would likely decline.

The COVID-19 pandemic could have an adverse effect on our business, financial condition, results of operations and prospects.

In connection with the COVID-19 pandemic, governments have implemented significant measures, including closures, quarantines, travel restrictions and other social distancing directives, intended to control the spread of the virus. Companies have also taken precautions, such as requiring employees to work remotely, imposing travel restrictions and temporarily closing businesses. To the extent that these restrictions remain in place, additional prevention and mitigation measures are implemented in the future, or there is uncertainty about the effectiveness of these or any other measures to contain or treat COVID-19, there has been and continues to be an adverse impact on global economic conditions and consumer confidence and spending, which could adversely affect our business as well as the demand for our products. The fluid nature of the COVID-19 pandemic and uncertainties regarding the related economic impact are likely to result in sustained market turmoil, which could also have an adverse effect on our business, financial condition, results of operations and prospects.

Further, the COVID-19 pandemic may impact customer demand. Our customers may be impacted if governments continue to implement regional business closures, quarantines, travel restrictions and other social distancing directives to slow the spread of the virus. To the extent our customers' operations are negatively impacted, our customers may reduce demand for or spending on our products, or customers may delay payments to us or request payment or other concessions. There may also be significant reductions or volatility in demand for our services, as well as the temporary inability of customers to purchase our products due to illness, quarantine or financial hardship, shifts in demand away from one or more of our products, decreased consumer confidence and spending or pantry-loading activity, any of which may negatively impact our results, including as a result of an increased difficulty in planning for operations.

The extent of the COVID-19 pandemic's effect on our operational and financial performance will depend on future developments, including the duration and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of the COVID-19 pandemic on our business. However, if the pandemic continues to persist as a severe worldwide health crisis, the disease could have an adverse effect on our business, financial condition, results of operations and prospects, and may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

We are an "emerging growth company," and we cannot be certain if the reduced reporting requirements applicable to "emerging growth companies" will make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act. For as long as we continue to be an "emerging growth company," we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies," including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, reduced disclosure obligations regarding executive compensation in our

periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile. We may take advantage of some or all of these reporting exemptions until we are no longer an "emerging growth company." We will remain an "emerging growth company" until the earlier of (i) the last day of the fiscal year following the fifth anniversary of the completion of this offering, (ii) the last day of the fiscal year in which we have total annual gross revenue of at least $1.07 billion, (iii) the last day of the first fiscal year in which we are deemed to be a large accelerated filer, which means in part that the market value of our common stock that is held by non- affiliates equals or exceeds $700 million as of the prior June 30th, and (iv) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period.

As an "emerging growth company," the JOBS Act allows us to delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have elected to avail ourselves of this exemption from new or revised accounting standards and, therefore, we will not be subject to the same new or revised accounting standards as other public companies that are not "emerging growth companies."

Our reported financial results may be adversely affected by changes in accounting principles generally accepted in the United States.

U.S. generally accepted accounting principles, or GAAP, are subject to interpretation by the Financial Accounting Standards Board, or FASB, the U.S. Securities and Exchange Commission, or SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results and could affect the reporting of transactions completed before the announcement of a change. In February 2016, the FASB issued Accounting Standards Update No. 2016-02, *Leases*, also known as ASC 842, which will require lessees to recognize a right-of-use assets and lease liabilities for operating leases, initially measured at the present value of the lease payments, on its balance sheet for operating leases. The standard also requires a lessee to recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term, on a generally straight-line basis.

We are planning to adopt ASC 842 effective January 1, 2022. We are in the process of evaluating the impact ASC 842 will have on our consolidated financial statements and related disclosures. Our prior historical financial information for the year ended December 31, 2020 and prior periods will continue to be reported in accordance with historical accounting standards. These or other changes to existing rules may harm our operating results and affect the comparability of our results from period to period.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the sections titled “Prospectus Summary,” “Risk Factors,” “Use of Proceeds,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business,” contains forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including statements regarding our strategy, future financial condition, future operations, projected costs, prospects, plans, objectives of management and expected market growth, are forward-looking statements. These statements may relate to, but are not limited to, expectations of future operating results or financial performance, capital expenditures, use of proceeds from this offering, introduction of new services and enhancements to our current platform, regulatory compliance, plans for growth and future operations, the size of our addressable market and market trends, as well as assumptions relating to the foregoing. In some cases you can identify forward-looking statements by terminology such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “project,” “should,” “will,” “would,” or the negative or plural of these words or similar expressions. Actual events or results may differ from those expressed in these forward-looking statements, and these differences may be material and adverse.

We have based the forward-looking statements contained in this prospectus primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations, prospects, business strategy and financial needs. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, assumptions and other factors described in the section titled “Risk Factors” and elsewhere in this prospectus. These risks are not exhaustive. Other sections of this prospectus include additional factors that could adversely affect our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this prospectus. We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this prospectus, 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 prospectus and the documents that we reference in this prospectus and have filed with the SEC as exhibits to the registration statement of which this prospectus is a part with the understanding that our actual future results, levels of activity, performance and events and circumstances may be materially different from what we expect.

The forward-looking statements made in this prospectus relate only to events as of the date on which the statements are made. We undertake no obligation to update publicly any forward-looking statements for any reason after the date of this prospectus to conform these statements to actual results or to changes in our expectations, except as required by law.

MARKET, INDUSTRY AND OTHER DATA

This prospectus contains estimates and information concerning our industry, including market size and growth of the markets in which we participate, that are based on industry publications and reports. In some cases, we do not expressly refer to the sources from which these estimates and information are derived. This information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to these estimates. We have not independently verified the accuracy or completeness of the data contained in these industry publications and reports. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section titled "Risk Factors." These and other factors could cause results to differ materially from those expressed in these publications and reports.

The sources of certain statistical data, estimates, and forecasts contained in this prospectus are the following independent industry sources:

- IBISWorld, *Online Legal Services*, *Cyber security: Persistent expansion in the total number of US businesses will likely increase the industry's client base*, November 2020.
- MBO Partners, *The State of Independence in America 2020*, December 2020.
- McKinsey & Company, *Elevating Customer Experience Excellence in the Next Normal*, May 2020.
- NSBA—National Small Business Association, or NSBA, *2017 NSBA Small Business Regulations Survey*, January 2017.
- Themis Solutions Inc., *Legal Trends Report Powered by Clio*, 2018.
- Themis Solutions Inc., *Legal Trends Report by Clio*, 2019.

In addition, statements in this prospectus referring to Dynata refer to the collection and analysis of aided and unaided brand awareness data that is shared with us on a quarterly basis by Dynata LLC, a global online market research firm, based on surveys hosted by Dynata from the period of 2015-2020.

Statements in this prospectus referring to the Kantar study refer to an addressable market sizing study of small businesses under 50 employees and consumers aged 25-65 in the United States conducted with data provided by Kantar Consulting, a marketing and sales consultancy, in February 2019, which we commissioned.

Statements in this prospectus referring to the Magid study refer to a small and mid-sized business opportunities study based on panel data of business owners and LegalZoom customers conducted by Magid Consulting Inc. in March 2021, which we commissioned.

We monitor our estimated share of total business formations in the United States every year, which we estimate to be 4.4 million. There are many widely-cited sources of data on small business formation. The U.S. Census reports business formation statistics for new businesses with employees. This data relates to employer firms, and is based on new employer identification number, or EIN, applications with the IRS and statistical estimates of the number of EIN applications that will result in a new employee. In 2020, there were 4.4 million EIN applications, with 1.5 million categorized as high propensity to turn into a business with payroll. The U.S. Census also reports the total number of sole proprietorships operating in the United States based on IRS filings. A small business is considered a sole proprietorship by default if it does not officially form. However, sole proprietorships that have formed as an LLC may file with the IRS as a sole proprietorship. There is no reliable data for the number of LLCs in operation or the number of new sole proprietorships formed. We analyze employer firm data and secretary of state filings to derive our estimate of small businesses formed each year.

USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of the shares of our common stock offered by us will be approximately $ million, based on an assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters' option to purchase additional shares from us in this offering is exercised in full, we estimate that our net proceeds will be approximately $ million, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We will not receive any of the proceeds from the sale of common stock in this offering by the selling stockholders.

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) the net proceeds to us from this offering by approximately $ million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions payable by us. Similarly, each increase (decrease) of 1.0 million shares in the number of shares of common stock offered by us would increase (decrease) the net proceeds to us from this offering by approximately $ million, assuming the assumed initial public offering price remains the same and after deducting estimated underwriting discounts and commissions payable by us.

The principal purposes of this offering are to increase our capitalization and financial flexibility, create a public market for our common stock and facilitate our future access to the public capital markets. We currently intend to use the net proceeds to us from this offering primarily (1) to repay $ of the outstanding indebtedness under our 2018 Term Loan, which matures on November 21, 2024, and which may carry, at our option, an interest rate equal to either (a) LIBOR (or a comparable successor rate approved by the administrative agent and us), plus a margin of 4.50% per annum, or (b) the base rate plus a margin of 3.50% per annum, which margin may decrease depending on our total net first lien leverage ratio, and with the base rate being the highest of (i) the federal funds rate plus 1/2 of 1%, (ii) the prime rate as publicly announced by JPMorgan Chase, (c) LIBOR plus 1.00%, and (d) 2%, which indebtedness is as further described in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Borrowings," and (2) for general corporate purposes, including working capital, operating expenses and capital expenditures. We may also use a portion of the net proceeds for the acquisition of, or investment in, technologies, businesses, products, services or other assets that complement our business or operations, although we have no present commitments or agreements to enter into any acquisitions or investments.

The expected use of net proceeds from this offering represents our intentions based upon our current plans and business conditions, which could change in the future as our plans and business conditions evolve. We cannot predict with certainty all of the particular uses for the proceeds of this offering or the amounts that we will actually spend on the uses set forth above. Our management will have broad discretion in applying the net proceeds of this offering. Pending their use, we intend to invest the net proceeds of this offering in a variety of capital-preservation investments, including short- and intermediate-term investments, interest-bearing investments, investment-grade securities and government securities and money market funds.

DIVIDEND POLICY

Although we have paid cash dividends on our capital stock in the past, we currently intend to retain any future earnings for use in the operation of our business and do not intend to declare or pay any cash dividends in the foreseeable future. Any further determination to pay dividends on our capital stock will be at the discretion of our board of directors, subject to applicable laws, and will depend on our financial condition, results of operations, capital requirements, general business conditions, and other factors that our board of directors considers relevant. In addition, the 2018 Credit Agreement contains restrictions on our ability to pay dividends.

CAPITALIZATION

The following table shows our cash and cash equivalents, restricted cash equivalent and our capitalization as of December 31, 2020 on:

- an actual basis;
- a pro forma basis, giving effect to: (1) the automatic conversion of all 23,081,080 shares of our outstanding redeemable convertible preferred stock as of December 31, 2020 into an aggregate of 46,162,160 shares of our common stock upon the completion of this offering and the related reclassification of the carrying value of the redeemable convertible preferred stock to stockholders' deficit upon the completion of this offering; (2) additional stock-based compensation expense of approximately $ million associated with certain options and RSUs for which the performance condition is satisfied upon the completion of this offering, assuming the offering occurred on January 1, 2020, recorded as an increase to additional paid-in capital and accumulated deficit; (3) the vesting and settlement of RSUs outstanding as of December 31, 2020, net of shares surrendered for withholding taxes (based on an assumed % tax withholding rate), that will vest upon the completion of this offering; (4) the lapse of the restriction on $25.0 million of our restricted cash equivalent upon the repayment of a personal loan by a former executive prior to the completion of this offering; and (5) the filing and effectiveness of our amended and restated certificate of incorporation immediately after the completion of this offering; and
- a pro forma as adjusted basis, giving effect to the pro forma adjustments discussed above, and giving further effect to: (1) the sale of shares of common stock in this offering by us at an assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us and (2) the repayment of $ million of outstanding indebtedness under the 2018 Term Loan after the completion of this offering.

You should read this table together with the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes included elsewhere in this prospectus.

	As of December 31, 2020		
	Actual	Pro Forma	Pro Forma, As Adjusted(1)
	(in thousands, except share and par value data)		
Cash and cash equivalents	$ 114,470	$	$
Restricted cash equivalent	$ 25,000	$	$
Principal amount of 2018 Term Loan(2)	$ 524,300	$	$
Redeemable convertible preferred stock, $0.001 par value: 30,512,000 shares authorized, 23,081,080 shares issued and outstanding, actual; no shares authorized, issued or outstanding, pro forma and pro forma as adjusted	70,906		
Stockholders’ deficit:			
Preferred stock, $0.001 par value: no shares authorized, issued and outstanding, actual; shares authorized and no shares issued and outstanding, pro forma and pro forma as adjusted	—		
Common stock, $0.001 par value: 264,720,000 shares authorized, 125,036,863 shares issued outstanding, actual; and shares authorized, and shares issued and outstanding, pro forma and pro forma as adjusted, respectively	126		
Additional paid-in capital	102,417		
Accumulated other comprehensive loss	(13,827)		
Accumulated deficit	(639,348)		
Total stockholders’ deficit	(550,632)		
Total capitalization	$ 44,574	$	$

(1) Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) our pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders’ deficit and total capitalization by approximately $ million, assuming the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions payable by us. Similarly, each increase (decrease) of 1.0 million shares in the number of shares of common stock offered by us would increase (decrease) our pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders’ deficit and total capitalization by approximately $ million, assuming the assumed initial public offering price of $ per share remains the same, and after deducting estimated underwriting discounts and commissions payable by us.

(2) Excludes debt issuance costs of $8.9 million.

If the underwriters exercise their option to purchase additional shares of common stock from us and the selling stockholders in full, pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders’ deficit, total capitalization, and shares of common stock outstanding as of December 31, 2020 would be $, $, $, $, and , respectively. The pro forma as adjusted information set forth above is illustrative only and will change based on the actual initial public offering price and other terms of this offering determined at pricing.

The total number of shares of our common stock issued and outstanding, pro forma and pro forma as adjusted, in the table above is based on 171,199,023 shares of common stock outstanding as of December 31, 2020, which gives effect to the pro forma transactions described above and excludes:

- 15,234,644 shares of common stock issuable upon the exercise of outstanding options as of December 31, 2020, granted pursuant to our 2016 Stock Incentive Plan, or 2016 Plan, at a weighted-average exercise price of $8.78 per share;

- shares of common stock issuable upon the settlement of RSUs outstanding as of December 31, 2020, granted pursuant to our 2016 Plan that would not have satisfied the market vesting conditions or service-based vesting condition as of December 31, 2020;
- shares of common stock issuable upon the settlement of RSUs granted between December 31, 2020 and , 2021, granted pursuant to our 2016 Plan;
- shares of our common stock reserved for future issuance under our 2021 Equity Incentive Plan, or 2021 Plan, which will become effective immediately prior to the execution of the underwriting agreement related to this offering, as well as any future automatic annual increases in the number of shares of common stock reserved for issuance under our 2021 Plan; and
- shares of our common stock reserved for future issuance under our 2021 Employee Stock Purchase Plan, or ESPP, which will become effective immediately prior to the execution of the underwriting agreement related to this offering, as well as any future automatic annual increases in the number of shares of common stock reserved for issuance under our ESPP.

DILUTION

If you invest in our common stock, your ownership interest will be diluted to the extent of the difference between the initial public offering price per share of our common stock and the pro forma as adjusted net tangible book value per share of our common stock immediately after this offering. The historical net tangible book value as of December 31, 2020 was $ million, or $ per share. Historical net tangible book value per share is our historical net tangible book value divided by the number of shares of our common stock outstanding as of December 31, 2020.

Our pro forma net tangible book value as of December 31, 2020 was $ million, or $ per share of our common stock, based on the total number of shares of our common stock outstanding as of that date. Pro forma net tangible book value per share represents our total tangible assets less our total liabilities, divided by the number of outstanding shares of common stock, after giving effect to: (1) the automatic conversion of all 23,081,080 shares of our outstanding redeemable convertible preferred stock as of December 31, 2020 into an aggregate of 46,162,160 shares of our common stock upon the completion of this offering and the related reclassification of the carrying value of the redeemable convertible preferred stock to stockholders' deficit upon the completion of this offering; (2) additional stock-based compensation expense of approximately $ million associated with certain options and RSUs for which the performance condition is satisfied upon the completion of this offering, assuming the offering occurred on January 1, 2020, recorded as an increase to additional paid-in capital and accumulated deficit; (3) the vesting and settlement of RSUs outstanding as of December 31, 2020, net of shares surrendered for withholding taxes (based on an assumed % tax withholding rate), that will vest upon the completion of this offering; and (4) the lapse of the restriction on $25.0 million of our restricted cash equivalent upon the repayment of a personal loan by a former executive prior to the completion of this offering.

After giving effect to (1) the sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us and (2) the repayment of $ million of our outstanding indebtedness under the 2018 Term Loan after the completion of this offering, our pro forma as adjusted net tangible book value as of December 31, 2020 would have been $ million, or $ per share. This represents an immediate increase in pro forma as adjusted net tangible book value of $ per share to our existing stockholders and an immediate dilution of $ per share to new investors purchasing common stock in this offering.

The following table illustrates this dilution on a per share basis to new investors:

Assumed initial public offering price per share		$
Historical net tangible book value per share as of December 31, 2020	$	
Pro forma increase in net tangible book value per share as of December 31, 2020 attributable to the pro forma transactions described above		
Pro forma net tangible book value per share as of December 31, 2020		
Increase in pro forma net tangible book value per share attributable to new investors participating in this offering		
Pro forma as adjusted net tangible book value per share, as adjusted to give effect to this offering		
Dilution per share to new investors participating in this offering		$

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) our pro forma as adjusted net tangible book value per share after this offering by $ per share and the dilution per

share to new investors participating in this offering by $ per share, assuming that the number of shares of common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions payable by us. Similarly, an increase of 1.0 million in the number of shares offered by us, as set forth on the cover page of this prospectus, would increase the pro forma as adjusted net tangible book value per share after this offering by $ and decrease the dilution per share to new investors participating in this offering by $ per share, assuming the assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions payable by us. A decrease of 1.0 million shares in the number of shares offered by us, as set forth on the cover page of this prospectus, would decrease the pro forma as adjusted net tangible book value per share after this offering by $ per share and increase the dilution per share to new investors participating in this offering by $ per share, assuming the assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions payable by us.

If the underwriters exercise in full their option to purchase an additional shares of our common stock from us and the selling stockholders, the pro forma as adjusted net tangible book value per share of our common stock after giving effect to this offering would be $ per share, representing an immediate increase in the pro forma net tangible book value per share to existing stockholders of $ per share, and immediate dilution of $ per share to new investors participating in this offering.

	Shares Purchased Number	Percent	Total Consideration Amount	Percent	Average Price Per Share
Existing stockholders		%	$	%	$
New investors			$		$
Totals		100.0%	$	100.0%	

Sales by the selling stockholders in this offering will cause the number of shares held by existing stockholders to be reduced to shares, or % of the total number of shares of our capital stock outstanding following the completion of this offering, and will increase the number of shares held by new investors to shares, or % of the total number of shares of our capital stock outstanding following the completion of this offering. After giving effect to the sale of shares in this offering by us and the selling stockholders, if the underwriters exercise in full their option to purchase additional shares from us and the selling stockholders, the number of shares held by existing stockholders will be reduced to shares, or % of the total number of shares of our common stock outstanding following the completion of this offering, and will increase the number of shares held by new investors to shares, or % of the total number of shares outstanding following the completing of this offering.

Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, would increase (decrease) the total consideration paid by new investors and total consideration paid by all stockholders by approximately $ million, assuming that the number of shares of Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The foregoing table and calculations (other than the historical net tangible book value calculation) are based on 171,199,023 shares common stock outstanding as of December 31, 2020, which gives effect to the pro forma transactions described above and excludes:

- 15,234,644 shares of common stock issuable upon the exercise of outstanding options as of December 31, 2020, granted pursuant to our 2016 Stock Incentive Plan, or 2016 Plan, at a weighted-average exercise price of $8.78 per share;

- shares of common stock issuable upon the settlement of RSUs outstanding as of December 31, 2020, granted pursuant to our 2016 Plan that would not have satisfied the market vesting conditions or service-based vesting condition as of December 31, 2020;
- shares of common stock issuable upon the settlement of RSUs granted between December 31, 2020 and , 2021, granted pursuant to our 2016 Plan;
- shares of our common stock reserved for future issuance under our 2021 Plan, which will become effective immediately prior to the execution of the underwriting agreement related to this offering, as well as any future automatic annual increases in the number of shares of common stock reserved for issuance under our 2021 Plan; and
- shares of our common stock reserved for future issuance under our ESPP, which will become effective immediately prior to the execution of the underwriting agreement related to this offering, as well as any future automatic annual increases in the number of shares of common stock reserved for issuance under our ESPP.

To the extent that any outstanding options are exercised, new options or other equity awards are issued under our equity incentive plans, or we issue additional shares in the future, there will be further dilution to new investors participating in this offering.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read together with the section titled "Prospectus Summary—Summary Consolidated Financial and Other Data," and our consolidated financial statements and accompanying notes included elsewhere within this prospectus. This discussion includes both historical information and forward-looking information that involves risks, uncertainties and assumptions. Our actual results may differ materially from management's expectations as a result of various factors, including but not limited to those discussed in the sections titled "Risk Factors" and "Special Note Regarding Forward-Looking Statements." The objective of this section is to provide investors an understanding of the financial drivers and levers in our business and describe the financial performance of the business.

Overview

LegalZoom is a leading online platform for legal and compliance solutions in the United States. In 2020, 10% of new limited liability companies, or LLCs, and 5% of new corporations in the United States were formed via LegalZoom. Our unique position at business inception allows us to become a trusted business advisor, supporting the evolving needs of a new business across its lifecycle. Along with formation, LegalZoom offerings include ongoing compliance and tax advice and filings, trademark filings, and estate plans. Additionally, we have unique insights into our customers and leverage our product as a channel to introduce small businesses to leading brands in our partner ecosystem, solving even more of their business needs. We operate across all 50 states and over 3,000 counties in the United States, and have more than 20 years of experience navigating complex regulation and simplifying the legal and compliance process for our customers.

The U.S. legal and regulatory landscape is broad and varied, complex, opaque, and constantly evolving, in particular with respect to the following:

- *Multiple third-party interactions.* The simple act of forming an LLC or incorporating a corporation may require specific federal, state, county and city interactions, each with their own idiosyncrasies. For instance, in Louisiana, the state registration portal asks the not yet formed business for its EIN before completing a formation. For many consumers, this would require that they stop their filing and secure an EIN with the IRS before returning to the Louisiana registration portal, where they would need to restart the formation process again. In South Carolina, in order to incorporate, a small business must engage an attorney licensed in that state to certify its application for formation.
- *Compliance requirements are complex.* At formation, basic compliance requirements are not anticipated or understood. More advanced requirements are dictated by industry, geography, and employer type. For instance, a restaurant in Miami with even a single employee would be required to file for formation, have a registered agent, adopt an operating agreement, get an EIN, register for sales tax, receive nine business licenses and have business insurance, among other things.
- *Regulations change constantly.* The myriad of regulatory bodies and potential compliance requirements are daunting on their own, and this dynamic is amplified by the fact that they are constantly changing and evolving. According to a 2017 NSBA Small Business Regulations Survey, 44% of small firms in the United States reported spending 40 hours or more each year dealing with new and existing federal regulations, and 30% spend 40 hours or more each year navigating state and local regulations.

Many small businesses operate without forming a legal entity, unintentionally introducing financial risk to the owners' personal assets. The businesses that recognize that risk upfront often struggle to address it. Once they understand the need to be protected, they often do not know what to do, where to turn or how much it will cost to get help. Even when formed properly, small businesses often fail to comply with ongoing compliance requirements, thereby reintroducing personal liability or facing significant financial and operational risk. Furthermore, these difficulties are becoming more acute as the number of U.S. business formations increase, driven by various macroeconomic factors such as the rise of the gig economy and remote work, accentuating the need for a trusted, cost-effective, digital-first and simple legal and compliance solution.

LegalZoom commenced operations in 2000 so more people could access legal help. Initially, we focused on business formation, intellectual property, and estate planning. Over the years, we have expanded our offerings to cover a broader set of legal, compliance, tax and business services for small businesses. In 2020, we helped form 10% of all new LLCs and helped incorporate 5% of all new corporations in the United States. In addition, 6% of all trademark registration applications in the United States in 2020 were made through LegalZoom. At December 31, 2020, we had over 1.0 million subscription units outstanding and were one of the largest registered agent providers for small businesses in the United States. As a result of this success, we have become the leading brand in online legal services, with 70% aided brand awareness as of December 2020 according to a 2020 study hosted by Dynata.

As a result of our traction with our customers, we have achieved economies of scale that we expect to continue to leverage as we accelerate the growth of our business. We generated revenue of $408.4 million in 2019 and $470.6 million in 2020, representing a year-over-year increase of 15.2%. We had net income of $7.4 million and $9.9 million in 2019 and 2020, respectively. We generated net cash flow from operating activities of $52.7 million in 2019 and $93.0 million in 2020. Adjusted EBITDA decreased from $97.2 million in 2019 to $88.0 million in 2020 as we decided to invest further in marketing spend and the launch of new Attorney Assist and Tax products. Free cash flow increased from $34.3 million in 2019 to $82.5 million in 2020 primarily as a result of growing deferred revenue driven by an increase in subscription units, an increase in accounts payable due to the timing of our payments and lower capital expenditures for the purchase of property and equipment, including capitalization of internal-use software. For 2019 and 2020, our free cash flow included cash payments for interest of $37.3 million and $27.9 million, respectively. Adjusted EBITDA and free cash flow are not financial measures calculated in accordance with GAAP. For further information about Adjusted EBITDA and free cash flow, see the section titled “—Non-GAAP Financial Measures.”

Our Business Model

Our business model is to attract customers to LegalZoom at the time of business formation, and then continue to serve their legal and compliance needs for life with our mix of transaction and subscription services. Given this dynamic, growth in overall U.S. business formations is a key driver of our business. Overall, growth of U.S. business formations has proven to be consistent over time, while also being highly resilient to market downturns, growing 28 out of the past 30 years. Furthermore, our growth in business formations has outpaced overall business formation trends each year since we began tracking the data in 2006.

We processed 378,000 business formations in 2020. Alongside this initial business formation transaction, we offer subscription services and third-party partner offerings to help our small business customers with additional legal and business needs. Given the trust that we establish with small businesses at the time of formation, during 2020, over 60% of our small business customers purchased one year of one of our subscription services at the time of their initial formation purchase, and over half of our small business customers purchased at least one third-party solution at time of business formation. We consider our ability to attach additional products and services to a business formation as indicative of the value we are driving for small businesses.

We generate traffic through a combination of organic content, search and media spend across a diverse set of channels. Our first interaction with potential customers is typically through our free, proprietary educational content, through which we earn trust and drive significant organic traffic. Most of our customers interact with our content before making a purchase. Additionally, our inside sales team utilizes inbound and outbound customer interactions to establish themselves as trusted advisors by helping our potential customers through the formation process, including by explaining the products and services they may need, generally resulting in AOV and higher subscription attach rates.

We continue to engage our customers after their initial purchase. For example, after forming their small business, our customers can opt to register their company name and/or logo as a trademark or protect their

intellectual property with a patent or copyright. Additionally, as forming a company is an important life event, some of our small business customers opt to purchase an estate plan offering to protect themselves personally as well. Since 2017, 27% of transaction customers made additional purchases after their initial order.

We primarily serve small business customers with our transaction and subscription offerings. We also offer transaction products and subscriptions to consumers. The majority of our revenue is from our small business customers. Transaction offerings include legal documents, business filings, and related services for small business owners and their families, such as business formations, annual compliance filings, intellectual property, estate planning documents, forms and agreements. Subscription offerings include compliance solutions and credentialed professional subscription services, including legal and tax advisory services. Approximately two-thirds of our gross subscription units as of December 31, 2020 were for our registered agent service, a subscription service that most states require for businesses to receive legal notices and critical mail. We also introduce our customers to a variety of third-party partners, giving them access to critical services they need to start and run their business, such as business license services, bookkeeping services, banking services, productivity tools and business insurance, among others.

Our Evolution

LegalZoom started with a narrow focus on business formation, intellectual property and estate planning, and has since expanded into a broad platform, with professional expertise and expanded services, both legal and non-legal, to better meet the needs of small businesses.

We have created a powerful financial model that is characterized by:

Accelerating growth. We have seen accelerating revenue growth in our business, increasing from 4% year-over-year growth in the quarter ended March 31, 2020 to 24% in the quarter ended December 31, 2020. This growth has been driven by accelerating business formations, coupled with efficient customer acquisition. Business formation growth accelerated from a decline of (3%) for the quarter ended March 31, 2020 to an increase of 37% for the quarter ended December 31, 2020, as compared to the comparable period in 2019. In addition, we have leveraged our leading brand, significant organic traffic, disciplined customer acquisition strategy and strong competitive position to acquire new customers efficiently. Over the past several years, we have generated a lifetime value in excess of customer acquisition costs within the first 90 days of establishing a customer relationship in the United States.

Attractive subscription model. The sizeable and growing subscription portion of our business gives us highly recurring revenue. At December 31, 2020, over 85% of our subscription units were on annual terms billed at the start of the term. Additionally, in 2020, our average revenue per subscription unit, or ARPU, was $241.

Ability to drive additional purchases and cross-sell customers. Given the trusted relationship we establish with customers at time of business formation, we are able to develop ongoing relationships which allows us to sell them additional products and services over time. During 2020, over 60% of our small business customers purchased one year of one of our subscription services at the time of their initial formation purchase, and over half of our small business customers purchased at least one third-party solution at time of business formation. In addition, our ongoing customer engagement drives repeat purchase behavior. For example, in 2020, 27% of our transaction customers had also transacted with us in a prior year.

Strong margins. Our technology-enabled platform with a largely variable cost structure yields efficient unit economics. In addition, our subscription services have a higher gross margin than our transaction products, and as they have become an increasing percentage of our revenue mix over the years, overall gross margin has increased. Given these dynamics, we have been able to drive consistently high Adjusted EBITDA margins. While our Adjusted EBITDA decreased from $97.2 million in 2019 to $88.0 million in 2020 as we invested further in marketing spend and launched new Attorney-Assist and Tax Products, we generated strong Adjusted EBITDA margins of 23.8% and 18.7%, respectively.

High cash flow generation. As a result of our operating efficiencies, we have been able to generate significant cash flow. In addition to our profitability, we generally receive customer payments for our transaction and subscription services prior to rendering services, driving favorable working capital dynamics. Coupled with our cash generation, we are not highly capital intensive. For the years ended December 31, 2019 and 2020, our capital expenditures for the purchase of property and equipment, including capitalization of internal-use software, averaged approximately 3.4% of total revenue. As a result of these dynamics, we generated net cash from operating activities of $52.7 million in 2019 and $93.0 million in 2020 and free cash flow of $34.3 million in 2019 and $82.5 million in 2020.

Key Business Metrics

In addition to the measures presented in our consolidated financial statements, we regularly monitor the following financial and operating metrics to evaluate the growth of our business, measure the effectiveness of our marketing efforts, identify trends, formulate financial forecasts and make strategic decisions.

Number of business formations

We define the number of business formations in a given period as the number of LLC formations, incorporations and not-for-profit formations completed on our platform in such period. We consider the number of business formations to be an important metric considering that it is typically the first product or service small business customers purchase on our platform, creating the foundation for additional products and subsequent subscription and partner revenue as they adopt additional products and services throughout their business lifecycles.

The below table sets forth the number of business formations for the years ended December 31, 2019 and 2020:

	Year Ended December 31,	
	2019	2020
	(in thousands)	
Number of business formations	292	378

The growth in number of business formations on our platform during 2020 was primarily due to improved growth in overall U.S. business formations. Additionally, our market share of business formations increased and we expect to continue to grow our market share of new business formations.

Number of transactions

We define the number of transactions 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. Transactions may include one or more services purchased at the same time. For example, a customer of our business formation services may choose to form an LLC and purchase an operating agreement and business licenses at the same time. This constitutes a single transaction. Refunds, or partial refunds, may be issued under certain circumstances pursuant to the terms of our customer satisfaction guarantee. We consider the number of transactions to be an important metric considering that our new customers generally begin their LegalZoom journey with a transaction, creating the foundation for generating subsequent subscription and partner revenue.

The below table sets forth the number of transactions for the years ended December 31, 2019 and 2020:

	Year Ended December 31,	
	2019	2020
	(in thousands)	
Number of transactions	691	892

We achieved 29.1% growth in transactions during 2020, due to improved growth in U.S. business formations such as LLCs and incorporations, as well as increased growth in estate planning transactions, in part due to the impact of the COVID-19 pandemic. We expect to grow transactions, however the growth may fluctuate period over period based on variability of overall business formations and estate planning transactions. In 2020, consumer transactions comprised approximately one-third of total transactions. We expect this proportion to decrease over time as we invest more in small businesses and growth in estate planning transactions normalizes.

Average order value

We define AOV 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, or Beaumont, which was divested in April 2020. We consider average order value to be an important metric given it indicates how much customers are spending on our platform. Estate planning transactions are generally at a lower price point, making our overall average order value lower than our typical price point for small business formations.

The below table sets forth the average order value for the years ended December 31, 2019 and 2020:

	Year Ended December 31,	
	2019	2020
Average order value	$ 230	$ 236

Average order value increased by 2.6% from 2019 to 2020. This trend was driven by an increase in the proportion of small business formations relative to total transactions. Our goal is to grow average order value as we increase transactional product attach rates and the mix of higher-value credentialed professional assisted products. Growth may fluctuate period over period based on estate planning transactions and our ability to introduce and sell higher-value products.

Number of subscription units

We define the number of subscription units in a given period as the paid subscriptions that remain active at the end of such period. For the majority of newly acquired subscriptions, we include those that are at least 60 days past their subscription order dates to account for our satisfaction guarantee. Subscriptions acquired through our partner integrations and by customers in the United Kingdom are counted as subscription units upon purchase.

We consider the number of subscription units to be an important metric since subscriptions enable us to increase lifetime value through deeper, longer-term relationships with customers. Subscriptions typically range from 30 days to one year in duration and the vast majority of our new subscriptions originate from business formation orders and have an annual term. Our customers can have multiple subscriptions at the end of a period. For example, a popular combination for a new small business owner is attorney advice and registered agent subscriptions. Our registered agent offering comprised approximately two-thirds of our subscription units as of December 31, 2020.

The below table sets forth the number of subscription units as of December 31, 2019 and 2020:

	As of December 31,	
	2019	2020
	(In thousands)	
Number of subscription units	883	1,027

We achieved 16.3% growth in our number of subscription units in 2020 as compared to 2019 reflecting strong growth from our registered agent and attorney advice subscriptions primarily due to increased business formations and improved retention, partially offset by the result of our strategic decision to increase the initial price of our registered agent subscription. We aim to continue to grow subscription units by increasing attach rates and retention rates.

Average revenue per subscription unit

We define 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. We consider ARPU to be an important metric because it helps to illustrate our ability to deepen our relationship with our existing customers as they purchase incremental and higher-value services. We have generated ARPU expansion in recent years, and in 2020, ARPU increased 2.6% from 2019.

The below table sets forth ARPU for the years ended December 31, 2019 and 2020:

	Year Ended December 31,	
	2019	2020
Average revenue per subscription unit	$ 235	$ 241

We expect ARPU to remain relatively stable over time, as we plan to focus more of our efforts on increasing the number of subscription units rather than increasing pricing on existing subscription plans.

Non-GAAP Financial Measures

To supplement our 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 than similarly titled measures used by other companies, are presented to enhance investors' overall understanding of our financial performance 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, 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.

Adjusted EBITDA and Adjusted EBITDA Margin

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 and income. Our Adjusted EBITDA financial measure differs from GAAP in that it excludes certain items of income and expense. We define Adjusted EBITDA margin as Adjusted EBITDA as a percentage of revenue.

Adjusted EBITDA is one of the primary performance measures used by our management and our board of directors to understand and evaluate our financial performance and operating trends, including period-to-period comparisons, to prepare and approve our annual budget, develop short- and long-term operational plans and determine appropriate compensation plans for our employees. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our results of operations in the same manner as our management team and board of directors. In assessing our performance, we exclude

certain expenses that we believe are not comparable period over period. Adjusted EBITDA should not be considered in isolation of, or as an alternative to, measures prepared in accordance with GAAP. There are a number of limitations related to the use of Adjusted EBITDA rather than net income, which is the nearest GAAP equivalent of Adjusted EBITDA, and it may be calculated differently by other companies in our industry, limiting its usefulness as a comparative measure. Some of these limitations include that the non-GAAP financial measure:

- does not reflect interest expense, or the cash requirements necessary to service interest or principal payments, which reduces cash available to us;
- does not reflect provision for income taxes that may result in payments that reduce cash available to us;
- excludes depreciation and amortization and, although these are non-cash expenses, the assets being depreciated may be replaced in the future;
- does not reflect foreign currency exchange or other gains or losses, which are included in other income, net;
- 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;
- excludes losses from impairments of goodwill, long-lived and other assets and available-for-sale debt securities;
- excludes acquisition related expenses, which reduce cash available to us;
- excludes restructuring expenses, which reduce cash available to us; and
- does not reflect certain other non-recurring expenses and income that are not considered representative of our underlying performance, which reduce cash available to us.

The following table presents a reconciliation of net income, the most directly comparable GAAP measure, to Adjusted EBITDA for each of the periods indicated:

	Year Ended December 31,	
	2019	2020
	(thousands)	
Reconciliation of Net Income to Adjusted EBITDA		
Net income	$ 7,443	$ 9,896
Interest expense, net	38,559	35,504
Provision for income taxes	3,161	2,429
Depreciation and amortization	16,390	20,097
Other income, net	(2,577)	(3,713)
Stock-based compensation(1)	5,181	12,894
Impairment of goodwill and long-lived assets	14,321	1,105
Impairment of available-for-sale debt securities	—	4,818
Acquisition related expenses	5,433	132
Restructuring expenses(2)	1,600	2,524
Legal reserves and settlements(3)	735	525
Certain other non-recurring expenses and income(4)	6,911	1,764
Adjusted EBITDA	$ 97,157	$ 87,975
Adjusted EBITDA margin	23.8%	18.7%

(1) Stock-based compensation expense excludes amounts paid in cash to certain employees as part of a buyback program as further described in Note 15 to our consolidated financial statements included elsewhere in this prospectus.

(2) In 2019 and 2020, we incurred $1.6 million and $0.6 million, respectively, in severance costs related to a reduction in headcount in the United Kingdom. In 2020, we incurred $1.9 million in severance costs related to a reduction in headcount in the United States in October 2020. See Note 17 to our consolidated financial statements included elsewhere in this prospectus.
(3) Legal reserves and settlements include costs accrued or paid for potential litigation settlements, and are net of insurance recoveries, if any.
(4) 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, $1.9 million of compensation expense recorded in general and administrative expenses related the establishment of a financial guarantee for a former executive officer, and $0.4 million for other transaction related expenses. In 2020, we incurred a loss on sale from the disposal of Beaumont, our conveyancing business in the United Kingdom, of $1.8 million.

Adjusted EBITDA decreased from $97.2 million in 2019 to $88.0 million in 2020. The decrease of $8.9 million primarily reflects an investment in customer acquisition media spend, which increased by $52.0 million in 2020 as we invested to expand our customer base and build on our digital brand leadership and awareness, as well as an increase in cost of revenue of $17.7 million driven by increases in customer care and fulfillment costs, partially offset by an increase in revenue of $62.2 million. We expect our Adjusted EBITDA to increase in absolute dollars in the near term, although the rate at which our Adjusted EBITDA may grow could vary based upon the interplay of the foregoing factors.

Free cash flow

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.

The following table presents a reconciliation of net cash provided by operating activities, the most directly comparable GAAP measure, to free cash flow:

	Year Ended December 31,	
	2019	2020
	(in thousands)	
Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow		
Net cash provided by operating activities	$ 52,695	$ 93,049
Purchase of property and equipment	(18,349)	(10,587)
Free cash flow	$ 34,346	$ 82,462

We experienced an increase in our free cash flow from 2019 to 2020 as a result of an increase in net cash provided by operating activities, which was primarily due to an increase of $23.2 million in deferred revenue driven by an increase in subscription units as well as a $12.4 million increase in accounts payable due to the timing of our payments. Additionally, we recorded a decrease in purchase of property and equipment related to less capitalization of internal-use software projects. We expect our free cash flow to increase in absolute dollars in the near term, although the rate at which our free cash flow may grow could vary based upon the interplay of the factors discussed above.

For 2019 and 2020, our free cash flow included cash payments for interest related to our 2018 Credit Facility of $37.3 million and $27.9 million, respectively.

Key Factors Affecting Our Performance

We believe that our future performance will depend on many factors, including the following:

- *Our share of business formations*. The majority of our transaction revenue is generated by providing formation services to guide our customers through the transition from being aspiring business owners to actually launching their entities. We offer entity formation services for LLCs, corporations and non-profits. In each of 2019 and 2020, a majority of our total transaction orders were derived from business formations. In addition, business formations act as an entrance point for many customers to the LegalZoom ecosystem, where they then often purchase additional products and services. We grew our share of total U.S. business formations from 8.7% in 2019 to 10.0% in 2020, representing an increase of 15%, and expect we will continue to increase our share over time as small businesses become more comfortable with digital solutions and are better educated on the risks of not being protected. Our business depends on the continuation of new business formation in the United States, which may be seasonal in nature and dependent on macroeconomic factors, and even more so, our ability to increase our share of these formations.
- *Product leadership*. We have invested significantly in our user experience, which we believe is critical to converting customers and improving retention. These investments consist mainly of educational content creation, improving our website and application user interface, and creating and offering additional products and services, including the growing use of experts in the customer journey. The performance of our product is important to attracting new customers to our platform, maintaining a healthy subscriber base and retaining our customers.
- *Ability to enhance customer lifetime value.* Many of our subscribers have increased their cumulative spend with us over time as they have expanded their use of our platform to include additional products and subscription services. Our relationship with our small business customers typically starts with the formation of their business, and we can generate additional revenue as their businesses grow and their needs become more complex. We intend to further increase customer lifetime value by developing new products and subscription services such as tax advice and preparation to deepen customer relationships, and which in turn we expect will result in higher customer engagement and retention. Additionally, we offer third-party services via our partner ecosystem, and we expect to be able to generate incremental revenue and further increase our customer lifetime value via these offerings.
- *Investment in marketing.* We have invested, and expect that we will continue to invest, in our brand and the promotion of our services through our various customer acquisition channels, including search engine marketing, search engine optimization, television, digital video, social, radio, and our inside sales team to acquire new customers and grow our business. We frequently evaluate how we price, market, and sell transaction products in order to optimize our subscription business. Given our customer acquisition efficiency, we intend to increase our marketing spend over the medium term.
- *Investment in tax offerings.* Tax represents a natural adjacency in our mission to make legal and compliance services accessible to small businesses. Approximately 70% of small business owners that sought a tax accountant did not have one at the time of their entity formation, but face tax implications as a result of the entity they choose. We have invested in launching our Tax Advisory offering. We incurred costs related to this investment in 2020 and to date in 2021, and anticipate continued investment throughout the remainder of 2021, as we believe that our tax offerings represent an attractive opportunity for incremental revenue growth.
- *Talent acquisition and retention.* We are focused on providing a quality employee experience as we believe the future success of our business is heavily dependent on our ability to attract and retain talented and highly productive employees, including software engineers, product designers, brand and performance marketers, and customer-facing positions. We compete for talent within the technology

industry and believe that our strong brand recognition and greater company purpose are important, positive considerations in our ability to recruit talent. We also are scaling an in-house team of certified public accountants (CPAs), and enrolled agents that are critical to our tax offerings.

- *COVID-19 impact*. In 2020, we saw tailwinds driven by the COVID-19 pandemic, as individuals and small businesses turned to online services given the relative inaccessibility of offline alternatives. We believe these shifts represent an acceleration of existing trends toward greater adoption of online services, however our growth rate may moderate if these trends moderate or reverse over time.

Key Components of our Results of Operations

Revenue

We generate revenue from the sources identified below.

Transaction revenue. Transaction revenue is primarily generated from our customized legal document services upon fulfillment of these services. Transaction revenue is gross of filing fees and net of cancellations, promotional discounts, sales allowances and credit reserves. Until April 2020, when we ceased providing such services, we also generated transaction revenue from our residential and commercial conveyancing business in the United Kingdom, and revenue for these services was recognized when delivered to the customer. Until July 2019, when we ceased providing such services, we also generated revenue from litigation services in the United Kingdom, and we recognized this revenue based on the time incurred by the attorneys at their market billing rates. In 2020, we commenced providing tax advice and filing services in the United States which are recognized at the point in time when the customer's tax return is filed and accepted by the applicable government authority.

Subscription revenue. Subscription revenue is generated primarily from subscriptions to our registered agent services, compliance packages, attorney advice, and legal forms services, in addition to software-as-a-service, or SaaS, subscriptions in the United Kingdom. In the fourth quarter of 2020, we commenced providing tax, bookkeeping and payroll subscription services. We recognize revenue from our subscriptions ratably over the subscription term. Subscription terms generally range from thirty days to one year. Subscription revenue includes the value allocated to bundled free-trials for our subscription services and is net of promotional discounts, cancellations, sales allowances and credit reserves and payments to third-party service providers such as legal plan law firms and tax service providers.

For transaction and subscription revenue, we generally collect payments and fees at the time orders are placed and prior to services being rendered. We record amounts collected for services that have not been performed as deferred revenue on our consolidated balance sheet. The transaction price that we record is generally based on the contractual amounts in our contracts and is reduced for estimated sales allowances for price concessions, charge-backs, sales credits and refunds, which are accounted for as variable consideration when estimating the amount of revenue to recognize.

Partner revenue. Partner revenue consists primarily of one-time or recurring fees earned from third-party providers from leads generated to such providers through our online legal platform. Revenue is recognized when the related performance-based criteria have been met. We assess whether performance criteria have been met on a cost-per-click or cost-per-action basis.

See the section titled "—Critical Accounting Policies and Estimates—Revenue Recognition" for a description of the accounting policies related to revenue recognition, including arrangements that contain multiple deliverables.

Cost of revenue

Cost of revenue includes all costs of providing and fulfilling our services. Cost of revenue primarily includes government filing fees; costs of fulfillment, customer care and credentialed professionals, and related

benefits, including stock-based compensation, and costs of independent contractors for document preparation; telecommunications and data center costs, amortization of acquired developed technology, depreciation and amortization of network computers, equipment and internal-use software; printing, shipping and handling charges; credit and debit card fees; allocated overhead; legal document kit expenses; and sales and use taxes. We defer direct and incremental costs primarily related to government filing fees incurred prior to the associated service meeting the criteria for revenue recognition. These contract assets are recognized as cost of revenue in the same period the related revenue is recognized.

We expect our cost of revenue to increase in absolute dollars as we continue to invest in enhancing our customer experience and in new product development, including expert-assisted offerings for our Tax and Attorney-Assisted services.

Gross profit and gross margin

Gross profit, or revenue less cost of revenue, and gross margin, or gross profit as a percentage of revenue, have been and will continue to be affected by various factors, primarily the mix between transaction, subscription and partner revenue. Our gross margin on subscription and partner revenue is higher than our gross margin on transaction revenue. Our gross margin expansion is also driven by automation improvements and digitization efforts. Further, our acquisitions of other companies have negatively impacted our gross margin in the short term, and any such future acquisitions could have a similar effect.

We expect our gross profit to increase in absolute dollars and our gross margin to increase modestly over the long term as we continue to focus on growing higher-margin subscription revenue and invest in fulfillment automation technologies. However, our gross margin could fluctuate from period to period due to fulfillment rates and seasonality.

Operating expenses

Our operating expenses consist primarily of sales and marketing, technology and development, general and administrative expenses, and to a lesser extent, impairments of goodwill, long-lived assets and other assets, in addition to a loss on sale of a business in 2020.

Sales and marketing

Sales and marketing expenses consist of customer acquisition media costs; compensation and related benefits, including stock-based compensation for marketing and sales personnel; media production; public relations and other promotional activities; general business development activities; an allocation of depreciation and amortization and allocated overhead. Customer acquisition media costs consist primarily of search engine marketing, television and radio costs. Marketing and advertising costs to promote our services are expensed in the period incurred. Media production costs are expensed the first time the advertisement is aired.

We intend to continue to make significant investments in sales and marketing to drive additional revenue, further penetrate our expanding addressable market, and build on our digital brand leadership and awareness. As a result, we expect our sales and marketing expenses to continue to increase in absolute dollars and to be our largest operating expense category for the foreseeable future. Upon the closing of this offering, we are expected to incur significant stock-based compensation expense for certain options and restricted stock units, or RSUs, that may vest upon this offering. See the section titled “Prospectus Summary—Summary Consolidated Financial and Other Data” for additional information.

Technology and development

Technology and development expenses consist primarily of personnel costs and related benefits, including stock-based compensation, expenses for outside consultants, an allocation of depreciation and amortization and

allocated overhead. These expenses include costs incurred in the development and implementation of our websites, mobile applications, online legal platform, research and development and related infrastructure. Technology and development expenses are expensed as incurred, except to the extent that such costs are associated with internal-use software costs that qualify for capitalization.

We expect our technology and development expenses to continue to increase in absolute dollars for the foreseeable future as we invest in new products and services, enhancing our customer experience, and in production automation technologies. We expect our technology and development expenses to remain relatively consistent or increase as a percentage of our revenue over the long term, although our technology and development expenses may fluctuate as a percentage of our revenue from period to period due to seasonality and the timing and extent of these expenses. Upon the closing of this offering, we are expected to incur significant stock-based compensation expense for certain options and RSUs that may vest upon this offering. See the section titled “Prospectus Summary—Summary Consolidated Financial and Other Data” for additional information.

General and administrative

Our general and administrative expenses relate primarily to compensation and related benefits, including stock-based compensation, for executive and corporate personnel, professional and consulting fees, an allocation of depreciation and amortization, allocated overhead and legal costs. We expense legal costs for defending legal proceedings as incurred.

We expect our general and administrative expenses to increase in absolute dollars for the foreseeable future due to additional costs associated with accounting, compliance, insurance and investor relations as we become a public company.

We expect our general and administrative expenses to decrease as a percentage of our revenue over the long term, although our general and administrative expenses may fluctuate as a percentage of our revenue from period to period due to seasonality and the timing and extent of these expenses. Upon the closing of this offering, we are expected to incur significant stock-based compensation expense for certain options and RSUs that may vest upon this offering. See the section titled “Prospectus Summary—Summary Consolidated Financial and Other Data” for additional information.

Interest expense, net

Interest expense, net, consists primarily of interest expense on our 2018 Credit Facility, hedging instruments, capital lease obligations, amortization of debt issuance costs and annual commitment fees on our 2018 Revolving Facility. Interest and other expense, net, decreased in 2020 primarily due to a decrease in interest rates on our 2018 Term Loan.

We expect interest expense, net, to decrease in the near term following our repayment of $ million of our outstanding indebtedness under our 2018 Term Loan with a portion of the net proceeds of this offering.

Income taxes

Our provision for income taxes consists of current and deferred federal, state and foreign income taxes. See the section titled “—Critical Accounting Policies and Estimates—Income Taxes.”

In 2020, we had federal net operating loss, or NOL, carryforwards of $11.7 million which will begin to expire in 2031. In 2020, we had state NOL carryforwards of $49.8 million, which will begin to expire in 2022. In 2020, we had foreign NOL carryforwards of $32.4 million which can be carried forward indefinitely and are not subject to expiration. In general, under Sections 382 and 383 of the Code, if a corporation undergoes an “ownership change,” generally defined as a greater than 50% change, by value, in its equity ownership by certain stockholders over a three-year period, the corporation’s ability to use its pre-change NOLs and other pre-change tax attributes, such as research tax credits, to offset its post-change income or taxes may be limited.

We had an ownership change in prior years, and as a result certain federal and state NOLs were limited pursuant to Section 382 of the Code. This limitation has been accounted for in calculating our available NOL carryforwards. We may experience an ownership change in the future as a result of this offering or subsequent changes in our stock ownership, some of which changes are outside our control. If we undergo another ownership change, our ability to further utilize federal NOLs could be limited by Section 382 of the Code. Furthermore, for federal NOLs arising in tax years beginning after December 31, 2020, the Tax Act limits a taxpayer's ability to utilize federal NOL carryforwards to 80% of taxable income. In addition, NOLs arising in tax years beginning after December 31, 2017 can be carried forward indefinitely. However, carryback of such NOLs is generally prohibited, except that, under the CARES Act, federal NOLs generated in 2018, 2019 and 2020 may be carried back to each of the five taxable years preceding the taxable year in which the loss arises. For these reasons, we may not be able to utilize a material portion of any NOLs that are generated in tax years ending after December 31, 2020. In addition, at the state level, there may be periods during which the use of NOLs is suspended or otherwise limited, which could accelerate or increase our state taxes owed.

Results of Operations

The following table sets forth our consolidated statement of operations data for each of the periods indicated. The period-to-period comparison of financial results should not be considered as a prediction or indicative of our future results.

	Year Ended December 31,	
	2019	2020
	(in thousands)	
Revenue	$408,380	$ 470,636
Cost of revenue(1)(2)	136,915	154,563
Gross profit	271,465	316,073
Operating expenses:		
Sales and marketing(1)(2)	115,913	171,390
Technology and development(1)(2)	37,204	41,863
General and administrative(1)(2)	57,762	51,017
Impairment of goodwill, long-lived and other assets	14,321	1,105
Loss on sale of business	—	1,764
Total operating expenses	225,200	267,139
Income from operations	46,265	48,934
Interest expense, net	(38,559)	(35,504)
Other income, net	2,577	3,713
Impairment of available-for-sale debt securities	—	(4,818)
Income before income taxes and income from equity method investment	10,283	12,325
Provision for income taxes	3,161	2,429
Income before income on equity method investment	7,122	9,896
Income from equity method investment	321	—
Net income	$ 7,443	$ 9,896

(1) Includes stock-based compensation expense as follows:

	Year Ended December 31,	
	2019	2020
	(in thousands)	
Cost of revenue	$ 205	$ 177
Sales and marketing	1,020	1,122
Technology and development	1,314	2,703
General and administrative	4,170	9,719
Total stock-based compensation expense	$ 6,709	$ 13,721

Stock-based compensation expense increased in 2020 primarily relates to recent equity grants to new executive officers.

(2) Includes depreciation and amortization expense for our property and equipment, including capitalized internal-use software and intangible assets as follows:

	Year Ended December 31,	
	2019	2020
	(in thousands)	
Cost of revenue	$ 6,773	$ 8,324
Sales and marketing	6,469	6,913
Technology and development	1,055	2,800
General and administrative	2,093	2,060
Total depreciation and amortization expense	$ 16,390	$ 20,097

The following table sets forth our consolidated statement of operations data as a percentage of revenue for each of the periods indicated.

	Year Ended December 31,	
	2019	2020
Revenue	100.0%	100.0%
Cost of revenue	33.5	32.8
Gross margin	66.5	67.2
Operating expenses:		
Sales and marketing	28.4	36.4
Technology and development	9.1	8.9
General and administrative	14.1	10.8
Impairment of goodwill, long-lived and other assets	3.5	0.2
Loss on sale of business	—	0.4
Total operating expenses	55.1	56.8
Income from operations	11.3	10.4
Interest expense, net	(9.4)	(7.5)
Other income, net	0.6	0.8
Impairment of available-for-sale debt securities	—	(1.0)
Income before income taxes and income from equity method investment	2.5	2.6
Provision for income taxes	0.8	0.5
Income before income from equity method investment	1.7	2.1
Income from equity method investment	0.1	—
Net income	1.8%	2.1%

Comparison of the Years Ended December 31, 2019 and 2020

Revenue

	Year Ended December 31,			
	2019	2020	$ change	% change
	(in thousands, except percentages)			
Revenue by type				
Transaction	$ 168,305	$ 212,114	$43,809	26.0%
Subscription	206,447	229,840	23,393	11.3
Partner	33,628	28,682	(4,946)	(14.7)
Total revenue	$ 408,380	$ 470,636	$62,256	15.2%

Total revenue increased $62.3 million, or 15.2%, to $470.6 million in 2020. The increase was primarily driven by increases in transaction revenue and subscription revenue. Transaction revenue was 41.2% and 45.1% of total revenue in 2019 and 2020, respectively, and subscription revenue was 50.6% and 48.8% of total revenue in 2019 and 2020, respectively.

Transaction revenue increased $43.8 million, or 26.0%, to $212.1 million in 2020 driven by a 29.1% increase in the number of transactions.

Subscription revenue increased $23.4 million, or 11.3%, to $229.8 million in 2020. The increase was primarily driven by a 16.3% increase in the number of subscription units coupled with a 2.6% increase in ARPU. Strong performance from our registered agent subscription services drove the largest contribution of growth to both the number of subscription units and ARPU.

Partner revenue decreased $4.9 million, or 14.7%, to $28.7 million in 2020. The decrease was primarily due to cessation of certain partnership arrangements that were not aligned with our go-forward strategy.

Cost of revenue

	Year Ended December 31,			
	2019	2020	$ change	% change
	(in thousands, except percentages)			
Cost of revenue	$ 136,915	$ 154,563	$17,648	12.9%

Cost of revenue increased $17.6 million, or 12.9%, to $154.6 million in 2020. The increase was primarily due to higher filing fees and costs associated with customer care as a result of the increase in transaction volume.

Gross margin

	Year Ended December 31,	
	2019	2020
Gross margin	66.5%	67.2%

Gross margin increased 0.7% in 2020 to 67.2%. The increase was primarily due to the April 2020 sale of our subsidiary, Beaumont, which had lower gross margins.

Sales and marketing

	Year Ended December 31,			
	2019	2020	$ change	% change
	(in thousands, except percentages)			
Sales and marketing	$ 115,913	$ 171,390	$55,477	47.9%

Sales and marketing expenses increased $55.5 million, or 47.9%, to $171.4 million in 2020. The increase was primarily due to our strategy to increase customer acquisition marketing costs by $52.0 million, predominantly in the search engine marketing channel, as we invested to expand our customer base and build on our digital brand leadership and awareness. Customer acquisition marketing spend was $67.2 million and $119.2 million for 2019 and 2020, respectively.

Technology and development

	Year Ended December 31,			
	2019	2020	$ change	% change
	(in thousands, except percentages)			
Technology and development	$ 37,204	$ 41,863	$ 4,659	12.5%

Technology and development expenses increased $4.7 million, or 12.5%, to $41.9 million in 2020. The increase was primarily due to lower capitalization of personnel costs for internal-use software development.

General and administrative

	Year Ended December 31,			
	2019	2020	$ change	% change
	(in thousands, except percentages)			
General and administrative	$ 57,762	$ 51,017	$(6,745)	(11.7)%

General and administrative expenses decreased $6.7 million, or 11.7%, to $51.0 million in 2020. The decrease was primarily due to lower business strategy consulting and outside legal expenses coupled with lower travel and entertainment spend due to the impact of COVID-19 in 2020.

Impairment of goodwill, long-lived and other assets

	Year Ended December 31,			
	2019	2020	$ change	% change
	(in thousands, except percentages)			
Impairment of goodwill, long-lived and other assets	$ 14,321	$ 1,105	$(13,216)	(92.3)%

In 2019, we recorded a goodwill impairment charge of $10.6 million related to our U.K. reporting unit. In 2019 and 2020, we impaired $3.7 million and $1.1 million, respectively, related to internal-use software projects that were no longer considered part of our strategic business plans.

Loss on sale of business

	Year Ended December 31,			
	2019	2020	$ change	% change
	(in thousands, except percentages)			
Loss on sale of business	$ —	$ 1,764	$ 1,764	100.0%

In 2020, we sold our subsidiary, Beaumont and we incurred a loss of $1.8 million upon disposal.

Interest expense, net

	Year Ended December 31, 2019	2020	$ change	% change
	(in thousands, except percentages)			
Interest expense, net	$ 38,559	$ 35,504	$(3,055)	(7.9)%

Interest expense, net, decreased by $3.1 million to $35.5 million in 2020. The decrease was primarily a result of a decrease in the London Interbank Offered Rate, or LIBOR, on our 2018 Term Loan partially offset by costs related to our interest rate swaps and amortization of debt issuance costs.

Other income, net

	Year Ended December 31, 2019	2020	$ change	% change
	(in thousands, except percentages)			
Other income, net	$ 2,577	$ 3,713	$ 1,136	44.1%

The change in other income, net between 2019 and 2020 was primarily due to a gain from the change in the fair value of our financial guarantee of $1.8 million, partially offset by changes in foreign currency movements related to our intercompany loans which are denominated in British Pound Sterling, or GBP.

Impairment of available-for-sale debt securities

	Year Ended December 31, 2019	2020	$ change	% change
	(in thousands, except percentages)			
Impairment of available-for-sale debt securities	$ —	$ 4,818	$ 4,818	100.0%

In 2020, we fully impaired our investment in Firma.de Firmenbaukasten AG, a German limited liability company, and we incurred a loss of $4.8 million because the present value of cash flows expected to be collected is less than the amortized cost basis of the investment.

Provision for income taxes

	Year Ended December 31, 2019	2020	$ change	% change
	(in thousands, except percentages)			
Provision for income taxes	$ 3,161	$ 2,429	$ (732)	(23.2)%

Provision for income taxes decreased $0.7 million, or 23.2%, to $2.4 million in 2020. The decrease was primarily due to increased benefits from the exercise of non-qualified stock options in 2020 over 2019, increased interest deductions under Section 163(j) due to the Coronavirus Aid, Relief and Economic Security Act, or CARES Act, and reduced nondeductible expenses in 2020 over 2019.

Liquidity and Capital Resources

At December 31, 2020, our principal sources of liquidity were cash and cash equivalents of $114.5 million, which consisted of cash on deposit with banks and money market funds, of which $2.7 million related to our foreign subsidiaries. Our cash and cash equivalents are expected to increase $25.0 million upon the lapse of our restricted cash equivalent upon the repayment of a personal loan by a former executive prior to the completion of this offering. See the section titled “Certain Relationships and Related Persons Transactions—John Suh Line of Credit.” Since inception, we have funded our operations and capital expenditures primarily from private sales of equity securities, cash flows provided by operating activities and debt financing arrangements.

We expect to make capital expenditures of approximately $22.0 million in 2021, the majority of which would be for capitalized software expenditures and the remainder of which would be for other capital expenditures associated with scaling our operations, technology and infrastructure to support our growth. We currently anticipate that our available cash and cash equivalents and cash provided by operating activities will be sufficient to meet our operational cash needs for at least the next twelve months. We may supplement our liquidity needs with borrowings under our $40.0 million 2018 Revolving Facility available under our 2018 Credit Facility. Our future capital requirements may vary from those now planned and will depend on many factors, including:

- the development, launch and success of new services;
- the levels of marketing required to attract new customers and retain existing customers;
- the continuous development of our platform to accommodate actual and anticipated technology changes;
- the expansion of our business in the United States through additional merger and acquisition activity; and
- the timing and extent to which we scale our operations, technology and infrastructure to support future growth.

We may in the future enter into arrangements to acquire or invest in complementary businesses, services and technologies, including intellectual property rights. We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations and invest in new technologies, this could reduce our ability to compete successfully and harm our results of operations.

We have historically considered the undistributed earnings of our foreign subsidiaries to be indefinitely reinvested, and, accordingly no taxes have been provided on such earnings. We continue to evaluate our plans for reinvestment or repatriation of unremitting foreign earnings and have not changed our previous indefinite reinvestment determination following the enactment of the Tax Act. We have not repatriated funds to the United States to satisfy domestic liquidity needs, nor do we anticipate the need to do so. If we determine that all or a portion of our foreign earnings are no longer indefinitely reinvested, we may be subject to foreign withholding taxes and U.S. state income taxes.

Borrowings

In 2018, we entered into the 2018 Credit Facility, with JPMorgan Chase Bank, N.A., as Administrative Agent and lender, and the other lenders party thereto, which provided $575.0 million of loans, consisting of the $535.0 million 2018 Term Loan maturing on November 21, 2024, and an available $40.0 million 2018 Revolving Facility maturing on November 23, 2023. The 2018 Revolving Facility includes a subfacility that provides for the issuance of letters of credit in an amount of up to $8.0 million at any time outstanding.

The 2018 Credit Facility is subject to customary fees for loan facilities of this type, including a commitment fee on the 2018 Revolving Facility that decreases if our total net first lien leverage ratio falls beneath certain levels.

The interest rate applicable to the 2018 Term Loan under the 2018 Credit Facility is, at our option, either (a) the LIBOR (or a comparable successor rate approved by the administrative agent and us), plus a margin of 4.50% per annum or (b) the base rate plus a margin of 3.50% per annum. The interest rate applicable to loans under our 2018 Revolving Facility is, at our option, either (a) LIBOR (or a comparable successor rate approved by the administrative agent and us) plus a margin of 4.00% per annum or (b) the base rate plus a margin of 3.00% per annum. Each such margin may decrease depending on our total net first lien leverage ratio. The base rate is the highest of (a) the federal funds rate plus 1/2 of 1.00%, (b) the prime rate as publicly announced by JPMorgan Chase, (c) LIBOR plus 1.00% and (d) 2.00%.

Since 2019, we have been repaying the 2018 Term Loan in quarterly installments of 0.25% of the initial principal, or $1.3 million, with the remaining outstanding principal due on maturity in November 2024. Accrued interest must be paid at the end of each LIBOR period we elect or, if we choose the base rate option, together with each quarterly amortization payment. Upon the occurrence of certain asset sales and certain debt issuances, we are required to repay the 2018 Term Loan with the proceeds from such sales and issuances. The 2018 Term Loan must also be repaid from a portion of our excess cash flow ranging from 0.0% to 50.0%, depending on our net leverage ratio. In 2019 and 2020 we had no excess cash flow under our 2018 Term Loan. The 2018 Revolving Facility terminates and borrowings thereunder, if any, are due in full in November 2023.

Debt under the 2018 Credit Facility is guaranteed by certain of our material wholly owned domestic restricted subsidiaries and is secured by substantially all of our and such subsidiaries' assets, with the exception of $25.0 million of our cash, which is currently restricted by a financial guarantee we have provided to a former executive officer. Pursuant to the 2018 Credit Facility, there is a 1.00% prepayment premium on any prepayments made in connection with certain transactions deemed to be repricing events under the 2018 Credit Facility. This offering is not a repricing event under the 2018 Credit Facility. The 2018 Credit Facility contains affirmative and negative covenants, indemnification provisions and events of default. Affirmative covenants include administrative, reporting and legal covenants, in each case subject to certain exceptions. The negative covenants restrict our ability, subject to customary exceptions, to, among other things: make restricted payments including dividends and distributions on, redemptions of, repurchases or retirement of our capital stock; restrict certain of our subsidiaries' ability to engage in certain intercompany transactions with other subsidiaries that do not guarantee obligations under the 2018 Credit Facility; restrict our ability to incur additional indebtedness and issue certain types of equity; sell assets, including capital stock of subsidiaries; enter into certain transactions with affiliates; incur liens; enter into fundamental changes including mergers and consolidations; make investments, acquisitions, loans or advances; create negative pledges or restrictions on the payment of dividends or payment of other amounts owed from subsidiaries; make prepayments or modify documents governing material debt that is subordinated with respect to right of payment; engage in certain sale leaseback transactions; change our fiscal year; and change our lines of business. The 2018 Credit Facility also contains a financial covenant with respect to the 2018 Revolving Facility that requires us to maintain a maximum total net first lien leverage ratio of 7.90:1.00 on the last day of any fiscal quarter during which our 2018 Revolving Facility usage exceeds 35.0% of the 2018 Revolving Facility capacity. The total net first lien leverage ratio is calculated as the ratio of first lien secured debt less cash and cash equivalents to consolidated Cash EBITDA, which is defined in the 2018 Credit Facility. We were in compliance with our covenants in the 2018 Credit Facility as of December 31, 2020. The 2018 Credit Facility also includes customary events of default, including failure to pay principal, interest or certain other amounts when due, material inaccuracy of representations and warranties, violation of covenants, specified cross-default and cross-acceleration to other material indebtedness, certain bankruptcy and insolvency events, certain events relating to the *Employee Retirement Income Security Act of 1974*, certain undischarged judgments, material invalidity of guarantees or grant of security interest, and change of control, in certain cases subject to certain thresholds and grace periods. If an event of default occurs and is continuing, lenders holding a majority of the commitments and outstanding 2018 Term Loan under the 2018 Credit Facility have the right to, among other things, (i) terminate the commitments under the 2018 Credit Facility, (ii) accelerate and require us to repay all the outstanding amounts owed under the 2018 Credit Facility and (iii) require us to cash collateralize any outstanding letters of credit. In addition, if we fail to sell at least 15% of our issued and outstanding common stock in connection with this offering, and certain of our stockholders do not maintain voting control over the election of directors, we could be deemed to have undergone a change of control, which would constitute an event of default under the 2018 Credit Facility. At December 31, 2020, we had approximately $524.3 million of outstanding indebtedness that we would have to repay immediately if this provision were triggered.

At December 31, 2020 and March 31, 2021, we had no amounts drawn on the 2018 Revolving Facility.

At December 31, 2020 and March 31, 2021, we had $524.3 million and $523.0 million, respectively, of principal outstanding under the 2018 Term Loan.

Cash flows

The following table sets forth a summary of our cash flows for the periods indicated:

	Year Ended December 31,	
	2019	2020
	(in thousands)	
Net cash provided by operating activities	$ 52,695	$ 93,049
Net cash used in investing activities	(20,717)	(12,727)
Net cash used in financing activities	(12,852)	(15,089)
Effect of exchange rates on cash and cash equivalents and restricted cash equivalent	(495)	57
Net increase in cash, cash equivalents and restricted cash equivalent	18,631	65,290

Net cash provided by operating activities

Our largest source of operating cash is cash collections from our customers for our transaction and subscription services. Our primary uses of cash in operating activities are for our fulfillment, production and customer care costs, employee salaries and benefits, sales and marketing expenses and third-party consulting expenses. Net cash provided by operating activities is impacted by our net income adjusted for certain non-cash items, including depreciation and amortization expense, stock-based compensation and impairments of long-lived assets, as well as the effect of changes in operating assets and liabilities.

In 2020, cash provided by operating activities was $93.0 million resulting from net income of $9.9 million, adjusted for non-cash expenses of $44.8 million and net cash flow provided by changes in operating assets and liabilities of $38.4 million. The $38.4 million of net cash flows provided from changes in our operating assets and liabilities included a $23.2 million increase in deferred revenue primarily as a result of the growth of our subscription units, which are predominantly billed in advance of our revenue recognition, and a $12.4 million increase in accounts payable due to the timing of our payments.

In 2019, cash provided by operating activities was $52.7 million resulting from net income of $7.4 million, adjusted for non-cash expenses of $38.4 million and net cash flow provided by changes in operating assets and liabilities of $6.9 million. The $6.9 million of net cash flows provided from changes in our operating assets and liabilities included a $5.6 million increase in deferred revenue primarily as a result of the growth of our subscription units, and a $3.9 million increase in accounts payable, partially offset by a $1.6 million decrease in accrued expenses and other liabilities due to the timing of our payments.

Net cash used in investing activities

Our primary investing activities have consisted of capital expenditures to purchase property and equipment necessary to support our customer contact center, network and operations, the capitalization of internal-use software necessary to develop and maintain our platform and deliver new products and features, which provide value to our customers, business acquisitions and investments in other companies. As our business grows, we expect our capital expenditures to continue to increase.

In 2020, net cash used in investing activities was $12.7 million resulting primarily from $10.6 million in purchases of property and equipment, including capitalized internal-use software.

In 2019, net cash used in investing activities was $20.7 million resulting primarily from $18.3 million in purchases of property and equipment and capitalized internal-use software, and $2.7 million in investments in available-for-sale debt securities and other equity securities.

Net cash used in financing activities

Our primary uses of cash in financing activities are for our servicing and refinancing our long-term debt, repurchases of common stock and settlements of stock options and RSUs. Net cash provided by financing activities is primarily impacted by exercises of stock options by our employees and issuance of common stock.

In 2020, net cash used in financing activities was $15.1 million resulting primarily from repayments on our 2018 Term Loan totaling $5.4 million repurchase of common stock of $4.8 million and repurchases of common stock for tax withholding obligations of $3.6 million. In March 2020, we drew down the full $40.0 million available from our 2018 Revolving Facility in response to macroeconomic concerns with regards to COVID-19. The 2018 Revolving Facility was paid in full by May 2020.

In 2019, net cash used in financing activities was $12.9 million resulting primarily from repayments on our 2018 Term Loan totaling $5.4 million, repurchases of common stock for tax withholding obligations of $3.8 million and the repurchase of common stock of $1.5 million.

Contractual obligations and commitments

We have contractual commitments for our 2018 Term Loan, operating leases, marketing and technology expenditures. For additional information, see Note 11 and Note 13 to our consolidated financial statements included elsewhere in this prospectus.

Interest payments on the 2018 Term Loan are based upon the applicable interest rates as of December 31, 2020 and are subject to change in future periods. We currently intend to use a portion of the net proceeds to us from this offering to repay $ million of the outstanding indebtedness under the 2018 Term Loan. We have operating lease commitments primarily relate to minimum lease payments under the operating leases we entered into for facility spaces in Glendale, California, Austin and Frisco, Texas and London, United Kingdom. Our purchase commitments relate to minimum purchase commitments for advertising, media, and technology.

We believe our current cash and cash equivalents, as well as cash expected to be generated by future operating activities, will be sufficient to meet our contractual obligations for the next twelve months.

Our commitments are associated with contracts that are enforceable and legally binding and that specify all significant terms, including fixed or minimum services to be used, fixed, minimum or variable price provisions and the approximate timing of the actions under the contracts. The table does not include obligations under agreements that we can cancel without a significant penalty.

Off-balance sheet arrangements

We do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses, and related disclosures of contingent liabilities in the consolidated financial statements and accompanying notes. Estimates are used for, however not

limited to, revenue recognition, sales allowances and credit reserves, available-for-sale debt securities, valuation of long-lived assets and goodwill, income taxes, commitments and contingencies, valuation of assets and liabilities acquired in business combinations, fair value of derivative instruments and stock-based compensation. Actual results could differ materially from those estimates. Our most critical accounting policies are summarized below. See Note 2 to our consolidated financial statements included elsewhere in this prospectus. for a discussion of our other significant accounting policies.

Revenue recognition

We derive our revenue from the following sources:

Transaction revenue—Transaction revenue is primarily generated from our customized legal document services upon fulfillment of these services. Transaction revenue is gross of filing fees and net of cancellations, promotional discounts and sales allowances. Until April 2020, when we ceased providing such services, we also generated transaction revenue from our residential and commercial conveyancing business in the United Kingdom. Revenue for these services was recognized when delivered to the customer. In addition, until July 2019, when we ceased providing such services, we generated revenue from litigation services in the United Kingdom, and we recognized this revenue based on the time incurred by the attorneys at their market billing rates. In 2020, we commenced providing tax advice and filing services in the United States, which are recognized at the point in time when the customer's tax return is filed and accepted by the applicable government authority.

Subscription revenue—Subscription revenue is generated primarily from subscriptions to our registered agent services, compliance packages, attorney advice, and legal forms services, in addition to SaaS subscriptions in the United Kingdom. In the fourth quarter of 2020, we commenced providing tax, bookkeeping and payroll subscription services. We recognize revenue from our subscriptions ratably over the subscription term. Subscription terms generally range from thirty days to one year. Subscription revenue includes the value allocated to bundled free-trials for our subscription services and is net of promotional discounts, cancellations, sales allowances and credit reserves and payments to third-party service providers such as legal plan law firms and tax service providers.

Partner revenue—Partner revenue consists primarily of one-time or recurring referral fees earned from third-party providers from leads generated to such providers through our online legal platform. Revenue is recognized when the related performance-based criteria have been met. We assess whether performance criteria have been met on a cost-per-click or cost-per-action basis.

We determine revenue recognition through the following five steps: identification of a contract with a customer; identification of the performance obligations in the contract; determination of the transaction price; allocation of the transaction price to the performance obligations in the contract; and recognition of revenue when or as the performance obligations are satisfied.

Our customers generally pay for transactions in advance by credit or debit card except for certain services provided under installment plans where we allow customers to pay for their order in two or three equal payments. The first installment due under the installment plans is charged to the customer's debit or credit card on the date the order is placed, and the remaining installments are generally charged on a monthly basis thereafter. We recognize revenue for the amount we expect to be entitled to for providing the services to our customers. The total fees collected by us for our services include, as applicable, expedited services fees, government filing fees, shipping fees and sales tax.

Subscription services are generally paid monthly or annually in advance of the subscription period except for SaaS services in the United Kingdom which are invoiced monthly in arrears. Amounts collected in advance of revenue recognition are recorded in deferred revenue. Customers may pay for services, however, may not provide the necessary information to complete a transaction. We attempt to contact the customer to complete the abandoned order. We recognize revenue on abandoned services, or breakage, when it is likely to occur and the

amount can be recognized without significant risk of reversal. We recognize breakage in proportion to the pattern of rights exercised by the customer. Judgment is required to determine the amount of breakage and when breakage is likely to occur, which we estimate based on historical data of breakage for similar services.

Services we offer can generally either be purchased on a stand-alone basis or bundled together as part of a package of services. Accordingly, a significant number of our arrangements include multiple performance obligations, such as the preparation of legal documents combined with related document revision, document storage, registered agent services, and free trial periods of our legal plans. At contract inception, we assess the services promised in our contracts with customers and identify performance obligations for each promise to transfer to the customer a service or bundle of services that is distinct. The identification of distinct performance obligations within our packages may require significant judgment.

The transaction price allocated to each separate performance obligation represents the amount of consideration to which we expect to be entitled in exchange for the services we provide. The transaction price is based on the contractual amounts in our contracts and is reduced for estimated sales allowances for price concessions, charge-backs, sales credits and refunds, which are accounted for as variable consideration when estimating the amount of revenue to recognize. We only include variable consideration in the transaction price to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. We estimate sales allowances using the expected value method. We have established a sufficient history of estimating sales allowances given the large number of homogeneous transactions. The majority of our allowances and reserves are known within a relatively short period of time following our balance sheet date. The estimated provision for sales allowances has varied from actual results within ranges consistent with management’s expectations. The transaction price excludes sales taxes.

Contracts with our customers may include options to purchase additional future services, and in the case of subscription services, options to auto-renew the subscription service. Additional consideration attributable to either the option to purchase additional future services or the option to renew are excluded from the transaction price until such time that the option is exercised, unless these options provide a material right to the customer.

For arrangements that contain multiple performance obligations, such as our bundled arrangements, we allocate the transaction price to each performance obligation based on estimates of the standalone selling price of each performance obligation within the bundle. For the services we sell on a standalone basis, we use the sales price of these services in the allocation of the transaction price in bundled arrangements. Where we do not sell the service on a standalone basis, we estimate the standalone selling price based on the adjusted market assessment approach or the expected cost plus a margin approach when market information is not observable. In these cases, the determination of the standalone selling price may require significant judgment.

We recognize revenue when we satisfy the performance obligation by transferring the promised good or service to the customer. For our transaction-based services, we generally recognize revenue at a point-in-time when the services are delivered to the customer. For our subscription-based services we recognize revenue on a straight-line basis over the subscription term. For our partner-based services, we recognize revenue at a point-in-time when the related performance-based criteria have been met.

We do not have significant financing components in arrangements with our customers.

Principal agent considerations

In certain of our arrangements, another party may be involved in providing services to our customer. We evaluate whether we can recognize revenue gross as a principal or net as an agent. We record revenue on a gross basis when we are the principal in the arrangement. To determine whether we are a principal or an agent, we identify the specified good or service to be provided to the customer and assess whether we control the specified good or service before that good or service is transferred to the customer. We evaluate a number of indicators of

whether we control the good or service before it is transferred to the customer, including whether we have primary fulfillment responsibility and obligation to perform the services being sold to the customer; we have latitude in establishing the sales price; and we have inventory risk.

In arrangements in which we are the principal, we record as revenue the amounts we have billed to our customer, net of sales allowance, and we record the fee payable to the third-party as cost of revenue. We are the principal in most of our legal document preparation and registered agent services, including legal entity formations and similar arrangements and conveyancing and formation services in the United Kingdom. As a result, for these services, revenue is recorded gross of filing and similar fees.

In arrangements in which we are not the principal, we record revenue on a net basis, which is equal to the amount billed to our customer, net of sales allowances and the fee payable to the third-party or partner that is primarily responsible for performing the services for the customer. We are not a law firm in the United States and cannot provide legal advice through our U.S. entities, therefore the participating independent law firms in our legal plans control the service to the customer and have the primary service obligation to provide attorney consultations to our customers, for which we pay the law firms a monthly fee. For these arrangements, we recognize revenue on a net basis as an agent. Since 2016, our Alternative Business Structure, or ABS, subsidiary in the United Kingdom began offering legal advisory services that were marketed through our website. Our ABS provides independent legal advice to our customers and is directly responsible for, and controls the fulfillment of, the legal services. Accordingly, for services provided by our ABS, we recognize revenue as the principal. For partner revenue we receive a fee for the referral of our customer to the partner or we retain a portion of the fee paid by the customer and share the remainder with partner. Our partner controls the service to the customer and the partner is responsible for fulfilling the referred service to the customer; accordingly, we recognize revenue for these arrangements on a net basis.

Revenue includes shipping and handling fees charged to customers.

Business combinations

The results of businesses acquired in a business combination are included in our consolidated financial statements from the date of the acquisition. Purchase accounting results in assets and liabilities of an acquired business being recorded at their estimated fair values on the acquisition date. Any excess purchase consideration over the fair value of assets acquired and liabilities assumed is recognized as goodwill.

We perform valuations of assets acquired and liabilities assumed for an acquisition and allocate the purchase price to their respective net tangible and intangible assets. Determining the fair value of assets acquired and liabilities assumed requires management to use significant judgment and estimates including the selection of valuation methodologies, estimates of future revenue and cash flows, discount rates and selection of comparable companies. We generally engage the assistance of third-party valuation specialists in determining fair values of assets acquired and liabilities assumed and contingent consideration, if any, in a business combination.

Transaction costs associated with business combinations are expensed as incurred and are included in general and administrative expenses in the accompanying consolidated statements of operations.

Goodwill

Goodwill represents the excess of the aggregate fair value of the consideration transferred in a business combination over the fair value of the assets acquired, net of liabilities assumed. Goodwill is not amortized, however, it is subject to impairment testing at the reporting unit level annually during the fourth quarter of our fiscal year or more frequently if events or changes in circumstances indicate that goodwill may be impaired.

In assessing impairment, we have the option to first assess qualitative factors to determine whether or not a reporting unit is impaired. Alternatively, we may perform a quantitative impairment assessment or if the

qualitative assessment indicates that it is more-likely-than-not that the reporting unit's fair value is less than its carrying amount, a quantitative analysis is required. The quantitative analysis compares the estimated fair value of the reporting unit with its respective carrying amount, including goodwill. If the estimated fair value of the reporting unit exceeds its carrying amount including goodwill, goodwill is considered not to be impaired. If the fair value is less than the carrying amount including goodwill, then a goodwill impairment charge is recorded by the amount that the carrying value exceeds the fair value, up to the carrying amount of goodwill.

In 2019, we had two reporting units, the U.S. reporting unit and the U.K. reporting unit. Our U.K. reporting unit's performance was below expectations and further deteriorated in 2019. Our quantitative goodwill assessment in 2019 concluded that the carrying value of the U.K. reporting unit exceeded its fair value, and accordingly, we impaired all the goodwill attributable to the U.K. reporting unit of $10.6 million.

For our goodwill impairment test performed in the fourth quarter of 2020, the fair value of our consolidated reporting unit significantly exceeded our carrying value.

Loss contingencies

We record loss contingencies in our consolidated financial statements in the period when they are probable and reasonably estimable. If the amount is probable and we are able to reasonably estimate a range of loss, we accrue the amount that is the best estimate within that range, and if no amount is better than any other in the range, we record the amount at the low end in the range. We disclose those contingencies that we believe are at least reasonably possible but not probable regardless of whether they are reasonably estimable. The likelihood of a loss is determined using several factors including the nature of the matter, advice of our internal and external counsel, previous experience and historical and relevant information available to us. The determination of the likelihood of loss or the range of loss requires significant management judgment. We expense legal costs for defending legal proceedings as incurred.

As discussed in Note 13 to our consolidated financial statements included elsewhere in this prospectus, we are subject to pending matters for which we believe that we have meritorious defenses to the claims and intend to defend against vigorously.

Income taxes

We account for income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in our consolidated financial statements. Deferred income tax assets and liabilities are measured using enacted tax rates anticipated to be in effect when those tax assets and liabilities are expected to be realized or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the consolidated statements of operations in the period that includes the enactment date.

We make judgments in evaluating whether deferred tax assets will be recovered from future taxable income. A valuation allowance is established if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. We consider all available evidence, both positive and negative, including historical levels of income, expectations and risk associated with estimates of future taxable income in assessing the need for a valuation allowance. If our assumptions and consequently our estimates, change in the future, the valuation allowance may be increased or decreased, resulting in an increase or decrease, which may be material, to our provision for income taxes and the related impact on our net income.

We recognize tax benefits from an uncertain position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits. If this threshold is met, we measure the tax benefit as the largest amount of the benefit that is greater than fifty percent likely to be realized upon ultimate settlement. We recognize penalties and interest accrued with respect to uncertain tax positions as a component of the income tax provision.

See Note 18 to our consolidated financial statements included elsewhere in this prospectus for further information on our income taxes.

Stock-based compensation

We estimate the fair value of employee stock-based payment awards on the grant-date and recognize the resulting fair value, net of estimated forfeitures, over the requisite service period. We use the Black-Scholes option pricing model for estimating the fair value of options granted under our stock option plans that vest based on service and performance conditions. The fair value of RSUs, that vest based on service and performance conditions is determined based on the value of the underlying common stock at the date of grant. For awards that contain market conditions, we estimate the fair value using a Monte Carlo simulation model. We record expense for awards that contain performance conditions only to the extent that we determine it is probable that the performance condition will be achieved. Expense for awards containing market conditions is not reversed even if the market condition is not achieved. We have elected to treat stock-based payment awards with graded vesting schedules and time-based service conditions as a single award and recognize stock-based compensation on a straight-line basis, net of estimated forfeitures, over the requisite service period. Awards with performance or market conditions are recognized using graded vesting.

Options. The Black-Scholes option-pricing model and the Monte Carlo simulation model requires us to make certain assumptions including the fair value of our underlying common stock, the expected term, the expected stock price volatility, the risk-free interest rates and the expected dividend yield of our common stock. These assumptions used in the Black-Scholes option-pricing model and the Monte Carlo simulation model, other than the fair value of our common stock (see the section titled "—Common Stock Valuations" below), are estimated as follows:

- *Expected term*. The expected term of employee stock options represents the weighted-average period that the stock options are expected to remain outstanding. The expected term of options granted is estimated based upon actual historical exercise and post-vesting cancellations, adjusted for expected future exercise behavior.
- *Risk-free interest rate*. The risk-free interest rate assumption is based upon observed interest rates on the U.S. government securities appropriate for the expected term of our stock options.
- *Expected volatility*. Because our common stock has no publicly traded history, we estimate the expected volatility from the historical volatility of selected public companies with comparable characteristics to us, including similarity in size, lines of business, market capitalization and revenue and financial leverage. We determine the expected volatility assumption using the frequency of daily historical prices of comparable public company's common stock for a period equal to the expected term of the options. We periodically assess the comparable companies and other relevant factors used to measure expected volatility for future stock option grants.
- *Expected dividend yield*. The dividend yield assumption is based on our history and expectation of dividend payouts. Other than the special dividends paid in 2015, 2017 and 2018 which resulted in corresponding reductions in the exercise price of the stock options, we have not declared or paid any cash dividends on our common stock, and we do not anticipate paying any cash dividends in the foreseeable future.

Stock-based compensation expense is recognized based on awards that are ultimately expected to vest. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures are estimated based on our historical experience and future expectations.

If any of the assumptions used in the Black-Scholes option-pricing model change significantly, stock-based compensation for future awards may differ materially compared with the awards granted previously.

The determination of stock-based compensation is inherently uncertain and subjective and involves the application of valuation models and assumptions requiring the use of judgment. If we had made different assumptions, our stock-based compensation expense, and our net income for 2019 and 2020, may have been materially different.

The weighted-average assumptions that were used to calculate the grant-date fair-value of our stock option grants were as follows (in thousands):

	Year Ended December 31,	
	2019	2020
Expected term (years)	5.1	5.2
Risk-free interest rate	1.5%	1.1%
Expected volatility	44%	45%
Expected dividend yield	—	—

We have granted several types of stock option awards as follows:

Options that vest upon the satisfaction of service-based vesting conditions, which is typically over a four-year period. For these options we recognize stock-based compensation expense on a straight-line basis over the vesting period of 4 years net of forfeitures.

Options that vest depending upon the fair value of our common stock appreciation compared to the grant-date fair value of our common stock upon the consummation of a CIC event, which includes an IPO, merger, acquisition, or sale of more than 50% of our assets, providing the holder remains employed through the date of the event. These options contain a performance vesting condition, a market condition and a service condition, and were valued using a Monte-Carlo simulation model. The market condition is satisfied on a linear basis, starting at 0% with a fair value of our common stock equal to $19.64 per share and ending at 100% upon reaching a fair value of our common stock of $29.46 per share. For these options, since vesting is contingent on a CIC event, no stock-based compensation expense is recognized until the CIC event occurs. At the date of the CIC event, including this offering, we will recognize stock-based compensation expense for all of the then unrecognized stock-based compensation cost, irrespective of whether the market condition is satisfied. At December 31, 2020, there was $8.2 million of unrecognized stock-based compensation expense related to these options. Furthermore, we granted a separate option to an executive officer with the same performance vesting condition, market condition and service condition as noted above, however, the option also contains 100% cliff vesting upon the fourth anniversary if a CIC event does not occur beforehand. Stock-based compensation for this option is being recognized on a straight-line basis over the four-year service period and will be recognized irrespective of whether the market condition is satisfied either upon the CIC event or the fourth anniversary, whichever occurs first. At December 31, 2020, there was $9.2 million of unrecognized stock-based compensation expense related to this option.

For time-based options granted to certain executive officers, vesting will accelerate 50% of their unvested options upon a CIC event, or will accelerate up to 100% if the executive officers are terminated without cause by us or by the executive officer for good reason within twenty-four months of a CIC event.

Restricted stock units. We have granted several types of restricted stock awards as follows:

RSUs that vest upon the satisfaction of service-based vesting conditions, which is typically over a four-year period. For these RSUs we recognize stock-based compensation expense on a straight-line basis over the vesting period of 4 years.

RSUs that only vest upon the achievement of up to four-years of service and upon the consummation of a CIC event. Employees will be eligible to retain the right to any awards that have met the service vesting condition up to a period of 6.5 years from their respective grant date. If the recipient employee terminates for any

reason other than for cause, the employee shall retain any service-vested RSUs until 6.5 years from the date of grant or the earlier settlement of the service-vested RSUs upon the consummation of a CIC event. For these RSUs, since vesting is contingent on a CIC event, no stock-based compensation expense is recognized until the CIC event occurs. At the date of the CIC event, including this offering, we will recognize stock-based compensation on a graded vesting basis for the portion of the service period completed prior to the CIC event. At December 31, 2020, there was $17.9 million of unrecognized stock-based compensation expense related to these RSUs. There has been no compensation expense recognized as both the CIC event and service-based vesting condition had not been satisfied as of December 31, 2020.

RSUs that vest upon the earlier of either prior to December 31, 2022: (1) a change in control, or CIC event establishing an enterprise value of at least $5.0 billion; or (2) our registered securities achieving a trailing 30-day volume weighted average price on a listed exchange establishing an enterprise value of at least $5.0 billion after our initial public offering, or the IPO event, providing the holder remains employed through the date of the event. These RSUs contain a performance vesting condition, a market vesting condition and service vesting condition, and were valued using a Monte-Carlo simulation model. For these RSUs, since vesting is contingent on a CIC event, no stock-based compensation expense is recognized until the CIC event occurs. At the date of the CIC event, including this offering, we will recognize stock-based compensation expense for the portion of the service period prior to CIC event and continue to recognize expense over the remainder of the derived service period, unless we meet the 30-day trading volume at an enterprise value of at least $5 billion beforehand, in which case, any remaining unrecognized stock-based compensation cost will be expensed. We will incur stock-based compensation expense irrespective of whether the market condition is satisfied. At December 31, 2020, there was $0.3 million of unrecognized stock-based compensation expense related to these RSUs.

RSUs that vest depending upon the fair value of our common stock appreciation compared to the grant-date fair value of our common stock upon the consummation of a CIC event, which includes an IPO, merger, acquisition, or sale of more than 50% of our assets, providing the holder remains employed through the date of the event. These RSUs contain a performance vesting condition, a market condition and a service condition, and were valued using a Monte-Carlo simulation model. The market condition is satisfied on a linear basis, starting at 0% with a fair value of our common stock equal to $19.64 per share and ending at 100% upon reaching a fair value of our common stock of $29.46 per share. For these RSUs, since vesting is contingent on a CIC event, no stock-based compensation expense is recognized until the CIC event occurs. At the date of the CIC event, including this offering, we will recognize stock-based compensation expense for all of the then unrecognized stock-based compensation cost, irrespective of whether the market condition is satisfied. At December 31, 2020, there was $0.2 million of unrecognized stock-based compensation expense related to these RSUs.

For RSUs granted to an executive officer, vesting will accelerate 25% of their unvested options upon a CIC event, or will accelerate up to 100% if the executive officer is terminated without cause by us or by the executive officer for good reason.

Common stock valuations. The fair value of the shares of common stock underlying our stock options and RSUs have historically been determined by our board of directors. Prior to this offering, given the absence of a public trading market of our common stock, and in accordance with the American Institute of Certified Public Accountants Accounting and Valuation Guide, or AICPA, *Valuation of Privately-Held Company Equity Securities Issued as Compensation*, our board of directors with input from management reviewed and exercised reasonable judgment and considered numerous objective and subjective factors to determine the best estimate of fair value of our common stock, including the following:

- the sale of our common stock to unrelated, third parties;
- the nature and history of our business;
- general economic conditions and specific industry outlook;

- our financial condition;
- our operating and financial performance;
- contemporaneous independent valuations performed at periodic intervals;
- the market price of companies engaged in the same or similar line of business having their equity securities actively traded in a free and open market;
- the likelihood of achieving a liquidity event, such as an IPO or sale of our company given prevailing market conditions and the nature and history of our business;
- overall economic indicators, including gross domestic product, employment, inflation and interest rates, and the general economic outlook;
- the differences between our preferred and common stock in respect of liquidation preferences, conversion rights, voting rights and other features; and
- an adjustment necessary to recognize a lack of marketability for our common stock.

We performed valuations of our common stock that considered the factors described above. We utilized the probability-weighted expected return method, or PWERM, in combination with the option-pricing method, or OPM, as a hybrid method, or Hybrid Method, which is an accepted valuation method under the AICPA Practice Guide, for determining the fair value of our common stock. The PWERM is a scenario-based analysis that estimates the value per share of common stock based on the probability-weighted present value of expected future equity values for the common stock, under various possible future liquidity event scenarios, in light of the rights and preferences of each class and series of stock, discounted for a lack of marketability. The OPM values each equity class by creating a series of call options on the equity value, with exercise prices based on the liquidation preferences, participation rights and strike prices of derivatives. The Hybrid Method is appropriate for a company expecting a near-term liquidity event, but where, due to market or other factors, the likelihood of completing the liquidity event is uncertain. The Hybrid Method considers a company's going concern nature, stage of development and our ability to forecast near and long-term future liquidity scenarios. The valuation was performed under a Monte Carlo Simulation, or MCS, framework. Under this framework, our equity value was simulated in quarterly time-steps and for each path the exit scenario was determined by drawing from a uniform (0, 1) distribution based on our probabilities.

We determine the exercise price of our option grants based on the fair value of our common stock as of the immediately preceding valuation, unless circumstances warrant obtaining a more current valuation, including any material changes in our business or events, size of the award and the proximity of the grant to the preceding valuation.

Following this offering, it will not be necessary to determine the fair value of our common stock using these valuation approaches as shares of our common stock will be traded in the public market.

Based upon an assumed initial offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, the aggregate intrinsic value of outstanding stock options as of December 31, 2020 was $ million, of which $ million related to vested options and $ million related to unvested options, and the intrinsic value of RSUs outstanding as of December 31, 2020 was $ million.

Quantitative and Qualitative Disclosures About Market Risk

We have operations both within the United States and, to a lesser extent, in the United Kingdom, and we are exposed to market risks in the ordinary course of our business. These risks include primarily interest rate fluctuations and foreign currency exchange risks, and to a lesser extent, inflation risk.

Interest rate fluctuation risk

At December 31, 2019 and 2020, we had cash and cash equivalents of $49.2 million and $114.5 million, respectively, which consisted of cash on deposit with banks and short-term highly liquid money market funds. Interest-earning instruments carry a degree of interest rate risk. To date, fluctuations in interest income have not been significant.

We also had total outstanding debt subject to interest rate risk of $524.3 million in principal as of December 31, 2020. We are exposed to market risk from changes in interest rates on our 2018 Credit Facility, which accrues interest at a variable rate. We performed a sensitivity analysis to determine the effect of interest rate fluctuations on our interest expense. A hypothetical 1% increase or decrease in the interest rates used for our outstanding term loans during 2020, with all other variables held constant, would have resulted in an increase or decrease of $5.4 million in our reported interest expense for 2020. From time to time, we may enter into derivative transactions in an attempt to hedge our interest rate risk. In March 2018, we entered into an interest rate cap agreement for an aggregate notional amount of $340.0 million to hedge variability of cash flows in our variable interest payments attributable to fluctuations in LIBOR beyond 3.0%. The interest rate cap expired in March 2021. In April 2019, we entered into interest rate swap agreements for an aggregate notional amount of $131.9 million to swap our variable interest rate on our 2018 Term Loan for a fixed interest rate of 2.2745%. The interest rate swaps were to expire in March 2022. In March 2020, in response to a drop in LIBOR, we modified our interest rate swap agreements to extend the term to March 2024 and also to lower the fixed interest rate from 2.2745% to a revised average rate of 1.6786%. There can be no assurance that such transactions will be effective in hedging some or all of our interest rate exposures and under some circumstances could generate losses for us.

Foreign currency exchange risk

We have foreign currency risks related to our revenue and expenses denominated in currencies other than our functional currency, the U.S. Dollar, principally GBP. The volatility of exchange rates depends on many factors that we cannot forecast with reliable accuracy. We have experienced and will continue to experience fluctuations in our net income as a result of transaction gains and losses related to translating certain cash balances, trade accounts receivable and payable balances and intercompany loans that are denominated in currencies other than the U.S. Dollar. We recognized foreign currency gains of $2.6 million and $1.8 million in 2019 and 2020, respectively. A 10% adverse change in foreign exchange rates on foreign-denominated accounts for the year ended December 31, 2020, including intercompany balances, would have resulted in a $1.2 million decrease in our reported foreign currency income for 2020. In the event our non-U.S. Dollar-denominated sales and expenses increase, our results of operations may be more greatly affected by fluctuations in the exchange rates of the currencies in which we do business. At this time, we do not, but we may in the future, enter into derivatives or other financial instruments in an attempt to hedge our foreign currency exchange risk. It is difficult to predict the impact hedging activities could have on our results of operations.

Inflation risk

We do not believe that inflation has had a material effect on our business, financial condition, results of operations or future prospects. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition, results of operations and future prospects.

Internal Control over Financial Reporting

We have identified three material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

The material weaknesses we identified are listed below:

- We did not maintain an effective control environment. Specifically, we did not maintain sufficient accounting resources commensurate with our structure and financial reporting requirements. This material weakness contributed to the additional material weaknesses below.
- We did not design and maintain effective controls to address the initial application of complex accounting standards and accounting of non-routine, unusual or complex events and transactions.
- We did not design and maintain effective controls over our financial statement close process. Specifically, we did not design and maintain effective controls over certain account analyses and account reconciliations.

These material weaknesses resulted in adjustments to our current and prior year financial statements primarily related to debt extinguishment costs, goodwill, revenue, accounts receivable, foreign exchange expense and deferred revenue, and could result in a misstatement of any account balances or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

In response to the identified material weaknesses, we are in the process of designing and implementing a plan to remediate the material weaknesses identified, including:

- hiring additional experienced accounting, financial reporting and internal control personnel;
- implementing controls to enhance our review of significant accounting transactions and other new technical accounting and financial reporting issues and preparing and reviewing accounting memoranda addressing these issues; and
- implementing controls to enable an effective and timely review of account analyses and account reconciliations.

We are still in the process of implementing these measures. The implementation of these measures is ongoing and will require validation and testing of the design and operating effectiveness of internal controls over a sustained period of financial reporting cycles. If the steps we take do not remediate the material weaknesses in a timely manner, there could continue to be a reasonable possibility that these control deficiencies or others would result in a material misstatement of our annual or interim financial statements that would not be prevented or detected on a timely basis.

We and our independent registered public accounting firm were not required to perform an evaluation of our internal control over financial reporting as of December 31, 2020 in accordance with the provisions of the Sarbanes-Oxley Act of 2002. Accordingly, we cannot assure you that we have identified all, or that we will not in the future have additional, material weaknesses. Material weaknesses may still exist when we report on the effectiveness of our internal control over financial reporting as required by reporting requirements under Section 404 after the completion of this offering.

Recent Accounting Pronouncements

See Note 2 to our consolidated financial statements included elsewhere in this prospectus for recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted.

JOBS Act Accounting Election

We are an “emerging growth company,” as defined in the *Jumpstart our Business Startups Act*, or the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We have elected to avail ourselves of delayed adoption of new or revised accounting standards and,

therefore, we will not be subject to the same requirements to adopt new or revised accounting standards as other public companies that are not emerging growth companies. To the extent that we no longer qualify as an emerging growth company we will be required to adopt certain accounting pronouncements earlier than the adoption dates disclosed below which are for non-public business entities.

In addition, we intend to rely on the other exemptions and reduced reporting requirements provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, if as an "emerging growth company" we intend to rely on such exemptions, we are not required to, among other things, (1) provide an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the *Sarbanes-Oxley Act of 2002*, (2) provide all of the compensation disclosure that may be required of non-emerging growth public companies under the *Dodd-Frank Wall Street Reform and Consumer Protection Act*, (3) the requirement of the Public Company Accounting Oversight Board regarding the communication of critical audit matters in the auditor's report on the financial statements and (4) disclose certain executive compensation-related items such as the correlation between executive compensation and performance and comparisons of the Chief Executive Officer's compensation to median employee compensation. These exemptions will apply until the last day of the fiscal year ending after the fifth anniversary of this offering or until we no longer meet the requirements of being an emerging growth company, whichever is earlier.

BUSINESS

Our Mission

Our mission is to democratize law. We believe every business deserves the full protection of the legal system and a simple way to stay compliant with it. Our platform helps new businesses form. Once a small business is formed, we offer subscription services to protect the business, its ideas, and the families that create them. LegalZoom empowers small business owners to apply their energy and passion to their businesses instead of the legal and regulatory complexity required to operate them.

Our Business

LegalZoom is a leading online platform for legal and compliance solutions in the United States. In 2020, 10% of new limited liability companies, or LLCs, and 5% of new corporations in the United States were formed via LegalZoom. Our unique position at business inception allows us to become a trusted business advisor, supporting the evolving needs of a new business across its lifecycle. Along with formation, LegalZoom offerings include ongoing compliance and tax advice and filings, trademark filings, and estate plans. Additionally, we have unique insights into our customers and leverage our product as a channel to introduce small businesses to leading brands in our partner ecosystem, solving even more of their business needs. We operate across all 50 states and over 3,000 counties in the United States, and have more than 20 years of experience navigating complex regulation and simplifying the legal and compliance process for our customers.

The U.S. legal and regulatory landscape is broad and varied, complex, opaque, and constantly evolving, in particular with respect to the following:

- ***Multiple third-party interactions.*** The simple act of forming an LLC or incorporating a corporation may require specific federal, state, county and city interactions, each with their own idiosyncrasies. For instance, in Louisiana, the state registration portal asks the not yet formed business for its EIN before completing a formation. For many consumers, this would require that they stop their filing and secure an EIN with the IRS before returning to the Louisiana registration portal, where they would need to restart the formation process again. In South Carolina, in order to incorporate, a small business must engage an attorney licensed in that state to certify its application for formation.
- ***Compliance requirements are complex.*** At formation, basic compliance requirements are not anticipated or understood. More advanced requirements are dictated by industry, geography, and employer type. For instance, a restaurant in Miami with even a single employee would be required to file for formation, have a registered agent, adopt an operating agreement, get an EIN, register for sales tax, receive nine business licenses and have business insurance, among other things.
- ***Regulations change constantly***. The myriad of regulatory bodies and potential compliance requirements are daunting on their own, and this dynamic is amplified by the fact that they are constantly changing and evolving. According to a 2017 National Small Business Association, or NSBA, Small Business Regulations Survey, 44% of small firms in the United States reported spending 40 hours or more each year dealing with new and existing federal regulations, and 30% spend 40 hours or more each year navigating state and local regulations.

Many small businesses operate without forming a legal entity, unintentionally introducing financial risk to the owners' personal assets. The businesses that recognize that risk upfront often struggle to address it. Once they understand the need to be protected, they often do not know what to do, where to turn or how much it will cost to get help. Even when formed properly, small businesses often fail to comply with ongoing compliance requirements, thereby reintroducing personal liability or facing significant financial and operational risk. Furthermore, these difficulties are becoming more acute as the number of U.S. business formations increase, driven by various macroeconomic factors such as the rise of the gig economy and remote work, accentuating the need for a trusted, cost-effective, digital-first and simple legal and compliance solution.

LegalZoom commenced operations in 2000 so more people could access legal help. Initially, we focused on business formation, intellectual property, and estate planning. Over the years, we have expanded our offerings to

cover a broader set of legal, compliance, tax and business services for small businesses. In 2020, we helped form 10% of all new limited liability companies and helped incorporate 5% of all new corporations in the United States. In addition, 6% of all trademark registration applications in the United States in 2020 were made through LegalZoom. At December 31, 2020, we had over 1.0 million subscription units outstanding and were one of the largest registered agent providers for small businesses in the United States. As a result of this success, we have become the leading brand in online legal services, with 70% aided brand awareness as of December 2020 according to a 2020 study hosted by Dynata.

Our platform combines the power of technology and people to demystify and simplify complicated processes, creating user-friendly experiences for our customers. Our proprietary technology enables us to automate many complex legal and compliance processes, allowing us to offer solutions at transparent, flat-fee prices that are at a significant discount to traditional offline alternatives. While the majority of our customers complete these transactions without human assistance, many prefer to have some guidance through the process. The combination of technology and people is at the heart of our unique customer experience. For our customers looking for general help, our customer care and sales organization of over 500 people is available for real-time guidance on how to use our services. For customers preferring credentialed assistance, we embed the option for them to retain attorneys and certified public accountants, or CPAs, from the beginning of the customer journey at affordable and transparent pricing. In addition, our unique and trusted position at business formation gives us unparalleled knowledge of our customers' needs prior to the business being operational or discoverable by other service providers. We leverage this valuable knowledge and our position as a small business' first advisor to introduce our customers to the most relevant business solutions within our partner ecosystem to help them run other aspects of their business.

We earn small businesses' trust and drive significant organic traffic through our free proprietary educational content, which is often our first interaction with a potential customer. From there, our small business customers' initial purchase is typically a formation product that streamlines the process of starting a business. Alongside and after this initial transaction, our customers generally purchase annual subscription services to solve additional legal, compliance and tax needs, deepening our relationship with our customers. The power of our platform yields highly efficient unit economics: over the past several years for customers in the United States, we have generated a lifetime customer value in excess of customer acquisition costs generally within the first 90 days of establishing a customer relationship. With recurring revenue through subscription services and repurchases from existing customers, we continue to benefit from an increasing customer lifetime value.

As a result of our traction with our customers, we have achieved economies of scale that we expect to continue to leverage as we accelerate the growth of our business. We generated revenue of $408.4 million in 2019 and $470.6 million in 2020, representing a year-over-year increase of 15.2%. We had net income of $7.4 million and $9.9 million in 2019 and 2020, respectively. We generated net cash flow from operating activities of $52.7 million in 2019 and $93.0 million in 2020. Adjusted EBITDA decreased from $97.2 million in 2019 to $88.0 million in 2020 as we decided to invest further in marketing spend and the launch of new Attorney Assist and Tax products. Free cash flow increased from $34.3 million in 2019 to $82.5 million in 2020 primarily as a result of growing deferred revenue, driven by an increase in subscription units, an increase in accounts payable due to the timing of our payments and lower capital expenditures for the purchase of property and equipment, including capitalization of internal-use software. For 2019 and 2020, our free cash flow included cash payments for interest of $37.3 million and $27.9 million, respectively. Adjusted EBITDA and free cash flow are not financial measures calculated in accordance with GAAP. For further information about Adjusted EBITDA and free cash flow, see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures."

Industry Trends

Millions of people start small businesses every year, an accelerating trend driven by digital enablement and the gig economy.

Small businesses are the engine of the U.S. economy, representing 65% of net new job creation since 2000, according to the Bureau of Labor Statistics. These businesses are often family affairs—according to a 2016 Annual Survey of Entrepreneurs conducted by the U.S. Census Bureau, during 2017, 64% were started with family or personal savings, and 31% were family owned. These entrepreneurs also come from diverse backgrounds: according to a 2018 Annual Business Survey conducted by the U.S. Census Bureau, out of all employer firms in 2017, 20% were women-owned, 18% were minority-owned, 17% were immigrant-owned, and 6% were veteran-owned. Two major factors are driving an acceleration in small business creation: digital enablement and the gig economy. Today, an idea can become a digital business within a few days with the help of small business enablement tools. Further, with the rise of the gig economy and lead-generating platforms, a person can become a business in hours by engaging in independent work such as renting their home, driving their car, or selling their crafts or services on an established marketplace. According to a report published by MBO Partners, there were 38 million independent workers in the United States in 2019.

People start small businesses when economic times are both good and bad. Based on information available from secretaries of state, the number of business formations in the United States have grown for 28 out of the past 30 years on a year over year basis.

Small business owners often do not know that they may face personal liability and tax consequences depending on their business formation decision.

The first step to form a business entity is choosing a business structure at formation. A person is automatically a sole proprietor if they do not register as any other kind of business. As a sole proprietor, a small business owner has unlimited personal liability for their business activities, impacting their families and well-being. While reliable data on the total number sole proprietorships in operation is not available, we believe that millions of businesses are operating informally without forming a limited liability business, unknowingly exposing themselves to personal risk.

In spite of the risk and the complexity of the U.S. legal system, 35% of new business owners received no professional guidance in selecting a business formation structure, according to a survey conducted by Magid in 2021. According to the U.S. Census Bureau, there were 31.7 million small businesses in the United States in 2017, all of whom could benefit from legal protection.

Many small business owners try to figure out legal requirements on their own, and often face regulatory problems for noncompliance. It can be frustrating, time consuming and expensive to navigate multiple layers of legal and compliance requirements.

The U.S. legal and compliance system is often opaque and complex, so it is challenging for people to access legal advice and protection and to stay compliant with regulations and taxes. Requirements for a small business include local, regional, state and federal rules for employment, insurance, licensing, health and safety, reporting, and taxation, among other areas, all of which vary depending on industry and size of business. Overlapping, potentially contradicting, and changing guidelines increase the complexity small businesses face while navigating legal and compliance requirements on their own.

Lawyers typically bill by the hour, resulting in unknown expenses for small business clients. Moreover, according to a Clio Legal Trends report based on anonymized data from tens of thousands of U.S. based lawyers using the Clio platform, approximately 69% of the attorneys' average workday was non-billable in 2018, an inefficiency that results in higher hourly rates. The difficulty in staying current with compliance requirements can also result in high expenses for a small business. According to a 2017 NSBA Small Business Regulations Survey,

10% of small businesses in the United States are fined for regulatory non-compliance, with an average total cost of citations of nearly $31,000 for regulatory non-compliance over a five-year period.

There are structural impediments that make traditional offline attorneys unable to adapt to consumer behaviors and technology advancements.

Traditional offline attorneys face significant challenges in creating a scaled technology platform. Attorneys cannot practice nationally without being licensed and regulated in each individual state, or limiting their practice exclusively to federal law. They also face numerous restrictions on the services they offer, how they advertise, their ability to work or partner with people who are not attorneys, and even receiving credit card payments. In addition, due to regulatory restrictions concerning law firm business models, offline attorneys are prohibited from offering equity to investors that are not law firms or attorneys and cannot offer equity to employees that are not attorneys. This results in a lack of available technical talent for significant investment in technology and innovation.

Online adoption of legal services lags behind other comparable industries.

While service industries like accounting, tax, marketing and payments have rapidly transitioned online, legal offerings largely remain offline. According to IBISWorld, approximately 8% of legal services in the United States were conducted online in 2020, compared to 30% of IT consulting services and approximately 70% of financial services.

Online penetration has lagged in the legal industry due to the incredible complexity of the U.S. legal and regulatory landscape, which makes it difficult for an online platform to gain scale with use cases that are applicable and tailored to each local jurisdiction. The rules and regulations governing people who are not licensed attorneys providing legal solutions are complicated and vague. Offering these services nationally subjects online providers to regulatory scrutiny in each state and over 3,000 counties in the United States. This requires significant resources and processes to ensure that changes in the law, forms and procedures are monitored, identified and implemented.

The gap between a small business owner's legal and compliance needs and available offline solutions is widening.

The COVID-19 pandemic spurred new business formation and also highlighted the impact of policy and enforcement differences across local, regional and state levels. At the same time, the challenges associated with traditional offline "do it yourself" or "find an expert" options are becoming relatively worse as service level expectations increase as a result of small business enablement in other industries.

Technological advances are transforming consumer expectations for professional services. According to McKinsey, digital channels will help companies both meet changing customer needs and expectations and prepare for future industry disruption. The standard for digital convenience and efficiency, already high before the pandemic, has only increased. For example, the COVID-19 pandemic has resulted in the rapid adoption of video conferencing, which dramatically increases the ability for service providers to directly connect with their clients.

Our Market Opportunity

We view our opportunity in terms of a $48.7 billion serviceable addressable market, or SAM, which we believe we address today, and a larger total addressable market, or TAM, which we believe we can address over the long term as we grow small business consumption of legal and compliance solutions. We primarily serve small businesses with up to 50 or fewer employees. In 2017, there were 31.7 million such businesses according to the U.S. Census Bureau. The small business market is dynamic, and we estimate that there are 4.4 million new business formations annually, based on our analysis of secretary of state filings.

Our SAM includes $18.3 billion in services that small businesses use at the time of business formation, $21.5 billion in services that small businesses use later in their lifetime, and $8.8 billion of consumer estate planning services. We categorize our business formation and attach opportunity as total small business spending on business formation, registered agent and government filings, tax planning and bookkeeping/records, and intellectual property protection. We categorize our post-business formation opportunity as contracts, legal forms, and other legal matters and tax preparation. In spite of the benefits of third-party legal and compliance services, there is very little usage today by small businesses of external providers of these services, based on a Kantar study, as detailed in the table below.

	Total Addressable Businesses *(in millions)*	Current Spending—SAM % Usage(1)	Current Spending—SAM Total Spend *(in millions)*
Business Formation and Attach Opportunity			
Business formation filings(2)	4.4	65%	$ 2,292
Registered agents and government filings	31.7	10%	$ 3,516
Tax planning and bookkeeping / records	31.7	21%	$ 9,574
Intellectual property(3)	31.7	8%	$ 2,967
			$ 18,349
Post-Business Formation Opportunity			
Contracts and legal forms	31.7	10%	$ 5,545
Business tax returns	31.7	21%	$ 10,099
Other legal matters(4)	31.7	3%	$ 5,905
			$ 21,549
Consumer Estate Planning(3)			**$ 8,830**
Total SAM			**$ 48,728**

Source: U.S. Census Bureau (businesses) and Kantar Consulting (usage and spend) as of 2017, unless noted below.

(1) Usage based percentage of U.S. small business owners that have hired an external provider for specific services.
(2) Addressable businesses based on our estimate of new business filings based on our analysis of secretary of state filings. Current Spending—SAM % Usage based on Magid study.
(3) Addressable business based on management estimates.
(4) Other legal matters include HR and employment matters, board management, immigration, dissolution of business and estate planning for small businesses.

We believe that our TAM could grow to be multiples of our SAM over the long term with increased usage of legal and compliance solutions by small businesses. By increasing access, we believe we will grow our market opportunity. Many small businesses are not aware of the various legal and compliance solutions that exist, or are daunted by the complexity and uncertainty of traditional solutions. We believe that we can address the needs of every small business with our simple, transparent, and affordable solution.

Our strategy is to grow our number of small business customers and to grow our revenue per customer by serving them throughout their lifetime. In 2020, most of our business formation customers purchased another service on our platform. Moreover, we believe the number of new businesses will continue to grow as digital disruption transforms the economy and makes it easier for small businesses to thrive. We also have further opportunities to increase our TAM by adding adjacent services through third-party partnerships, in categories such as business insurance and financial planning.

Our Customer Journey

Our first interaction with potential customers is typically through our free proprietary educational content, through which we earn trust and drive significant organic traffic. Most of our customers interact with our educational content before making a purchase.

Typically, our small business customers' initial purchase is a business formation product that streamlines the process of starting a business. We use our technology platform to create a simple, user-friendly workflow that enables our customers to confidently form a business with just a few clicks. For many customers, getting real-time general information about the overall business entity formation process and our related products is an important benefit, so we provide care and sales support real time. As a result, our business formation products have a net promoter score, or NPS, over double that of traditional offline attorneys, helping us form a trusted relationship with small business owners. Based on this trusted relationship, during 2020, over 60% of our small business customers purchased one year of one of our subscription services at the time of their initial formation purchase, and over half of our small business customers purchased at least one third-party solution at time of business formation.

Our compliance solutions are our largest group of subscription services. Compliance regulation and process are often cumbersome to follow and difficult to understand. For example, in most states, small businesses are required to have a registered agent, which generally must be an adult or authorized business that can receive mail or hand-delivered court documents at a physical address during normal business hours. With our registered agent subscription, we serve as our customer's registered agent: accepting their documents through the mail, digitizing critical business documents, and alerting them of critical business documents or notices. This serves to help them adhere to critical tax and annual report deadlines, among other benefits. In this fashion, our compliance solutions simplify cumbersome processes and free up our customers' time to focus on their businesses.

Customers can freely access live help from our world class customer care and sales organization, while subscribers to our legal and tax advisory plans may consult with a vetted network of independent attorneys licensed in their jurisdiction to provide legal advice, or an accountant for tax advice. With these assisted subscription services, our customers get the benefit of a credentialed professional that can provide advice at an affordable cost. For example, with our business advisory plan, our customers get fast and ongoing legal support from our independent network of attorneys for less than $40 a month. A significant number of our customers purchase attorney advice subscriptions when starting their business, and we have seen strong traction with our tax advice subscriptions, which include advice from a CPA or enrolled agent, since its launch in late 2020.

The majority of our customers have not begun operations when they begin their relationship with LegalZoom, giving us a unique position in the business lifecycle. To help our customers operate, we partner with a variety of third-party solutions, such as business license services, bookkeeping services, banking services, productivity tools and business insurance, among others. We provide our customers with seamless introductions to trusted partners, giving them access to the critical services they need to operate and grow their business. In 2020, over half of our small business customers purchased at least one third-party solution.

We continue to engage our customers after their initial purchase of transaction products and subscription services. For example, after forming their business entity, our customers can opt to register their company name and/or logo as a trademark or protect their intellectual property with a patent or copyright. Additionally, as forming a company is an important life event, some of our small business customers opt to purchase an estate plan offering when they form their company. Our ongoing customer engagement results in additional purchases. Since 2017, 27% of our transaction customers have made additional purchases after their initial order.

Our Value Proposition

Our offerings align with our mission of democratizing law and empowering small business owners to apply their energy and passion to their businesses instead of the legal and regulatory complexity required to operate them. We achieve this mission because our platform has:

Simplicity: Streamlined approach to legal and compliance. LegalZoom simplifies complicated legal and compliance processes, creating user-friendly experiences for customers. We offer extensive legal, compliance and tax information that anyone can freely access. Once customers decide to purchase a product, our platform removes the friction associated with filing documents with local, state, and federal regulators through an intuitive user-friendly questionnaire that guides customers through the process. A typical small business forming a business entity offline spends a median of five hours just searching for a quality attorney. By comparison, LegalZoom's business formation process is designed to take under 15 minutes to complete and is increasingly done on a mobile device. Additionally, our products are reflective of our customer's evolving behaviors: almost half of our traffic is through mobile devices, and we have built a simple mobile responsive experience.

Affordability: Accessible with fixed pricing. We believe our platform is significantly more efficient when compared to traditional offline legal services, allowing us to offer solutions at transparent, flat-fee prices. Our business formation product starts at a flat fee of $79, excluding state-imposed filing fees. We achieve this significant cost saving in part by automating aspects of the legal document production process, such as filing entity formation documents, submitting trademark applications and generating estate planning documents. Additionally, we lower costs by utilizing customer care and fulfillment specialists to provide generalized help and only involve our independent attorney network and CPAs at the customer's request and where legally required.

Trust: Confidence in quality. Through over 20 years of delivering high-quality solutions, LegalZoom has built a brand associated with ease of use, transparency, and trusted quality. When small businesses come to LegalZoom to form their business and stay protected, they know they are receiving consistently high-quality, comprehensive services that will meet their needs. This trust is reflected in our NPS for small businesses, which is over double the score of traditional offline attorneys, and our NPS for our attorney network, which is roughly three times that of traditional offline attorneys. These product features are supplemented by our customer care and sales organization, with over 500 team members that are able to answer customers' general process questions in real time. The combination of our digital solutions, customer care organization and access to credentialed assistance gives our customers confidence that their needs are being met. In addition, through more than one million telephone conversations we have with our customers every year, we receive valuable feedback that we use to consistently evolve our products and services to meet our customers' demands for quality.

Expertise: Credentialed professional-assisted solutions. In instances where customers choose to engage a credentialed professional, our platform connects customers with independent attorneys in our network or in-house accountants. Through LegalZoom, customers can access professional expertise when they need it. Our network of over 1,300 independent attorneys and 75 in-house tax advisors provides our users with access to legal and compliance support when they need it. Since 2011, our independent network of attorneys has provided over 589,000 individual consultations to small businesses and families.

Breadth: Comprehensive product and partner ecosystem. We have built a comprehensive product ecosystem that protects businesses, ideas and the families that create them. Our educational content and business formation products arm entrepreneurs at the start of their journeys, and our IP, compliance, attorney, and tax advisory subscriptions help small business owners as they run their businesses by protecting their ideas and ensuring they stay compliant. We supplement our products and services with a curated network of partnerships that customers can access through our platform, enabling our customers to discover additional services to run their businesses. We also offer a range of services for families including estate planning services, divorce, name change, residential leases, deed transfers and attorney subscription services.

Our Competitive Strengths

Leading legal platform. We provide a leading online legal platform that helps small businesses form, protect their ideas, stay compliant and run their businesses. Since inception, we have helped form 2.8 million businesses (378,000 businesses formed in 2020) and helped create 3.6 million estate plans (250,000 created in 2020). In 2020, approximately 10% of new LLCs and 5% of new corporations in the United States were formed through LegalZoom. In addition, 6% of all trademark registration applications in the United States in 2020 were made through LegalZoom. At December 31, 2020, we had over 1.0 million subscription units outstanding and were one of the largest registered agent providers for small businesses in the United States. We have invested significantly to create a highly recognizable legal brand, online and offline, with aided brand awareness of 70% and unaided brand awareness of 25% as of December 2020, more than eight times our nearest online competitor.

Proven ability to operate in a highly regulated market. We have spent more than 20 years building a systematic understanding of many aspects of the U.S. legal system, across 50 states and over 3,000 counties. There is a wide variety of individual statutes and requirements across the United States, making it difficult for small businesses and consumers to fulfill their legal obligations. We have filed millions of documents on behalf of our customers with various county and state agencies in the United States. Since we are a large filer of business formation and other documents with these agencies, our fulfillment teams have direct relationships with many of them and interact with many of these agencies every business day. We have also invested substantial time and capital to achieve 50-state coverage for our subscription offerings for attorney advice, registered agent, tax and other compliance related subscriptions.

Attorney integration. Most people prefer the comfort of knowing an attorney is available to help them with their legal needs, even if on an as-needed basis. However, most other online providers are either positioned purely as self-help with no access to attorney advice, or for those who do provide access, it is often a service connecting customers to attorneys with limited integration of the network to ensure consistent service quality. Offering attorney advice nationally through a legal plan, as we do, requires significant initial and ongoing investment, including: sourcing law firms and attorneys licensed in each state; ensuring such plans are acceptable to state regulatory agencies with varying rules; and keeping up with the administration of the plan. It took LegalZoom seven years from service inception to offer 50-state coverage through our network of independent attorneys.

Unique position within small business lifecycle. Given our unique position at business inception, we are typically the first business advisor a small business interacts with. In 2020, approximately two-thirds of the small businesses that formed through LegalZoom had not even begun operations when they first engaged with us. Before a small business has employees, an address or a website, they have LegalZoom. By delivering quality business formation solutions, we are able to establish trust with small businesses, who then frequently trust us with other critical needs as well. We have leveraged this trust to extend our legal and compliance product portfolio over time, through both first-party solutions such as tax, given that approximately 70% of small business owners that sought a tax accountant did not have one at the time of their entity formation, as well as our partner ecosystem, where we recommend third-party partners to our customers. As we grow our product portfolio, we are able to leverage proprietary data we receive at business formation to create more useful and relevant products and services for our customers.

Authority in educational legal and compliance content for small businesses. Our content library serves as a funnel for new customers. Most of our customers interacted with our educational content before making a purchase. We have grown our content library to thousands of educational articles across our services and established ourselves as a trusted source of expertise before a potential customer even begins seeking access to legal and compliance care.

Our technology platform. We have invested significantly since our inception in building proprietary technology that drives quality and efficiency on our platform. We consistently improve our technology platform, resulting in improved document generation, increased automation, and increased use of the cloud to enable

digital collaboration. In addition, we have developed a highly accurate database of millions of business entities we have helped form. We are able to leverage this data, with consent and only as permitted by law, to understand new products that may be relevant to our customers and optimize our operations. We also use APIs to seamlessly integrate our formation products within third-party applications, further extending our platform reach.

Attractive business model. Our financial performance is a result of attracting new customers and delivering more value over time for customers as they stay on our platform. Our unique position at business formation allows us to grow our relationships with our small business customers as their businesses evolve. Business formation serves as an onboarding point to the LegalZoom platform, and as businesses grow, their legal, compliance and tax needs naturally increase and become more complex. We have expanded our solutions to meet more of these needs, and have seen consistent lifetime value improvement over time. Given our efficient customer acquisition dynamics, we are able to profitably acquire new customers as we pursue our massive market opportunity. We have built a profitable and cash flow generative business, given this customer acquisition efficiency, economies of scale and favorable working capital dynamics.

Our Growth Strategy

We are in the early days of penetrating and growing the online market for small business legal and compliance services. We expect to continue to grow our customer base, retain and expand our customer relationships, and increase our market opportunity with the following strategies.

Grow our customer base. We continue to grow the top of our funnel and improve our customer experience in order to grow our customer base. To accelerate growth, we intend to:

- ***Increase LegalZoom brand awareness.*** We intend to continue to invest in our brand to increase awareness of the protection that legal and compliance services offer small businesses, and the ease and affordability of our platform. For example, in March 2021 we launched our latest brand campaign “Let’s Make it Official”, emphasizing the core products that we offer and the benefits of our platform. We will also amplify our net promoter advantage, through social channels that drive word of mouth. We expect to shift our marketing investment towards brand and reduce our performance marketing spend as we pursue this strategy.
- ***Improve conversion***. We have millions of visitors to our website each month and a large opportunity to increase conversion of prospects into customers. We have invested in improving ease of use and optimizing the checkout flow to drive better conversion upon the first interaction with potential customers.
- ***Attract new customers through partner integration***. We partner with leading players that can help our small business customers and improve our ecosystem. Through our APIs, our partners can offer our solutions within their experience, providing us with a highly efficient customer acquisition channel. For example, our services can ensure that a user of these third-party integrations has an EIN in order to open a financial account or can help the user form an entity to enable independent contractors connected to the gig economy avoid misclassification as employees. We will continue to seek partner integrations to increase awareness of our brand and to grow our customer base. At December 31, 2020, we had over 160,000 paid subscriptions acquired through our partner integration channel.

Retain and expand our customer relationships following formation. As we innovate for small businesses, we aim to become their trusted partner for life. In order to do this, we intend to:

- ***Launch adjacent services.*** Our strategy is to meaningfully expand our product line in the medium term to offer a solution for the majority of small business legal and compliance needs. We have collected a vast amount of data in the past 20+ years to both improve our own solutions as well as identify additional areas where we can launch new products for our customers throughout their lifetime. For example, in 2020, we introduced a tax advisory product. We plan on continuing to invest in a broader array of services to capture this opportunity.

- ***Partner to offer our customers broader ecosystem solutions***. We plan to offer additional access to third-party solutions to further support small business needs in areas such as banking, payments, payroll, accounting, and website hosting. In 2020, two-thirds of our new customers had not yet started their businesses when they first engaged with us. We believe that by working with our partners, we can increase our customer engagement and retention.
- ***Increase customer lifetime value***. We plan to continue to improve the lifetime value of our customers, particularly by increasing retention of our small business subscribers. We plan to maintain engagement post-purchase with additional investments in existing solutions, add new solutions to serve additional needs, and improve lifecycle marketing to increase retention rates. Through these initiatives, we plan to better monetize our existing customers by allowing them to realize continued value on our platform over time.

Increase our market opportunity by introducing a new tier of higher-priced, higher-value products. We have a large opportunity to serve customer demand by offering assistance with their legal and compliance needs.

- ***Broaden customer top of funnel.*** We aim to reduce peoples' uncertainty and doubt about forming a business on their own, as well as to expand our opportunity to serve people who would not consider a "do it yourself" solution. We expect to continue to broaden the top of the funnel consideration for LegalZoom by highlighting our attorney integration. We believe the "assisted" market is multiples larger than the "do it yourself" market that we have historically served, because expertise increases customer confidence.
- ***Increase adoption of assisted offerings.*** We plan to provide more value to our customers from existing product lines by adding a tier of Attorney Assist solutions. In June 2020, our "Attorney Assist" product for trademarks became widely available, and we have seen higher average order value, or AOV, and more orders, over time, as customers value the ability to work directly with attorneys. Solutions that incorporate an attorney have higher completion rates. We plan to continue to expand our credentialed professional-assisted offerings to complement our technology-enabled solutions.

Our Products and Services

We help customers form their businesses, protect their ideas, stay compliant and scale their operations. Our products and services include business formations, creating estate planning documents, protecting intellectual property, completing certain forms and agreements, providing access to independent attorney advice, and connecting customers with experts for tax preparation and bookkeeping services. The primary driver of new customers is small business formation transactions, and at that moment we aim to start a deeper relationship reflected in bundled subscription services and partner offerings. This combination creates a suite of legal and compliance solutions that are relevant for our customers' ongoing needs. We also have a partner ecosystem that enables us to offer third-party services to our customers and to offer our services to our partners' customers.

Transaction products

We completed 691,000 and 892,000 transaction orders in 2019 and 2020, respectively.

Our transaction products are described in the following table.

Transaction Products for Small Businesses	Transaction Products for Consumers
Business Formation	**Consumer Estate Planning**
Limited Liability Company (LLC) Formation	Last Will and Testament
Incorporation of C and S Corporations	Living Will
Nonprofit Formation	Living Trust
Doing-Business-As (DBA)	Power of Attorney
Corporate Changes and Filings	
Business Licenses	**Other Legal Matters**
Legal Forms	
	Name Change
Intellectual Property	Uncontested Divorce
	Real Estate Deed Transfer
Trademark Application	Real Estate Leases
Copyright Registration	Legal Forms
Provisional Patent Application	
Tax Planning and Bookkeeping and Records(1)	
State and Federal Tax Preparation	
Payroll	
Bookkeeping	

(1) We launched our LegalZoom-fulfilled tax advisory and preparation, payroll and bookkeeping products in October 2020.

When generating a customized legal document, customers are guided through every step by our proprietary questionnaire and document engine platform. Related offerings are presented within the questionnaire, enabling customers to opt into complementary products and services. If customers need assistance, our customer care and sales organization is available to help them through the process. Additionally, if they need legal or accounting help, customers can opt into a subscription and get access to our tax experts and our network of independent attorneys. Once the customer submits the questionnaire data, our people or technology review responses for completeness prior to delivery or submission to the appropriate federal, state or local jurisdiction.

Subscription services

More than 85% of the U.S. subscription units as of December 31, 2020 were annual plans billed in advance. Our primary subscription services are described in the following table:

Small Business Subscriptions	Consumer Subscriptions
Registered Agent	Attorney Advice through our Legal Plans
Compliance	Estate Planning Bundle
Attorney Advice	Legal Forms
Tax Advice	
Legal Forms	

Registered agent subscriptions. In most states, a business entity, such as an LLC or corporation, is required to appoint and maintain a registered agent in its state of formation to receive service of process and official

government communications. The entity must disclose the address of its appointed registered agent and, in many states, the registered agent must be available during business hours. This requirement can be burdensome for many small businesses to handle on their own. Our registered agent services receive, process, and forward served legal documents digitally or physically to the customer. The majority of our customers who formed their LLCs and corporations through us in 2020 used us as their registered agent as of December 31, 2020, and approximately two-thirds of our subscription units as of December 31, 2020 were for registered agent services.

Compliance subscriptions. Our compliance subscriptions provide assistance with state-mandated regulatory filings, such as tax returns and corporate annual reports that are required to keep a business entity in good standing. The subscription plans also monitor the status of our customers' businesses with certain state agencies and provide alerts to notify them if they fall out of good standing as well as to stay abreast of important deadlines.

Attorney advice subscriptions. For small businesses and consumers seeking legal advice, we offer subscription legal plans that provide access to independent attorneys in all 50 states. These subscriptions also include other benefits, such as access to legal forms, discounts on additional legal services offered by the network attorney, and, in some cases, an annual checkup with the network attorney for estate planning purposes.

Tax advice subscriptions. We introduced our LegalZoom-fulfilled tax advice subscription in October 2020. This subscription includes tax advice on essential tax matters at both state and federal levels with the option to add tax preparation, as well as advice on new tax and bookkeeping-related matters from a tax expert (either a certified public accountant or an enrolled agent). Our tax services help small businesses get set up right from the beginning to minimize their tax bill.

Legal forms and other subscriptions. We offer other subscriptions, including unlimited access to our library of legal forms, electronic storage of applicable LegalZoom documents, and document revisions. Additionally, we offer subscriptions that enable customers to monitor trademark applications, create meeting minutes for their board of directors' meetings and monitor compliance calendar deadlines.

Our subscription agreements generally have annual terms, while some have monthly terms. They are generally non-cancellable during their term after an initial 60-day refund period. They generally automatically renew at the end of each term unless notice of cancellation of the renewal is provided any time in advance of the renewal date. Customers can cancel the automatic renewal on our website or by phone. In the case of our subscriptions for registered agent services, the customer needs to appoint a new registered agent for its business in order to complete a cancellation.

Partner ecosystem

We have unique insights into our customers and leverage our product as a channel to introduce small businesses to our partner ecosystem, solving even more of their needs. Our partnering arrangements include reseller models, revenue share, and flat fees earned by introducing small businesses to leading providers of small business services such banking, bookkeeping, credit cards, business licenses, website design, and payment processing. We are evaluating expanding our strategic partnerships to include payroll, human capital management, marketing, and digital presence as well as other best-in-class industry specific solutions. We are increasingly focused on evolving our partner economic structures to recurring revenue models that reflect the value of our unique position in the customer's business lifecycle.

In addition to serving small businesses and consumers, we offer a developer platform, including application programming interfaces that enable external developers to co-brand or white-label business formation and compliance services with a highly integrated solution. Our enterprise segment customers include both large enterprises and small business platforms with a significant number of users. Our solutions provide large enterprises the ability to manage their multi-entity legal and compliance needs and small business platforms to

offer business formation and compliance services to their own customers, either within their own customer experience or by referring the customer to us. The services are delivered using our proprietary technology and may include registered agent, regulatory filing, business licenses or compliance services as well. For example, we may help a large enterprise incorporate each of its independent truck drivers via a cobranded referral program, a small business platform provide formation services on a white-label basis as an integrated part of its own customer offering, or an accounting firm incorporate its clients and assist with their compliance needs.

Partner revenue consists primarily of fees earned from third-party providers from leads generated to such providers through our online legal platform. Partner revenue is generally composed of one-time or recurring referral fees, which are generated by introducing our customers to third-party providers.

New product development

Our product development strategy is focused on reducing friction and increasing conversion across our existing core products and services and expanding our portfolio of new products and services, gaining market share, and strategically deepening customer relationships, including in ways that will make legal and compliance expertise available to our customers and increase our recurring revenue through subscription offerings. Our product development team gathers customer feedback from our front-line customer service agents and leverages user experience research to inform our product roadmap. We are highly focused on using this feedback to meaningfully expand our service offerings to help our customers, from starting their businesses to successfully running them.

An example of our recent product development success is our launch of the LZ Tax offering in October 2020. Tax advice and ongoing help with bookkeeping, tax preparation and other accounting services is a primary concern for our new business formation customers. Prior to the launch of LZ Tax, we had referred our new business formation customers to a partner for tax preparation and advice. Powered by technology-enabled tax experts that have been introduced seamlessly into the customer's journey, we are now able to provide tax services directly to our customers. For January through March 2021, the transactional NPS on our initial tax consultations was 88.6. We believe that our tax offering naturally leads customers to other ancillary services we provide, including bookkeeping, tax preparation, payroll and accounting. We also recognize the opportunity to add additional credentialed professional assistance across our product portfolio. In 2016, we added access to attorneys to our do it yourself trademark offering through a new "Attorney Led Trademark" service. In 2020, 30% of all trademark transaction customers chose this enhanced service, paying an additional $300 per transaction. We intend to introduce additional access to independent attorney support into more of our business formation products. Over time, we believe we have the opportunity to build out a fully integrated technology enabled ecosystem where business formation customers will visit LegalZoom as their first and only stop, and we'll connect them with all the appropriate, best in class credentialed professionals and advisors they need to launch and grow their small businesses.

Our content

In our more than 20 years of operating history, we have amassed and maintained a database of forms and other legal documents used at the federal, state, and county level throughout the United States for business formations, intellectual property registrations, and estate planning purposes. We distilled the forms completion process into an easy-to-understand questionnaire that asks our customers the appropriate questions to complete the documents. The result is our proprietary logic-based architecture that translates the customers responses onto one of over 1,100 documents across 150 different product types. Our core systems use automation to map the customer's data onto the appropriate document, prepare the document in the proper format, and, in most cases, submit it to the state or county.

Our Technology

We have developed a highly scalable and flexible technology platform that enables us to efficiently process thousands of customer orders daily and facilitate seamless interactions with our customers and the independent

attorneys participating in our legal network. We devote substantial resources to consistently enhance our technology platform. Key components of our technology are described below.

Dynamic online questionnaire

Legal documents are populated by our platform through the use of our dynamic online questionnaires. Our customers complete a comprehensive yet intuitive questionnaire that is powered by a rules-based engine to pose questions based on the customer's legal jurisdiction, location and prior responses to solicit the information needed to comply with local and state laws and regulations.

Document automation

Our technology platform includes complex automation systems that transfer customer responses into state or county-specific templates to generate customized legal documents. Our automation unifies the various methods used by states and counties to form businesses into a single easy-to-understand customer experience. We have introduced straight through processing, or STP, for a subset of our estate planning and business formation documents, which has enabled us to deliver the documents to the customer in near real-time. We plan to incorporate STP in additional transactional offerings.

Compliance platform

We have built a system to notify our customers of upcoming compliance milestones and associated requirements. Additionally, for our registered agent subscribers, we have a system of receiving, scanning, classifying, and labeling documents from state agencies across the country that leverages technology to quickly deliver physical and electronic copies to our customer.

Robust CRM platform

Our account executives, customer care and sales organization, fulfillment specialists, and tax advisors leverage a multi-channel customer relationship management, or CRM, platform, powered by integrating a variety of tier one contact center technologies. The platform is integrated within our production and fulfillment systems and enables us to support customers through communications via multiple channels including our websites, email, text, phone, online chat, and our mobile applications. For example, we automatically notify business formation customers over multiple channels regarding their order status as their legal documents progress through our workflow and when we receive confirmation of the documents being filed with or approved by government agencies.

Scalable and secure infrastructure

Our platform resides on a combination of on-premises infrastructure located in California and Texas and best-in-class public cloud-based platforms. Our platform is highly scalable to accommodate an increasing volume of customer orders. We have designed our websites to be highly intuitive and secure using proprietary software and commercially supported tools. Maintaining the integrity and security of our websites is a key priority. We utilize national security standards and appropriate tools for secure transmission of personal information between our customers and our websites and maintain a dedicated security team that drives compliance with data security standards. We intend to transition our platform to the public cloud with all essential products operating on public cloud platforms that have built-in security, and data and privacy controls.

Our website allows users to access the same content on our platform from their laptops, tablets, or smart phones. We also maintain apps on iOS and Android that make it easy for customers to access their documents, schedule consultations, and get status updates on their orders.

Our Attorney Advice Network

We offer attorney advice across all 50 states in the United States to our subscribers through a network of independent law firms that manage relationships with approximately 1,300 attorneys. Our network consists of a core group of over 135 attorneys who handle the majority of consultations across the most common legal issues. The remaining attorneys handle more specialized needs, including worker compensation, landlord and tenant issues and bankruptcy.

In 2020, our network completed over 80,000 consultations, bringing our total completed consultations, since the launch of our attorney assistance division in 2011, to over 589,000. Participating law firms must focus on customer care and satisfy stringent customer satisfaction standards to remain on the network. Customers are given the opportunity to review an attorney after each consultation. Based on these reviews, attorneys in our network achieved an average NPS of 77 in 2020. This compares to 25 for traditional offline law firm standalone attorneys in that same time period.

According to a Clio Legal Trends report based on anonymized data from tens of thousands of U.S. based lawyers using the Clio platform, approximately 69% of the attorneys' average workday was non-billable in 2018. Our brand and marketing efforts allow the participating attorneys to focus more on the practice of law and less on business development. The initial free consultation serves as a platform for business development, where the participating attorney can offer to provide billable legal services to our customers at discounted rates. In addition, participating law firms can leverage our brand awareness as well as the customer feedback and testimonials to market their own practice. Each firm receives a flat administrative fee from us for each legal plan participant in its area to cover the administrative costs associated with participating in our network.

Our Tax and Advisory Services

We believe our goal of becoming the trusted advisor to the small business ecosystem hinges on our ability to offer high-quality legal and compliance services at business formation and beyond. We are often the first service provider a new business interacts with, a unique position from which we can form a long-term customer relationship. Our research suggests that our customers welcome assistance from us for their bookkeeping and tax needs, and that many of those needs are highly relevant and top-of-mind in the moment of business entity formation. We provide our customers with tax advice, tax preparation, and related tax services (like bookkeeping and payroll) in affordable subscriptions through LZ Tax, which we launched in October 2020. In addition, our customers receive a consultation included in their formation that includes guidance on their tax strategy, including how to maximize their deductions and income. Our customers gave this tax consultation a transactional NPS score of 88.6 from January 1 through March 2021, and one in five customers chose ongoing guidance with LZ Tax at the end of the consultation during that period.

Customer Care

As of December 31, 2020, we had over 300 customer care representatives providing assistance, support and account management to small businesses and individuals. Exceptional customer experience is central to our culture and we take pride in our customer care team based in Austin, Texas, which handled over 1.1 million customer contacts in 2020.

Our customers have access to live help from customer care representatives by phone, online chat, text, email, or via our mobile applications. In addition, our website and mobile experience contain extensive educational content in an article center, FAQs and a knowledge center designed to assist customers in choosing the products and services that best suit their needs.

We actively monitor our service levels, fulfillment speed and quality to maintain a high level of customer care. Customer care team members have metrics-driven incentives that further align their goals and

compensation with our focus on the customer while maintaining regulatory compliance. We believe the effectiveness of our approach is reflected in our strong NPS of 64.8 in 2020, which is based on over 58,000 responses from customers.

Sales and Marketing

LegalZoom is a highly recognizable online legal services brand for small businesses and individuals in the United States. We have invested significantly to create a highly recognizable legal brand, online and offline, with aided brand awareness of 70% and unaided brand awareness of 25% as of December 2020, the latter more than eight times our nearest online competitor according to a 2020 study hosted by Dynata. We intend to continue to invest in our brand awareness, emphasizing the core products that we offer and the benefits of our platform. We attract a meaningful percentage of unpaid website traffic, underscoring our brand strength and unique content offering. Our content marketing includes educational initiatives such as our Article Center on our website, where we create content to better inform our customers on how they can plan for and protect themselves, their families, and their businesses.

We use a strategic mix of online and offline marketing in combination with inbound sales. We are highly disciplined and metric-driven in driving customer acquisition cost efficiencies. Our largest customer acquisition media spend is in search engine marketing to capture demand generated by our other paid and organic channels. We also advertise across television, radio, podcasts, digital video, and social media. Our affiliate partnerships have historically been another very successful channel for customers to discover LegalZoom and learn more about our products.

We maintain a sales team of over 200 professionals in the Austin, Texas area. This team takes inbound calls from customers and prospects, using a conversational approach to introduce our services, explain features and recommend various partners. When our sales team becomes involved, the average order size frequently increases due to their effectiveness in selling ancillary offerings. Our sales teams also proactively target qualified prospects, such as those who began a questionnaire in our customer experience journey but have yet to purchase.

Our Competition

We operate in a very competitive industry. We face intense competition from law firms and solo attorneys, online legal document services, legal plans, secretaries of state, tax preparation companies and other service providers. The online legal solutions market is evolving rapidly and is becoming increasingly competitive. Other companies that focus on the online legal document services market or business formations, such as BizFilings, LegalShield, MyCorporation, and RocketLawyer, and law firms that may elect to pursue the online legal document services market, can and do directly compete with us. Law firms and solo attorneys, who provide in-person consultations and are able to provide direct legal advice that we cannot offer due to laws and regulations regarding the unauthorized practice of law, or UPL, compete with us offline and have and may develop competing online legal services. We compete in the registered agent services business with several companies that target small businesses, including Wolters Kluwer, and these competitors have extensive experience in this market. In addition, certain U.S. states, including Nevada and Louisiana, offer online portals where consumers may file their articles of organization. We also compete in tax advisory service business with several companies, including H&R Block and Jackson Hewitt.

We may also face potential competition from large internet providers, such as Amazon or Alphabet, who may choose to enter into the online legal solutions business. These businesses have disrupted multiple industries and routinely enter new verticals. While they have no particular expertise in providing legal solutions online, their extensive resources and brand recognition would make them formidable competitors and could adversely affect our business.

Our direct and indirect competitors, whether they are online legal document providers, legal plan providers, law firms, accounting firms, solo attorneys or large internet providers, may also be developing innovative and

cost-effective services that target our existing and potential customers. We expect to face increasing competition from offline and online legal services providers in our market, and our failure to effectively compete with these providers could result in revenue reductions, reduced margins, and loss of market share, any of which could materially and adversely affect our business, results of operations, financial condition and future prospects.

We believe competitive factors for our services include ease of use, breadth of offerings, brand name recognition, reputation, price, quality and customer service and that we compare favorably on all these bases.

Culture and Team

As of December 31, 2020, we, together with all our subsidiaries, had 1,064 employees worldwide. We also engage contractors and consultants. None of our employees is represented by a labor union. We have not experienced any work stoppages, and we believe that our employee relations are strong.

Our primary compensation strategy is to promote a pay-for-performance culture. Our guiding principles are anchored on the goals of being able to attract, incentivize, and retain talented employees who can develop, implement, and drive long-term value creation strategies. We've designed our compensation program so that every employee has a component of their compensation that is performance or incentive driven. We offer competitive compensation that we believe is aligned with the market and fair relative to our peers.

At LegalZoom, one of our core values is People First. By that, we not only mean caring for and protecting the millions of customers we have served since inception, but investing in, empowering and fostering trust and wellness among our employees, whom we call Zoomers. For example, when many of our Zoomers were impacted by the recent unprecedented storms and power outages in Texas in February 2021, we moved quickly to set up a relief fund for all of our impacted Zoomers and we donated directly to an organization directly serving the broader impacted community. In addition, we provided additional paid days off for employees who were unable to work due to power outages or internet connection issues.

We made an abrupt change in March 2020, in the face of the global COVID-19 pandemic, to move all of our non-essential workers to a remote, work-from-home environment. The primary drive for all decision-making in the face of the pandemic has been focused on employee wellness. We've remained agile to accommodate the ever-changing needs of our employees as well as the changing nature of the pandemic. Our non-essential workforce continues to be almost entirely remote today. We've made numerous investments in our employees to accommodate this new remote environment, including providing an allowance for home office needs, giving employees an added rest day each year, providing paid transportation via ridesharing apps for essential workers who would normally take public transportation, and providing ten emergency paid sick days for employees to use if they have been impacted by COVID-19 in any way. We also host virtual live Yoga sessions twice a week, and are expanding our virtual development courses to better support employees working remotely.

We are focused on building a diverse and inclusive workplace and we strive to have our employees mirror the diversity of our customers and communities we serve. We believe we are thriving when every voice is nurtured and heard.

We have five employee networks today, each with dedicated internal funding, executive sponsorship and a focus on supporting diversity equity and inclusion within and outside of LegalZoom:

Pride Zoomer Alliance Network

The mission of the Pride Zoomer Alliance is to support and empower LGBTQIA+ Zoomers, customers, and communities—and their allies—by providing a safe place for them to be seen and heard. We work to ensure that LegalZoom is a fair and inclusive workplace for all, and we join our allies across the organization who share our vision for equity, inclusion, and social justice.

Lift Every Voice Black Network

The mission of Lift Every Voice Black Network is to uplift, empower and promote the advancement of Black Zoomers. The network serves to do the following:

- Provide professional development through educational, mentoring and networking opportunities;
- Provide assistance with the recruitment and retention of Black talent;
- Promote company-wide awareness of Black culture and issues impacting Black Zoomers and the larger Black community;
- Strengthen the relationships Black Zoomers have with each other and the Zoomer community; and
- Strengthen the relationship LegalZoom has with the greater Black community.

Rise Up — Women's Network

The mission of Rise Up is to amplify the drivers of success for women at LegalZoom to increase representation in senior positions and support overall career development.

Women in Tech Network

The mission of Women in Tech is to build a community within LegalZoom where women can learn, grow and develop as leaders in technology and beyond.

LatinX Network

The mission of the LatinX network is to serve as the hub for Latinx support, inspiration, and engagement focused on empowering each other and their allies with the tools to overcome challenges that prevent their voices from being valued, heard, and represented. The network commits to work together and remove barriers, discrimination, and intolerance so that everyone feels included and supported in a safe place environment.

Intellectual Property

We believe that our proprietary technology is an important and valuable part of our business. We protect this proprietary technology by relying on a variety of intellectual property mechanisms including copyright and trademark laws, restrictions on disclosure and other methods. We frequently file applications for trademarks and service marks in order to protect our intellectual property. At December 31, 2020, we had 17 trademark registrations and 17 pending trademark applications in the United States. We also had over 30 trademark registrations in 13 foreign jurisdictions or under international or European Union and European Community registrations. We have no issued patents. We also license intellectual property from third parties, such as software used to support our technology and operations.

In addition, we seek to protect our intellectual property rights by requiring our employees and independent contractors to enter into agreements acknowledging that all works or other intellectual property generated or conceived by them on our behalf are our property, and assigning to us any rights, including intellectual property rights, that they may claim or otherwise have in those works or property, to the extent allowable under applicable law.

Government Regulation

We operate in a particularly complex legal and regulatory environment. We are subject to a variety of U.S., U.K. and other foreign laws, rules and regulations, including those related to internet activities, UPL, the corporate practice of law, or CPL, privacy, data protection, cybersecurity, data retention, consumer protection,

content regulation, automatically renewing subscriptions, the processing of legal documents, legal plans, human resource services, employment and labor laws, workplace safety, intellectual property and the provision of online payment services, including credit card processing, anti-bribery and anti-corruption laws, federal securities laws, tax regulations and other matters, which are continuously evolving and developing. We own and operate an alternative business structure, or ABS, in the United Kingdom to provide legal services to U.K. and U.S. based consumers. The ABS employs solicitors licensed in the United Kingdom as well as attorneys licensed in the United States to provide limited scope legal services to consumers who purchase such services on our websites. The ABS is regulated by the Solicitors Regulation Authority. While we believe this structure is legally permissible, it is generally untested in U.S. courts and we cannot assure you that it will insulate us from claims of CPL or UPL. These laws and regulations are regularly evolving and tested in courts, and may be interpreted, applied, created, or amended, in a manner that could harm our business.

Our business model includes the provision of services that represent an alternative to traditional legal services, which has subjected us to allegations of UPL in the United States. UPL generally refers to an entity or person giving or offering legal advice who is not licensed to practice law. However, laws and regulations defining UPL, and the governing bodies that enforce UPL rules, differ among the various jurisdictions in which we operate. While several states are implementing exploratory programs to allow non-lawyers to own law firms under strict ethical parameters, we are currently unable to acquire a license to practice law in the United States, or employ licensed attorneys to provide legal advice to our customers, because we do not meet the regulatory requirement of being exclusively owned by licensed attorneys. Our business model is also subject to laws and regulations that govern business transactions between attorneys and persons who are not licensed attorneys, including those related to the ethics of attorney fee-splitting and CPL.

We are subject to certain regulations relating to the processing of legal documents, which vary among the jurisdictions in which we conduct business. Regulation of our legal plans also varies considerably among the insurance departments, bar associations and attorneys general of the particular states in which we offer our legal plans. In addition, some states may seek to regulate our legal plans as insurance or specialized legal service products.

Property and Facilities

Our corporate and executive headquarters are located in Glendale, California, where we lease and occupy approximately 56,000 square feet. The term of our lease expires in 2022, and we have two options to extend the term of this lease for five years each. Our operational headquarters are located in Austin, Texas, where we own and occupy approximately 206,000 square feet. We maintain additional facilities in multiple locations in the United States and United Kingdom.

We may lease or purchase additional space as needed to accommodate our needs and that any additional space will be available to us on commercially reasonable terms for the foreseeable future.

Legal Proceedings

We are a party to various currently pending legal proceedings and government inquiries, and we anticipate that legal proceedings, government investigations, government inquiries or claims could be brought against us in the future. For more information on our pending legal proceedings and governmental inquiries, see Note 13 to our consolidated financial statements included elsewhere in this prospectus. We are not currently a party to any such legal actions that we believe to be likely to have a material impact on our business, financial condition, results of operations or cash flows. However, management’s views and estimates related to these matters may change in the future, as new events and circumstances arise and the matters continue to develop.

MANAGEMENT

Executive Officers and Directors

The following table provides information regarding our executive officers and directors as of March 31, 2021:

Name	Age	Position(s)
Executive Officers		
Dan Wernikoff	49	Chief Executive Officer and Director
John Buchanan	46	Chief Marketing Officer
Nicole Miller	37	General Counsel and Interim Chief People Officer
Rich Preece	45	Chief Operating Officer and Chief Product Officer
Shrisha Radhakrishna	43	Chief Technology Officer
Kathy Tsitovich	47	Chief Partnership Officer
Noel Watson	45	Chief Financial Officer
Non-Employee Directors		
Jeffrey Stibel	47	Chairman
Dipanjan “DJ” Deb	51	Director
Khai Ha	38	Director
Dipan Patel	38	Director
Brian Ruder	48	Director
Rob Singer	50	Director
Christine Wang	34	Director
David Yuan	46	Director

(1) Member of the audit committee upon the completion of this offering.
(2) Member of the compensation committee upon the completion of this offering.
(3) Member of the nominating and corporate governance committee upon the completion of this offering.

Executive Officers

Dan Wernikoff has served as our Chief Executive Officer and a member of our Board of Directors since October 2019. From March 2019 to August 2019, Mr. Wernikoff served as a Venture Partner at TCV, a venture capital firm. From 2003 to October 2018, Mr. Wernikoff held various general manager roles at Intuit Inc., most recently serving as been Executive Vice President and General Manager of Intuit’s Consumer Tax Group from May 2016 to May 2018. Before that role he was the GM of the Small Business Group from May 2014 to May 2016. He also served as the GM of QuickBooks from August 2010 to May 2014. Prior to his various general manager roles, Mr. Wernikoff held various product and marketing leadership positions while at Intuit. Mr. Wernikoff holds a B.S. in Finance from Miami University, and an M.B.A. from the Katz Graduate School of Business at the University of Pittsburgh. We believe that Mr. Wernikoff’s extensive knowledge of our company as Chief Executive Officer, his management background and experience in online technology industry qualifies him to serve on our board of directors.

John Buchanan has served as our Chief Marketing Officer since August 2020. From May 2019 to September 2020, served as Senior Vice President of Marketing Strategy and Sciences for the National Football League. From February 2018 to May 2019, Mr. Buchanan served as Global Vice President, Head of Marking and Digital Media at Adobe Inc. From January 2015 to February 2018, Mr. Buchanan served as Vice President, Global Brand Management at Electronic Arts Inc. Mr. Buchanan holds a B.S. in political science and a B.S. in international relations from the University of Southern California.

Nicole Miller has served as our General Counsel since June 2020. From July 2014 to June 2020, Ms. Miller held various roles at The Honest Company, most recently serving as General Counsel. Prior to The Honest

Company, Ms. Miller practiced corporate law at the law offices of Cooley LLP and Gibson Dunn & Crutcher LLP. Ms. Miller was a Senate Fellow in the California State Senate from October 2005 to September 2006. Ms. Miller holds a B.A. in humanities from Stanford University and a J.D. from the University of Texas School of Law.

Rich Preece has served as our Chief Operating Officer and Chief Product Officer since December 2019. From 2002 to December 2019, Mr. Preece held various roles at Intuit, most recently serving as Senior Vice President and Head of Customer Success for the Small Business and Self-employed group from August 2019 to December 2019. Prior roles include Vice President and Global Accountant Segment Leader, and Vice President and Managing Director, Europe, Middle East, and Africa (EMEA). Mr. Preece holds a B.S. in Marketing from Bournemouth University.

Shrisha Radhakrishna has served as our Chief Technology Officer since August 2020. From April 2009 to August 2020, Mr. Radhakrishna held various roles at Intuit, most recently serving as Vice President of Product Development from August 2016 to August 2020. Prior to Intuit, Mr. Radhakrishna served as Director of Engineering at BooRah, Inc. Mr. Radhakrishna holds a Bachelor of Engineering degree in Information Science from Bangalore University an M.B.A. from the Kellogg School of Management at Northwestern University.

Kathy Tsitovich has served as our Chief Partnership Officer since August 2020. From September 1999 to August 2020, Ms. Tsitovich held various roles at Intuit, most recently serving as Vice President, Consumer Group from March 2020 to August 2020. Prior to that, she held multiple leadership roles including Vice President, Business Development & Partnerships, Director New Business Development and Director of the Small Business Group. Ms. Tsitovich holds a B.S. in Business Administration and Finance from the University of Missouri.

Noel Watson has served as our Chief Financial Officer since November 2020. From June 2019 to November 2020, Mr. Watson served as Chief Financial Officer at TrueCar, Inc. From April 2006 to June 2019, Mr. Watson served in various roles at TripAdvisor, Inc., including as Vice President Finance and Chief Accounting Officer. Since July 2020, Mr. Watson has served on Zynga's Board of Directors. Mr. Watson holds a B.S. in accounting from Bryant University.

Each officer serves at the discretion of our board of directors and holds office until his or her successor is duly elected and qualified or until his or her earlier resignation or removal.

Non-Employee Directors

Jeffrey Stibel has served as a member of our board of directors since October 2014 and Chairman since October 2018. Mr. Stibel has been a partner of Bryant Stibel & Company, an investment and strategic advisory platform since January 2013. Mr. Stibel also serves as a member of the board of directors of a number of privately held companies and non-profit entities. He is also a USA Today columnist and author of The New York Times bestseller Breakpoint (Macmillan: 2013) and Wired for Thought (Harvard Business Press: 2009). Mr. Stibel served as the President, Chief Executive Officer and Chairman of the Dun & Bradstreet Credibility Corporation from July 2010 to July 2015, and as Vice Chairman of Dun & Bradstreet Corporation (NYSE: DNB) from July 2015 to March 2018. Prior to that, Mr. Stibel was President and Chief Executive Officer of Web.com, Inc. (NASDAQ: WWWW). From December 2006 to January 2019, Mr. Stibel served as a member of the board of directors of AutoWeb, Inc. (Nasdaq: AUTO). He holds a bachelor's degree in psychology, philosophy, and cognitive science from Tufts University and a master's degree in cognitive science from Brown University, where he was the recipient of a Brain and Behavior Fellowship while studying for a Ph.D. Mr. Stibel also received an honorary doctorate of business from Pepperdine University. We believe that Mr. Stibel's experience as an executive officer of various online technology companies combined with his experience serving on the boards of directors of multiple public companies qualifies him to serve on our board of directors.

Dipanjan (DJ) Deb has served as a member of our board of directors from August 2018 through September 2019, and from February 2020 to date. Mr. Deb is a co-founder and Chief Executive Officer of Francisco Partners Management, L.P., or Francisco Partners, and has served at Francisco Partners since September 2005. Mr. Deb has also served as a Partner of Francisco Partners since its founding in August 1999. Prior to founding Francisco Partners, Mr. Deb was a principal at TPG Capital, a private equity firm, a Director of Semiconductor Banking at Robertson, Stephens & Company and a management consultant at McKinsey & Company. Mr. Deb serves on the board of directors of GoodRx Holdings, Inc. which is a public company and has served on the board of directors of other public companies including most recently Ichor Systems, Inc. from February 2012 to May 2018, and currently also serves on the board of directors of several private companies. Mr. Deb holds a B.S. in Electrical Engineering and Computer Science from the University of California, Berkeley and an M.B.A. from the Stanford Graduate School of Business. We believe that Mr. Deb's private equity expertise combined with his experience serving on the boards of directors of both publicly and privately held companies qualifies him to serve on our board of directors.

Khai Ha has served as a member of our board of directors since July 2018. Mr. Ha is a managing partner and investment committee member of GPI Capital L.P., co-founding the firm in May 2016. Before joining GPI Capital L.P., he was a managing director at BTG Pactual Global Partnership Investing, the predecessor fund. Prior to that, Mr. Ha served as a portfolio manager at Ontario Teachers' Pension Plan and worked at investment firms Moore Capital Management LP and Epic Capital Management Inc. He started his career in mergers and acquisitions and investment banking at Merrill Lynch, Pierce, Fenner & Smith Incorporated and BMO Nesbitt Burns Inc. Mr. Ha has also served on the board of directors of a number of privately held companies. Mr. Ha holds a bachelor of commerce, finance, and economics degree from the University of Toronto and is a chartered financial analyst. We believe that Mr. Ha's financial and investment management expertise qualifies him to serve on our board of directors.

Dipan Patel has served as a member of our board of directors since April 2014. Mr. Patel serves as a partner at Permira, a leading global private equity firm, and has been with the firm since October 2009. He is Head of Global Consumer and serves on the Investment Committee and Executive Committee. Prior to that, Mr. Patel worked for The Gores Group LLC and Lehman Brothers Holdings Inc. Mr. Patel also serves on the board of directors of The Knot Worldwide, Boats Group, Axiom and Catawiki. Mr. Patel holds a B.A. in economics from the University of Cambridge. We believe that Mr. Patel's experience with and knowledge of technology and media companies and his private equity background qualifies him to serve on our board of directors.

Brian Ruder has served as a member of our board of directors since April 2014. Mr. Ruder has served as a partner at Permira since November 2008 and co-heads Permira's Technology investing sector, sits on the firm's Executive Committee, and is co-chair of the Permira Investment Committee. Prior to Permira, Mr. Ruder was a partner at Francisco Partners and previously he worked at Hellman & Friedman and Morgan Stanley. Mr. Ruder holds a B.A. in philosophy with mathematics from Harvard College and an M.B.A. from Harvard Business School. We believe that Mr. Ruder's financial and investment expertise along with his knowledge of the technology industry qualifies him to serve on our board of directors.

Rob Singer has served as a member of our board of directors since April 2014. Mr. Singer has served as the Chief Marketing Officer at Remitly, Inc., an online payment service company, since October 2018. Prior to that, Mr. Singer served as the Chief Marketing Officer of Habit, LLC from July 2017 to October 2018, as Chief Marketing Officer of Smule, Inc. from July 2016 to July 2017, and as Chief Marketing Officer of Ancestry.com, Inc. from November 2010 to July 2016. He previously held senior-level marketing and analytics roles at Bank of the West, StubHub, an eBay Company, Yates Advertising, YellowBrick Solutions, Charles Schwab & Co., Inc., and KnowledgeBase Marketing, Inc., now KBM Group. Mr. Singer holds a B.S. degree in mathematics from James Madison University. We believe that Mr. Singer's extensive expertise in marketing and business and leadership experience at technology companies qualifies him to serve on our board of directors.

Christine Wang has served as a member of our board of directors since September 2019. Ms. Wang serves as a principal at Francisco Partners and has been with Francisco Partners since August 2015. Prior to joining

Francisco Partners, Ms. Wang was an associate at Advent International where she evaluated investments in the business services, financial services, and technology sectors. Earlier in her career, she was an investment banker in the Financial Institutions Group at J.P. Morgan. Ms. Wang also serves on the board of directors of a number of privately held technology companies. Ms. Wang holds a B.A. in economics and East Asian languages and cultures from Columbia University and an M.B.A. from the Stanford Graduate School of Business. We believe that Ms. Wang's private equity expertise combined with her experience serving on the boards of directors of privately held companies qualifies her to serve on our board of directors.

David Yuan has served as a member of our board of directors since October 2018. Mr. Yuan is a Senior Advisor at Technology Crossover Ventures, or TCV, which he joined in 2005. Mr. Yuan serves on the Board of Directors, or as a Board observer, of multiple other companies within the technology and the financial technology space, including Avetta, Klook, SiteMinder, Toast and Wealthsimple. Prior to joining TCV, Mr. Yuan served as a private equity investor at JPMorgan Partners from 2000 through 2003, director of Business Development at 1stUp.com (acquired by CMGi) from 1999 through 2000, and as a management consultant with Bain and Company from 1997 through 1999. Mr. Yuan holds a bachelor's degree in economics from Harvard College and a Master of Business Administration degree from the Stanford Graduate School of Business. We believe that Mr. Yuan is qualified to serve on our board of directors based on his broad professional experience within the technology and FinTech industries and services as a director or board observer to other technology companies.

Family Relationships

There are no family relationships among our directors and executive officers.

Board Composition

Our board of directors currently consists of nine members with no vacancies. All of our directors currently serve on the board of directors pursuant to the provisions of a voting agreement between us and several of our stockholders. The voting agreement will terminate upon the completion of this offering, after which there will be no further contractual obligations regarding the election or designation of our directors. In accordance with our amended and restated certificate of incorporation, which will be effective immediately after the completion of this offering, our board of directors will be divided into three classes with staggered three-year terms. At each annual general meeting of stockholders, the successors to directors whose terms then expire will be elected to serve from the time of election and qualification until the third annual meeting following election. Our directors will be divided among the three classes as follows:

- The Class I directors will be , and , and their terms will expire at the annual meeting of stockholders to be held in 2022;
- The Class II directors will be , and , and their terms will expire at the annual meeting of stockholders to be held in 2023; and
- The Class III directors will be , and , and their terms will expire at the annual meeting of stockholders to be held in 2024.

We expect that any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. The division of our board of directors into three classes with staggered three-year terms may delay or prevent a change of our management or a change in control.

Director independence

Under , or the , independent directors must comprise a majority of our board of directors as a public company within one year of listing.

Our board of directors has undertaken a review of its composition, the composition of its committees and the independence of each director. Based upon information requested from and provided by each director concerning his or her background, employment and affiliations, including family relationships, our board of directors has determined that all of our directors except Dan Wernikoff and , representing of our nine directors, do not have any relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under the applicable rules and regulations of the U.S. Securities and Exchange Commission, or the SEC, and the listing requirements of the . Our board of directors has determined that Dan Wernikoff, by virtue of his position as our Chief Executive Officer, as well as , are not independent under applicable rules and regulations of the SEC and . In making this determination, our board of directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our board of directors deemed relevant in determining their independence, including the beneficial ownership of our shares by each non-employee director.

Lead Independent Director

Our board of directors is currently chaired by Jeffrey Stibel. Our corporate governance guidelines provide that, if the chairperson of the board is a member of management or does not otherwise qualify as independent, the independent directors of the board may or may not elect a lead independent director. Our board of directors has appointed as our lead independent director, effective upon completion of this offering. The lead independent director's responsibilities include, but are not limited to: presiding over all meetings of the board of directors at which the chairperson is not present, including any executive sessions of the independent directors; acting as the liaison between the independent directors and the chief executive officer and chairperson of the board of directors; and such additional duties as our board of directors may otherwise delegate. Our corporate governance guidelines further provide the flexibility for our board of directors to modify our leadership structure in the future, as it deems appropriate.

Board Committees

Our board of directors established a compensation committee and will establish an audit committee and a nominating and corporate governance committee prior to the completion of this offering. Our board of directors may establish other committees to facilitate the management of our business. The composition and functions of each committee are described below. Members serve on these committees until their resignation or until otherwise determined by our board of directors. Each committee has adopted a written charter that satisfies the applicable rules and regulations of the SEC and , which we will post on our corporate website upon completion of this offering.

Audit committee

The audit committee is responsible for assisting our board of directors in its oversight of the integrity of our financial statements, the qualifications and independence of our independent auditors and our internal financial and accounting controls. The audit committee has direct responsibility for the appointment, compensation, retention (including termination) and oversight of our independent auditors, and our independent auditors report directly to the audit committee. The audit committee also prepares the audit committee report that the SEC requires to be included in our annual proxy statement.

Our audit committee consists of , and . Our board of directors has determined that all members are independent under the and Rule 10A-3(b)(1) of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The chair of our audit committee is . Our board of directors has determined that is an "audit committee financial expert" as such term is currently defined in Item 407(d)(5) of Regulation S-K. Our board of directors has also determined that each member of our audit committee can read and understand fundamental financial statements, in accordance with applicable

requirements. In arriving at these determinations, the board of directors has examined each audit committee member's scope of experience and the nature of their employment in the corporate finance sector.

Compensation committee

The compensation committee approves our compensation objectives, the compensation of the chief executive officer and approves, or recommends to our board of directors for approval, the compensation for other executives. The compensation committee reviews all compensation components, including base salary, bonus, benefits and other perquisites.

Our compensation committee consists of , and . Our board of directors has determined that all members are independent under and are "non-employee directors" as defined in Rule 16b-3 promulgated under the Exchange Act. The chair of our compensation committee is .

Nominating and corporate governance committee

The nominating and corporate governance committee makes recommendations regarding corporate governance, the composition of our board of directors, identification, evaluation and nomination of director candidates and the structure and composition of committees of our board of directors. In addition, the nominating and corporate governance committee is responsible for developing and recommending corporate governance guidelines to our board of directors, as applicable.

Our nominating and corporate governance committee consists of , and . The chair of our nominating and corporate governance committee is . Each member of the nominating and corporate governance committee is a non-employee director within the meaning of Rule 16b-3 of the rules promulgated under the Exchange Act, an independent director as defined by and is free from any relationship that would interfere with the exercise of his or her independent judgment, as determined by the board of directors in accordance with the applicable .

Compensation Committee Interlocks and Insider Participation

None of the members of the compensation committee is currently, or has been at any time, one of our executive officers or employees. None of our executive officers currently serves, or has served during the last year, as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or on our compensation committee.

Code of Business Conduct and Ethics

In connection with this offering, we intend to adopt a written code of business conduct and ethics that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer or controller, or persons performing similar functions, and agents and representatives. The full text of our code of business conduct and ethics will be posted on our corporate website upon completion of this offering. The nominating and corporate governance committee of our board of directors will be responsible for overseeing our code of business conduct and ethics and any waivers applicable to any director, executive officer or employee. We intend to disclose future amendments to certain provisions of our code of business conduct and ethics, or waivers of such provisions applicable to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, and agents and representatives, on our corporate website.

Limitations of Liability and Indemnification Matters

Our amended and restated certificate of incorporation, which will become effective immediately after the completion of this offering, and our amended and restated bylaws, which will become effective immediately

prior to completion of this offering, limits our directors' liability, and may indemnify our directors and officers to the fullest extent permitted under Delaware General Corporation Law, or the DGCL. The DGCL provides that directors of a corporation will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except for liability for any:

- transaction from which the director derives an improper personal benefit;
- act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- unlawful payment of dividends or redemption of shares; or
- breach of a director's duty of loyalty to the corporation or its stockholders.

These limitations of liability do not apply to liabilities arising under federal securities laws and do not affect the availability of equitable remedies such as injunctive relief or recession.

The DGCL and our amended and restated bylaws provide that we will, in certain situations, indemnify our directors and officers and may indemnify other employees and other agents, to the fullest extent permitted by law. Any indemnified person is also entitled, subject to certain limitations, to advancement, direct payment or reimbursement of reasonable expenses (including attorneys' fees and disbursements) in advance of the final disposition of the proceeding.

In addition, we have entered, and intend to continue to enter, into separate indemnification agreements with some of our directors and officers. These indemnification agreements, among other things, require us to indemnify our directors and officers for certain expenses, including attorneys' fees, judgments, fines and settlement amounts incurred by a director or officer in any action or proceeding arising out of their services as a director or officer, or any other company or enterprise to which the person provides services at our request.

We maintain a directors' and officers' insurance policy pursuant to which our directors and officers are insured against liability for actions taken in their capacities as directors and officers. We believe that these provisions in our amended and restated certificate of incorporation and amended and restated bylaws and these indemnification agreements are necessary to attract and retain qualified persons as directors and officers.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, or the Securities Act, may be permitted to directors, officers or control persons, in the opinion of the SEC, such indemnification is against public policy, as expressed in the Securities Act and is therefore unenforceable.

EXECUTIVE AND DIRECTOR COMPENSATION

Our named executive officers for 2020, which consist of our principal executive officer and the two other most highly compensated executive officers, are:

- Dan Wernikoff, Chief Executive Officer and Director;
- Shrisha Radhakrishna, Chief Technology Officer; and
- Noel Watson, Chief Financial Officer and Treasurer.

The following tables and narrative address and explain the compensation provided to our named executive officers in 2020.

Summary Compensation Table

Name and Principal Position	Year	Salary ($)(1)	Bonus ($)	Stock Awards ($)(2)	Option Awards ($)(3)	Total ($)
Dan Wernikoff *Chief Executive Officer and Director*	2020	800,000	250,000(4)	—	3,401,916	4,451,916
Shrisha Radhakrishna(5) *Chief Technology Officer*	2020	136,923	93,000(4)	4,000,000	—	4,222,923
Noel Watson(6) *Chief Financial Officer*	2020	57,115	300,000(7)	5,000,000	—	5,357,115

(1) Salary amounts represent actual amounts earned during 2020. See the section titled "—Narrative to the Summary Compensation Table—Annual base salary" below.
(2) Amounts reported represent the aggregate grant-date fair value of awards granted to our named executive officers during 2020 under our 2016 Plan, computed in accordance with FASB ASC Topic 718 *Compensation—Stock Compensation*, or ASC 718, without consideration to the probability of achieving the performance condition. The assumptions used in calculating the grant-date fair value of the stock-based awards reported in this column are set forth in the notes to our consolidated financial statements included elsewhere in this prospectus. This amount does not reflect the actual economic value that may be realized by the named executive officer. The RSU awards are eligible to vest as described in the table below titled "2020 Outstanding Equity Awards at Year-End."
(3) For Mr. Wernikoff, the amount reported represents the incremental fair value attributable to the repricing of stock options during 2020, computed as of the repricing date in accordance with ASC 718. For Mr. Radhakrishna and Mr. Watson, the amounts reported represent the aggregate grant-date fair value of the stock options granted to them during 2020 under our 2016 Plan, computed in accordance with ASC 718. Such stock options are subject to performance conditions and their grant-date fair value is based on the probable outcome of the performance conditions. The maximum grant-date fair value of the performance-based stock options granted to Mr. Radhakrishna and Mr. Watson during 2020 was $1.4 million and $1.3 million, respectively, which assumes the achievement of the highest level of the performance conditions. The assumptions used in calculating the grant-date fair value of the stock options reported in this column are set forth in the notes to our consolidated financial statements included elsewhere in this prospectus. This amount does not reflect the actual economic value that may be realized by the named executive officer.
(4) Bonus amounts represent actual amounts earned during 2020, but paid in 2021. See the section titled "—Narrative to the Summary Compensation Table—Annual discretionary bonus plan" below.
(5) Mr. Radhakrishna commenced his employment in August 2020.
(6) Mr. Watson commenced his employment in November 2020.
(7) Mr. Watson received a $300,000 signing bonus in 2020 in connection with the commencement of his employment.

Narrative to the Summary Compensation Table

Our board of directors reviews compensation annually for our named executive officers. In setting executive base salaries and bonuses and granting equity incentive awards, we consider compensation for comparable positions in the market, the historical compensation levels of our executives, individual performance as compared to our expectations and objectives, our desire to motivate our employees to achieve short- and long-term results that are in the best interests of our stockholders, and a long-term commitment to our company.

Our board of directors has historically determined our executive officers' compensation and has typically reviewed and discussed management's proposed compensation with our chief executive officer for all executives

other than our chief executive officer. Based on those discussions and its discretion, our full board of directors then reviews the compensation of each executive officer. Upon the completion of this offering, the compensation committee will determine our executive officers' compensation and follow this process, but the compensation committee itself, rather than our board of directors, will approve the compensation of each executive officer.

Annual base salary

Base salaries for our executive officers are initially established through arm's-length negotiations at the time of the executive officer's hiring, taking into account such executive officer's qualifications, experience, the scope of his or her responsibilities and competitive market compensation paid by other companies for similar positions within the industry and geography. Base salaries are reviewed annually, typically in connection with our annual performance review process, and adjusted from time to time to realign salaries with market levels after taking into account individual responsibilities, performance and experience. In making decisions regarding salary increases, we may also draw upon the experience of members of our board of directors with executives at other companies. The 2020 base salary for each of our named executive officers is as follows:

Name	Base Salary
Dan Wernikoff	$ 800,000
Shrisha Radhakrishna	$ 400,000
Noel Watson	$ 450,000

Annual discretionary bonus plan

From time to time, our board of directors or compensation committee may approve discretionary annual bonuses for our named executive officers based on individual performance, company performance or as otherwise determined appropriate. Our board of directors awarded discretionary annual cash bonuses to Mr. Wernikoff and Mr. Radhakrishna in 2020, based on the achievement of performance objectives determined by our board of directors. Mr. Radhakrishna's bonus was prorated based on his months of service in 2020. Mr. Watson was not eligible to receive a discretionary annual bonus in 2020.

Equity-based incentive awards

Our equity-based incentive awards are designed to align our interests and those of our stockholders with those of our employees, directors and consultants, including our named executive officers. At December 31, 2020, stock option awards and RSU awards were the only forms of equity awards we granted to our named executive officers.

We have historically used stock options as an incentive for long-term compensation to our named executive officers because they are able to profit from stock options only if our stock price increases relative to the stock option's exercise price, which exercise price is set at the fair market value of our common stock on the date of grant. However, more recently, we have used a combination of RSU awards and performance-based options to diversify the equity compensation we use to incentivize and deliver value to our named executive officers. We may grant equity awards at such times as our board of directors determines appropriate.

Prior to this offering, all of the equity awards we have granted were made pursuant to our 2016 Stock Incentive Plan, or 2016 Plan. Equity awards are currently outstanding under only our 2016 Plan. Following this offering, we will grant equity incentive awards under the terms of our 2021 Equity Incentive Plan, or 2021 Plan. The terms of our 2021 Plan and our equity plans governing outstanding equity awards are described below under "— Equity Incentive Plans."

All options are granted with an exercise price per share that is no less than the fair market value of our common stock on the date of grant of such award. In September 2020, our board of directors approved a stock

option repricing in which the strike price of certain stock options was modified to the strike price equal to the then-current per-share fair market value. Mr. Wernikoff participated in the repricing. Our stock option awards and RSU awards generally vest over a four-year period, and may be subject to acceleration of vesting and exercisability under certain termination and change in control events. We also have granted RSU awards and stock options that vest in accordance with performance conditions. See the section titled "—2020 Outstanding Equity Awards at Year-End" below for additional information.

Employee benefits and perquisites

We have generally not offered special benefits to our named executive officers. Further details on these benefits are described in footnotes to the "—Summary Compensation Table." We also provide 401(k) matching contributions as discussed in the "—Health and Welfare and Retirement Benefits —401(k) Plan" section below. Our named executive officers are eligible to participate in the 401(k) plan on the same basis as our other employees, but none of our named executive officers had matching contributions in 2020.

2020 Outstanding Equity Awards at Year-End

The following table provides information regarding the outstanding equity awards held by our named executive officers as of December 31, 2020. All awards were granted pursuant to the 2016 Plan. See the section titled "—Equity Incentive Plans—2016 Stock Incentive Plan" below for additional information.

	Option Awards					Stock Awards	
Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)(2)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(7)
Dan Wernikoff	9/19/2019(1)	906,984	2,720,952(3)	9.82	9/19/2029	—	—
	9/19/2019(1)	—	3,627,936(4)	9.82	9/19/2029	—	—
Shrisha Radhakrishna	9/23/2020	—	763,747(5)	9.82	9/23/2030	—	—
	—	—	—	—	—	407,332(6)	4,684,318
Noel Watson	11/18/2020	—	763,747(5)	9.82	11/18/2030	—	—
	—	—	—	—	—	509,165(6)	5,855,398

(1) On September 23, 2020, this option award was repriced and the strike price was modified to the strike price consummate with the then-current per-share fair market value.

(2) All of the option awards were granted with a per share exercise price equal to the fair market value of one share of our common stock on the date of grant, or date of modification, as determined in good faith by our board of directors or compensation committee.

(3) 25% of the total shares of common stock underlying this option vested on October 1, 2020, and then the remaining 75% will vest in equal quarterly installments over the three years following October 1, 2020, subject to continued service through each applicable vesting date. Immediately prior to, but contingent on, a "change in control", the option will vest with respect to 50% of the then unvested shares subject to the option. In addition, if we terminate Mr. Wernikoff's employment without "cause" or Mr. Wernikoff resigns for "good reason," then, if Mr. Wernikoff timely executes and does not revoke a general release of claims against us and our affiliates, Mr. Wernikoff will be eligible to receive 12 months accelerated vesting of the option, except, if the termination occurs within 24 months following a "change in control," then the option will vest in full.

(4) Subject to optionee's continuous service as of the vesting date, the total shares of common stock underlying this option vest immediately prior to, but conditioned on the closing of, a "liquidity event" on an interpolated linear basis starting at 0% of the option vesting in the event of a per share common stock valuation at the time of the "liquidity event" equal to $19.64, and ending at 100% of the option vesting in the event of a per share common stock valuation at the time of the "liquidity event" equal to or greater than $29.46 . The vesting thresholds are subject to adjustment in the event of dividends, distributions, or subsequent investments.

(5) Subject to optionee's continuous service as of the vesting date, award vests immediately prior to, but conditioned on, a "liquidity event", on an interpolated linear basis starting at 0% at a per share common stock valuation equal to $19.64 per share and ending at 100% of the options vested at a per share common stock valuation equal to or greater than $29.46 per share (i.e., the valuation implied by the transaction in the case of a "change in control", and the underwriters' price in the case of a "Public Trading Date." The vesting thresholds are subject to adjustment in the event of dividends, distributions, or subsequent investments.

(6) The restricted stock units will vest only if both a service-based condition and a liquidity event condition are satisfied prior to the expiration date. The service-based condition will be satisfied as follows: 25% of the award meeting the service-based requirement on the first anniversary of the vesting commencement date, and the remainder of the award meeting the service-based requirement in 12 equal quarterly installments thereafter, subject to continuous service as of the vesting date. In the event that the named executive officer's employment is terminated without "cause" or the named executive officer resigns for "good reason," then 100% of the restricted stock units will be deemed to have met the service-based requirement. In the case of Mr. Watson only, in the event of a "liquidity event," 25% of the restricted stock units will vest. The liquidity event requirement will be satisfied as of the occurrence of a liquidity event.

(7) This amount reflects the fair market value of our common stock of $11.50 per share as of December 31, 2020 as determined by our compensation committee.

Executive Employment Agreements

Each of our named executive officers has executed our standard form of confidential information and employee invention assignment agreement.

Agreement with Dan Wernikoff

Prior to the completion of this offering, we may enter into an amended and restated employment agreement with Dan Wernikoff, our Chief Executive Officer. The amended and restated employment agreement will have no specific term and will provide that Mr. Wernikoff is an at-will employee. Mr. Wernikoff's current annual base salary is $800,000.

Agreement with Shrisha Radhakrishna

Prior to the completion of this offering, we may enter into an amended and restated employment agreement with Shrisha Radhakrishna, our Chief Technology Officer. The amended and restated employment agreement will have no specific term and will provide that Mr. Radhakrishna is an at-will employee. Mr. Radhakrishna's current annual base salary is $400,000, and Mr. Radhakrishna is eligible for a discretionary target annual bonus opportunity equal to 50% of annual base salary, based on the achievement of performance objectives determined by our board of directors (or its compensation committee).

Agreement with Noel Watson

Prior to the completion of this offering, we may enter into an amended and restated employment agreement with Noel Watson, our Chief Financial Officer. The amended and restated employment agreement will have no specific term and will provide that Mr. Watson is an at-will employee. Mr. Watson's current annual base salary is $450,000, and Mr. Watson is eligible for a discretionary target annual bonus opportunity equal to 50% of annual base salary, based on the achievement of performance objectives determined by our board of directors (or its compensation committee).

Potential Payments and Benefits upon Termination or Change in Control

We expect our named executive officers will be eligible to receive potential termination or change of control payments pursuant to the amended and restated employment agreements that we expect to enter into with our named executive officers prior to the completion of this offering. In addition, our named executive officers are eligible for vesting acceleration benefits with respect to certain of their equity awards as described in "—2020 Outstanding Equity Awards at Year-End."

Health and Welfare and Retirement Benefits

All of our current named executive officers are eligible to participate in our employee benefit plans, including our medical, dental and vision insurance plans, in each case on the same basis as all of our other employees. We generally do not provide perquisites or personal benefits to our named executive officers, except in limited circumstances.

401(k) plan

Our named executive officers are eligible to participate in a defined contribution retirement plan that provides eligible U.S. employees with an opportunity to save for retirement on a tax advantaged basis. Eligible employees may elect to defer up to 80% of their eligible compensation into the plan on a pre-tax basis, up to annual limits prescribed by the Code, and we make an employer matching contribution to the plan in the amount equal to 100% of the first 4% of eligible compensation that eligible employees defer each year. In general, eligible compensation for purposes of the 401(k) retirement savings plan includes an employee's wages, salaries, fees for professional services and other amounts received for personal services actually rendered in the course of employment with us to the extent the amounts are includible in gross income, and subject to certain adjustments and exclusions required under the Code.

Equity Incentive Plans

2021 Equity Incentive Plan

In , our board of directors adopted, and our stockholders approved, our 2021 Equity Incentive Plan, or 2021 Plan. We expect our 2021 Plan will become effective on the date of the underwriting agreement related to this offering. Our 2021 Plan came into existence upon its adoption by our board of directors, but no grants will be made under our 2021 Plan prior to its effectiveness. Once our 2021 Plan becomes effective, no further grants will be made under our 2016 Plan.

Awards. Our 2021 Plan provides for the grant of incentive stock options, or ISOs, within the meaning of Section 422 of the Code, to our employees and our parent and subsidiary corporations' employees, and for the grant of nonstatutory stock options, or NSOs, stock appreciation rights, restricted stock awards, RSU awards, performance awards and other forms of awards to our employees, directors and consultants and any of our affiliates' employees and consultants.

Authorized shares. Initially, the maximum number of shares of our common stock that may be issued under our 2021 Plan after it becomes effective will not exceed shares of our common stock, which is the sum of (i) new shares, plus (ii) an additional number of shares not to exceed shares, consisting of (a) shares that remain available for the issuance of awards under our 2016 Plan as of immediately prior to the time our 2021 Plan becomes effective and (b) any shares of our common stock subject to outstanding stock options or other stock awards granted under our 2016 Plan that, on or after our 2021 Plan becomes effective, terminate or expire prior to exercise or settlement; are not issued because the award is settled in cash; are forfeited because of the failure to vest; or are reacquired or withheld (or not issued) to satisfy a tax withholding obligation or the purchase or exercise price. In addition, the number of shares of our common stock reserved for issuance under our 2021 Plan will automatically increase on January 1 of each year for a period of ten years, beginning on January 1, 2022 and continuing through January 1, 2031, in an amount equal to (1) % of the total number of shares of our common stock outstanding on December 31 of the immediately preceding year, or (2) a lesser number of shares determined by our board of directors no later than December 31 of the immediately preceding year. The maximum number of shares of our common stock that may be issued on the exercise of ISOs under our 2021 Plan is shares.

Shares subject to stock awards granted under our 2021 Plan that expire or terminate without being exercised in full or that are paid out in cash rather than in shares will not reduce the number of shares available for issuance under our 2021 Plan. Shares withheld under a stock award to satisfy the exercise, strike or purchase price of a stock award or to satisfy a tax withholding obligation will not reduce the number of shares available for issuance under our 2021 Plan. If any shares of our common stock issued pursuant to a stock award are forfeited back to or repurchased or reacquired by us (i) because of a failure to meet a contingency or condition required for the vesting of such shares; (ii) to satisfy the exercise, strike or purchase price of a stock award; or (iii) to satisfy a tax withholding obligation in connection with a stock award, the shares that are forfeited or repurchased or reacquired will revert to and again become available for issuance under our 2021 Plan.

Plan administration. Our board of directors, or a duly authorized committee of our board of directors, administers our 2021 Plan. Our board of directors may delegate to one or more of our officers the authority to (i) designate employees (other than officers) to receive specified stock awards; and (ii) determine the number of shares subject to such stock awards. Under our 2021 Plan, our board of directors has the authority to determine stock award recipients, the types of stock awards to be granted, grant dates, the number of shares subject to each stock award, the fair market value of our common stock, and the provisions of each stock award, including the period of exercisability and the vesting schedule applicable to a stock award.

Under our 2021 Plan, our board of directors also generally has the authority to effect, with the consent of any materially adversely affected participant, (i) the reduction of the exercise, purchase, or strike price of any outstanding option or stock appreciation right; (ii) the cancellation of any outstanding option or stock appreciation right and the grant in substitution therefore of other awards, cash, or other consideration; or (iii) any other action that is treated as a repricing under generally accepted accounting principles.

Stock options. ISOs and NSOs are granted under stock option agreements adopted by the administrator. The administrator determines the exercise price for stock options, within the terms and conditions of our 2021 Plan, except the exercise price of a stock option generally will not be less than 100% of the fair market value of our common stock on the date of grant. Options granted under our 2021 Plan will vest at the rate specified in the stock option agreement as determined by the administrator.

The administrator determines the term of stock options granted under our 2021 Plan, up to a maximum of 10 years. Unless the terms of an optionholder's stock option agreement, or other written agreement between us and the optionholder, provide otherwise, if an optionholder's service relationship with us or any of our affiliates ceases for any reason other than disability, death, or cause, the optionholder may generally exercise any vested options for a period of three months following the cessation of service. This period may be extended in the event that exercise of the option is prohibited by applicable securities laws. If an optionholder's service relationship with us or any of our affiliates ceases due to death, or an optionholder dies within a certain period following cessation of service, the optionholder or a beneficiary may generally exercise any vested options for a period of 18 months following the date of death. If an optionholder's service relationship with us or any of our affiliates ceases due to disability, the optionholder may generally exercise any vested options for a period of 12 months following the cessation of service. In the event of a termination for cause, options generally terminate upon the termination date. In no event may an option be exercised beyond the expiration of its term.

Acceptable consideration for the purchase of common stock issued upon the exercise of a stock option will be determined by the administrator and may include: (i) cash, check, bank draft or money order; (ii) a broker-assisted cashless exercise; (iii) the tender of shares of our common stock previously owned by the optionholder; (iv) a net exercise of the option if it is an NSO; or (v) other legal consideration approved by the administrator.

Unless the administrator provides otherwise, options or stock appreciation rights generally are not transferable except by will or the laws of descent and distribution. Subject to approval of the administrator or a duly authorized officer, an option may be transferred pursuant to a domestic relations order, official marital settlement agreement, or other divorce or separation instrument.

Tax limitations on ISOs. The aggregate fair market value, determined at the time of grant, of our common stock with respect to ISOs that are exercisable for the first time by an award holder during any calendar year under all of our stock plans may not exceed $100,000. Options or portions thereof that exceed such limit will generally be treated as NSOs. No ISO may be granted to any person who, at the time of the grant, owns or is deemed to own stock possessing more than 10% of our total combined voting power or that of any of our parent or subsidiary corporations unless (i) the option exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant; and (ii) the term of the ISO does not exceed five years from the date of grant.

Restricted stock unit awards. Restricted stock unit awards are granted under restricted stock unit award agreements adopted by the administrator. Restricted stock unit awards may be granted in consideration for any form of legal consideration that may be acceptable to our board of directors and permissible under applicable law. A restricted stock unit award may be settled by cash, delivery of stock, a combination of cash and stock as deemed appropriate by the administrator, or in any other form of consideration set forth in the restricted stock unit award agreement. Additionally, dividend equivalents may be credited in respect of shares covered by a restricted stock unit award. Except as otherwise provided in the applicable award agreement, or other written agreement between us and the recipient, restricted stock unit awards that have not vested will be forfeited once the participant's continuous service ends for any reason.

Restricted stock awards. Restricted stock awards are granted under restricted stock award agreements adopted by the administrator. A restricted stock award may be awarded in consideration for cash, check, bank draft or money order, past or future services to us, or any other form of legal consideration that may be acceptable to our board of directors and permissible under applicable law. The administrator determines the terms and conditions of restricted stock awards, including vesting and forfeiture terms. If a participant's service relationship with us ends for any reason, we may receive any or all of the shares of common stock held by the participant that have not vested as of the date the participant terminates service with us through a forfeiture condition or a repurchase right.

Stock appreciation rights. Stock appreciation rights are granted under stock appreciation right agreements adopted by the administrator. The administrator determines the purchase price or strike price for a stock appreciation right, which generally will not be less than 100% of the fair market value of our common stock on the date of grant. A stock appreciation right granted under our 2021 Plan will vest at the rate specified in the stock appreciation right agreement as determined by the administrator. Stock appreciation rights may be settled in cash or shares of our common stock or in any other form of payment as determined by our board of directors and specified in the stock appreciation right agreement.

The administrator determines the term of stock appreciation rights granted under our 2021 Plan, up to a maximum of 10 years. If a participant's service relationship with us or any of our affiliates ceases for any reason other than cause, disability, or death, the participant may generally exercise any vested stock appreciation right for a period of three months following the cessation of service. This period may be further extended in the event that exercise of the stock appreciation right following such a termination of service is prohibited by applicable securities laws. If a participant's service relationship with us, or any of our affiliates, ceases due to disability or death, or a participant dies within a certain period following cessation of service, the participant or a beneficiary may generally exercise any vested stock appreciation right for a period of 12 months in the event of disability and 18 months in the event of death. In the event of a termination for cause, stock appreciation rights generally terminate upon the termination date. In no event may a stock appreciation right be exercised beyond the expiration of its term.

Performance awards. Our 2021 Plan permits the grant of performance awards that may be settled in stock, cash or other property. Performance awards may be structured so that the stock or cash will be issued or paid only following the achievement of certain pre-established performance goals during a designated performance period. Performance awards that are settled in cash or other property are not required to be valued in whole or in part by reference to, or otherwise based on, our common stock.

The performance goals may be based on any measure of performance selected by our board of directors. The performance goals may be based on company-wide performance or performance of one or more business units, divisions, affiliates, or business segments, and may be either absolute or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise by our board of directors at the time the performance award is granted, our board will appropriately make adjustments in the method of calculating the attainment of performance goals as follows: (i) to exclude restructuring or other nonrecurring charges; (ii) to exclude exchange rate effects; (iii) to exclude

the effects of changes to generally accepted accounting principles; (iv) to exclude the effects of any statutory adjustments to corporate tax rates; (v) to exclude the effects of items that are "unusual" in nature or occur "infrequently" as determined under generally accepted accounting principles; (vi) to exclude the dilutive effects of acquisitions or joint ventures; (vii) to assume that any business divested by us achieved performance objectives at targeted levels during the balance of a performance period following such divestiture; (viii) to exclude the effect of any change in the outstanding shares of our common stock by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common stockholders other than regular cash dividends; (ix) to exclude the effects of stock based compensation and the award of bonuses under our bonus plans; (x) to exclude costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under generally accepted accounting principles; and (xi) to exclude the goodwill and intangible asset impairment charges that are required to be recorded under generally accepted accounting principles.

Other stock awards. The administrator may grant other awards based in whole or in part by reference to our common stock. The administrator will set the number of shares under the stock award (or cash equivalent) and all other terms and conditions of such awards.

Non-employee director compensation limit. The aggregate value of all compensation granted or paid to any non-employee director with respect to any calendar year, including awards granted and cash fees paid by us to such non-employee director, will not exceed $ in total value, except such amount will increase to $ for the first year for newly appointed or elected non-employee directors.

Changes to capital structure. In the event there is a specified type of change in our capital structure, such as a stock split, reverse stock split, or recapitalization, appropriate adjustments will be made to (i) the class and maximum number of shares reserved for issuance under our 2021 Plan, (ii) the class and maximum number of shares by which the share reserve may increase automatically each year, (iii) the class and maximum number of shares that may be issued on the exercise of ISOs, and (iv) the class and number of shares and exercise price, strike price, or purchase price, if applicable, of all outstanding stock awards.

Corporate transactions. In the event of a corporate transaction (as defined in the 2021 Plan), unless otherwise provided in a participant's stock award agreement or other written agreement with us or one of our affiliates or unless otherwise expressly provided by the administrator at the time of grant, any stock awards outstanding under our 2021 Plan may be assumed, continued or substituted for by any surviving or acquiring corporation (or its parent company), and any reacquisition or repurchase rights held by us with respect to the stock award may be assigned to the successor (or its parent company). If the surviving or acquiring corporation (or its parent company) does not assume, continue or substitute for such stock awards, then (i) with respect to any such stock awards that are held by participants whose continuous service has not terminated prior to the effective time of the corporate transaction, or current participants, the vesting (and exercisability, if applicable) of such stock awards will be accelerated in full (or, in the case of performance awards with multiple vesting levels depending on the level of performance, vesting will accelerate at 100% of the target level) to a date prior to the effective time of the corporate transaction (contingent upon the effectiveness of the corporate transaction), and such stock awards will terminate if not exercised (if applicable) at or prior to the effective time of the corporate transaction, and any reacquisition or repurchase rights held by us with respect to such stock awards will lapse (contingent upon the effectiveness of the corporate transaction); and (ii) any such stock awards that are held by persons other than current participants will terminate if not exercised (if applicable) prior to the effective time of the corporate transaction, except that any reacquisition or repurchase rights held by us with respect to such stock awards will not terminate and may continue to be exercised notwithstanding the corporate transaction.

In the event a stock award will terminate if not exercised prior to the effective time of a corporate transaction, the administrator may provide, in its sole discretion, that the holder of such stock award may not exercise such stock award but instead will receive a payment equal in value to the excess (if any) of (i) the value

of the property the participant would have received upon the exercise of the stock award, over (ii) any per share exercise price payable by such holder, if applicable. In addition, any escrow, holdback, earn out or similar provisions in the definitive agreement for the corporate transaction may apply to such payment to the same extent and in the same manner as such provisions apply to the holders of our common stock.

Change in control. Stock awards granted under our 2021 Plan may be subject to acceleration of vesting and exercisability upon or after a change in control (as defined in the 2021 Plan) as may be provided in the applicable stock award agreement or in any other written agreement between us or any affiliate and the participant, but in the absence of such provision, no such acceleration will automatically occur.

Plan amendment or termination. Our board of directors has the authority to amend, suspend, or terminate our 2021 Plan at any time, provided that such action does not materially impair the existing rights of any participant without such participant's written consent. Certain material amendments also require the approval of our stockholders. No ISOs may be granted after the tenth anniversary of the date our board of directors adopted our 2021 Plan. No stock awards may be granted under our 2021 Plan while it is suspended or after it is terminated.

2021 Employee Stock Purchase Plan

In , our board of directors adopted, and our stockholders approved, our 2021 Employee Stock Purchase Plan, or ESPP. Our ESPP will become effective immediately prior to and contingent upon the date of the underwriting agreement related to this offering. The purpose of our ESPP is to secure the services of new employees, to retain the services of existing employees, and to provide incentives for such individuals to exert maximum efforts toward our success and that of our affiliates. Our ESPP includes two components. One component is designed to allow eligible U.S. employees to purchase our common stock in a manner that may qualify for favorable tax treatment under Section 423 of the Code. The other component permits the grant of purchase rights that do not qualify for such favorable tax treatment in order to allow deviations necessary to permit participation by eligible employees who are foreign nationals or employed outside of the U.S. while complying with applicable foreign laws.

Share reserve. Our ESPP authorizes the issuance of shares of our common stock under purchase rights granted to our employees or to employees of any of our designated affiliates. The number of shares of our common stock reserved for issuance will automatically increase on January 1 of each year for a period of ten years, beginning on January 1, 2022 and continuing through January 1, 2031, by the lesser of (i) % of the total number of shares of our common stock outstanding on December 31 of the immediately preceding year; and (ii) shares, except before the date of any such increase, our board of directors may determine that such increase will be less than the amount set forth in clauses (i) and (ii).

Administration. Our board of directors administers our ESPP and may delegate its authority to administer our ESPP to our compensation committee. Our ESPP is implemented through a series of offerings under which eligible employees are granted purchase rights to purchase shares of our common stock on specified dates during such offerings. Under our ESPP, our board of directors may specify offerings with durations of not more than 27 months and to specify shorter purchase periods within each offering. Each offering will have one or more purchase dates on which shares of our common stock will be purchased for employees participating in the offering. Our ESPP provides that an offering may be terminated under certain circumstances.

Payroll deductions. Generally, all regular employees, including executive officers, employed by us or by any of our designated affiliates, may participate in our ESPP and to contribute, normally through payroll deductions, up to 15% of their earnings (as defined in our ESPP) for the purchase of our common stock under our ESPP. Unless otherwise determined by our board of directors, common stock will be purchased for the accounts of employees participating in our ESPP at a price per share that is not less than the lesser of (i) 85% of the fair market value of a share of our common stock on the first day of an offering; or (ii) 85% of the fair market value of a share of our common stock on the date of purchase.

Limitations. Employees may have to satisfy one or more of the following service requirements before participating in our ESPP, as determined by our board of directors: (i) being customarily employed for more than 20 hours per week; (ii) being customarily employed for more than five months per calendar year; or (iii) continuous employment with us or one of our affiliates for a period of time (not to exceed two years). No employee may purchase shares under our ESPP at a rate in excess of $25,000 worth of our common stock (based on the fair market value per share of our common stock at the beginning of an offering) for each calendar year such a purchase right is outstanding. Finally, no employee will be eligible for the grant of any purchase rights under our ESPP if immediately after such rights are granted, such employee has voting power over 5% or more of our outstanding capital stock measured by vote or value under Section 424(d) of the Code.

Changes to capital structure. Our ESPP provides that in the event there occurs a change in our capital structure through such actions as a stock split, merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, liquidating dividend, combination of shares, exchange of shares, change in corporate structure, or similar transaction, our board of directors will make appropriate adjustments to: (i) the class(es) and maximum number of shares reserved under our ESPP; (ii) the class(es) and maximum number of shares by which the share reserve may increase automatically each year; (iii) the class(es) and number of shares subject to, and purchase price applicable to, outstanding offerings and purchase rights; and (iv) the class(es) and number of shares that are subject to purchase limits under ongoing offerings.

Corporate transactions. Our ESPP provides that in the event of a corporate transaction (as defined in the ESPP), any then-outstanding rights to purchase our common stock under our ESPP may be assumed, continued, or substituted for by any surviving or acquiring entity (or its parent company). If the surviving or acquiring entity (or its parent company) elects not to assume, continue, or substitute for such purchase rights, then the participants' accumulated payroll contributions will be used to purchase shares of our common stock within 10 business days before such corporate transaction, and such purchase rights will terminate immediately after such purchase.

Plan amendment or termination. Our board of directors has the authority to amend or terminate our ESPP, except in certain circumstances such amendment or termination may not materially impair any outstanding purchase rights without the holder's consent. We will obtain stockholder approval of any amendment to our ESPP as required by applicable law or listing requirements.

2016 Stock Incentive Plan

Our board of directors originally adopted the LegalZoom.com, Inc. 2007 Stock Option Plan, or 2007 Plan, on February 1, 2007 and such plan was approved by our stockholders in February 2007. On April 20, 2010, our board of directors amended and restated the 2007 Plan and renamed it the LegalZoom.com, Inc. 2010 Stock Incentive Plan, or 2010 Plan. On August 17, 2016, our board of directors amended and restated the 2010 Plan and renamed it the LegalZoom.com, Inc. 2016 Stock Incentive Plan, or 2016 Plan. Our 2016 Plan permits the grant of ISOs, NSOs, stock awards, RSUs, and stock appreciation rights. ISOs may be granted only to our employees and to any of our parent or subsidiary corporation's employees. All other awards may be granted to employees, directors and consultants of ours and to any of our parent or subsidiary corporation's employees or consultants. Our 2016 Plan will be terminated prior to the completion of this offering, and thereafter we will not grant any additional awards under our 2016 Plan. However, our 2016 Plan will continue to govern the terms and conditions of the outstanding awards previously granted thereunder.

Share reserve. At December 31, 2020, options to purchase 15,234,644 shares of our common stock with a weighted-average exercise price of $8.78 per share and RSUs covering 2,499,275 shares of our common stock were outstanding under our 2016 Plan, and 5,706,362 shares of our common stock remained available for future awards under our 2016 Plan.

Administration. Our board of directors or a committee delegated by our board of directors administers our 2016 Plan. Subject to the terms of our 2016 Plan, the administrator has the power to, among other things, determine who will be granted awards, to determine the terms and conditions of each award (including the number of shares subject to the award, the exercise price of the award, if any, and when the award will vest and, as applicable, become exercisable), to lower or reduce the exercise price of outstanding options, to accelerate the time(s) at which an award may vest or be exercised, and to construe and interpret the terms of our 2016 Plan and awards granted thereunder.

Option and restricted stock unit terms. Options and restricted stock units granted under our 2016 Plan are subject to terms and conditions generally similar to those described above with respect to options and restricted stock units that may be granted under our 2021 Plan, except vested options will generally remain exercisable following a participant ceasing to be a service provider other than for cause for 30 days (or 12 months in the case of death or disability) following such termination.

Capital structure changes. In the event of certain changes in our capital structure, such as a stock split or recapitalization, equitable and proportionate adjustments will be made to (i) the number and kind of shares with respect to which awards may be granted under our 2016 Plan, (ii) the number and kind of shares and price per share, if applicable, of all outstanding awards, and (iii) the number and kind of outstanding securities issued under our 2016 Plan. In addition, in the event of certain changes in our capital structure, the administrator will take certain other actions described in the 2016 Plan to the extent it determines such action is appropriate to prevent dilution or enlargement of the benefits or potential benefits intended by us to be made available under the 2016 Plan or with respect to any award granted under the 2016 Plan or to facilitate the applicable transaction or event.

Acquisition. Our 2016 Plan provides that in the event of an acquisition (as defined in the 2016 Plan), any surviving/acquiring corporation or entity (or affiliate thereof) may assume or substitute similar stock awards for, awards outstanding under our 2016 Plan. If awards are not assumed or substituted , then (1) awards held by participants in our 2016 Plan whose status as an employee, director, or consultant of ours has not terminated prior to such event will become fully vested and, as applicable, exercisable and all restrictions on such awards will lapse, and such awards will terminate if not exercised, as applicable, immediately prior to the closing of the acquisition, and (2) any other awards outstanding under our 2016 Plan will terminate if not exercised immediately prior to the closing of the acquisition.

Plan amendment or termination. Our board of directors may amend, alter, suspend or terminate our 2016 Plan at any time, subject to stockholder approval where such approval is required by applicable law. No amendment to our 2016 Plan may impair the rights of any award holder unless mutually agreed otherwise between the award holder and us. As discussed above, we will terminate our 2016 Plan prior to the completion of this offering and no new awards will be granted thereunder following such termination.

Non-Employee Director Compensation

We have not historically had a formal compensation policy with respect to service on our board of directors. However, we paid fees to certain of our non-employee directors for their service on our board of directors during 2020, as set forth in the table below, and we have reimbursed our non-employee directors for direct expenses incurred in connection with attending meetings of our board of directors or its committees, and occasionally granted stock options. We expect that our board of directors will adopt a director compensation policy for non-employee directors to be effective following the completion of this offering.

2020 director compensation table

The following table sets forth information regarding the compensation earned for service on our board of directors by our non-employee directors during 2020. Mr. Wernikoff also served on our board of directors, but

did not receive any additional compensation for his service as a director and therefore is not included in the table below. The compensation for Mr. Wernikoff as an executive officer is set forth above under "—Summary Compensation Table."

Name(1)	Fees Earned or Paid in Cash ($)	Total ($)
Jeffrey Stibel	75,000	75,000
Dipanjan "DJ" Deb	—	—
Khai Ha	—	—
Dipan Patel	—	—
Brian Ruder	—	—
Rob Singer	75,000	75,000
Christine Wang	—	—
David Yuan	—	—

(1) The following table provides information regarding the number of shares of common stock underlying stock options granted to our non-employee directors that were outstanding as of December 31, 2020.

Name	Option Awards Outstanding at Year-End (#)
Jeffrey Stibel	75,696(a)
Dipanjan "DJ" Deb	—
Khai Ha	—
Dipan Patel	—
Brian Ruder	—
Rob Singer	116,000
Christine Wang	—
David Yuan	—

(a) Includes an option to purchase 13,584 shares of common stock held by Bryant-Stibel Fund I, LLC.

Rule 10b5-1 Sales Plans

Our directors and executive officers may adopt written plans, known as Rule 10b5-1 plans, in which they will contract with a broker to buy or sell our common stock on a periodic basis. Under a Rule 10b5-1 plan, a broker executes trades pursuant to parameters established by the director or officer when entering into the plan, without further direction from them. The director or officer may amend a Rule 10b5-1 plan in some circumstances and may terminate a plan at any time. Our directors and executive officers also may buy or sell additional shares outside of a Rule 10b5-1 plan when they are not in possession of material nonpublic information subject to compliance with the terms of our insider trading policy. Prior to days after the date of this offering, subject to early termination, the sale of any shares under such plan would be prohibited by the lock-up agreement that the director or officer has entered into with the underwriters.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

The following includes a summary of transactions since January 1, 2018 and any currently proposed transactions, to which we were or are to be a participant, in which (1) the amount involved exceeded or will exceed $120,000, and (2) any of our directors, executive officers or holders of more than 5% of our capital stock, or any affiliate or member of the immediate family of the foregoing persons, had or will have a direct or indirect material interest, other than compensation and other arrangements that are described under the section titled “Executive and Director Compensation.”

We believe the terms obtained or consideration that we paid or received, as applicable, in connection with the transactions described below were comparable to terms available or the amounts that we would pay or receive, as applicable, in arm’s-length transactions.

Relationships with Bryant Stibel Growth, LLC and Jeffrey Stibel

Jeffrey Stibel, a member of our board of directors and a stockholder, is a partner of Bryant Stibel Growth, LLC, or BSG. In October 2017, we (1) issued to BSG and its affiliates 15,400,000 shares of common stock in consideration for services rendered by BSG, subject to certain forfeiture events as set forth in restricted stock award agreements, and (2) entered into the Services Agreement, pursuant to which BSG agreed to provide certain one-time consulting and other services to our board of directors and executive officers in exchange for a cash fee of $13.8 million, which we paid in March 2018. In November 2017, we amended the Services Agreement with BSG, which terminated on December 31, 2018. The cash fee was expensed over the service period in 2018. Additionally, in connection with this transaction, we entered into a side letter with BSG providing for secondary piggyback registration rights following this offering.

Secondary Sale Transactions

In August 2018, pursuant to two separate Common Stock Purchase Agreements, certain existing stockholders of LegalZoom sold shares of our common stock to new investors, which series of transactions we refer to as the Secondary Sale. We agreed to waive certain transfer restrictions in connection with the Secondary Sale. The shares of common stock were sold by our stockholders to the new investors at a price of $10.48 per share for an aggregate purchase price of approximately $500 million.

The table below sets forth the number of shares of our common stock sold by holders of more than 5% of our capital stock in the Secondary Sale and the approximate proceeds each stockholder received for the sale of such shares.

Name	Common Stock Sold (#)	Aggregate Proceeds ($)
LucasZoom, LLC(1)	38,903,036	407,703,817
Institutional Venture Partners XIII, L.P.	6,081,312	63,732,149
KPCB Holdings Inc., as nominee	2,725,224	28,560,348

(1) Dipan Patel and Brian Ruder are each a member of our board of directors and each serve as partners at subsidiaries of Permira Holdings Limited. Permira Holdings Limited is the ultimate controlling entity of the fund that indirectly owns LucasZoom, LLC, or LucasZoom.

The table below sets forth the number of shares of our common stock acquired by new investors who became holders of more than 5% of our capital stock as a result of the Secondary Sale and the approximate purchase price each stockholder paid for such shares.

Name	Common Stock Purchased (#)	Aggregate Purchase Price ($)
Entities affiliated with Francisco Partners(1)	28,625,744	299,997,797
GPI Capital Gemini HoldCo LP(2)	9,541,916	99,999,280

(1) Dipanjan Deb is a member of our board of directors and a member of the investment committee of Francisco Partners Management LP and may be deemed to beneficially own the shares held by entities affiliated with Francisco Partners. Christine Wang is a member of our board of directors and a principal at Francisco Partners.
(2) Khai Ha is a member of our board of directors and a member of the investment committee at GPI Capital, LLC and may be deemed to beneficially own the shares held by GPI Capital Gemini HoldCo LP.

Common Stock Financing

In August 2018, we entered into a Common Stock Purchase Agreement pursuant to which we agreed to issue and sell up to 23,854,980 shares of our common stock at a price of $10.48 per share to new investors, contingent upon the closing of a tender offer as described below. We refer to this transaction as the Common Stock Financing. Prior to the settlement of the tender offer, in October 2018, we issued and sold an aggregate of 18,430,684 shares of our common stock, pursuant to the Common Stock Financing for cash proceeds of $193.2 million.

The table below sets forth the number of shares of our common stock acquired by new investors who became holders of more than 5% of our capital stock as a result of the Common Stock Financing and the approximate purchase price such stockholder paid for such shares.

Name	Common Stock Purchased (#)	Aggregate Purchase Price ($)
Entities affiliated with TCV(1)	8,587,788	90,000,018

(1) David Yuan is a member of our board of directors and is a general partner at TCV and may be deemed to beneficially own the shares held by TCV and its affiliates.

Tender Offer

In September 2018, in connection with the Common Stock Financing, we launched an offer to purchase up to 23,854,980 shares of our common stock (including shares issuable upon exercise of vested stock options and the conversion of our redeemable convertible preferred stock) from certain of our eligible stockholders and optionholders at a price of $10.48 per share, less transaction costs, pursuant to an offer to purchase. We refer to this transaction as the Company Tender Offer.

The table below sets forth the number of shares of our common stock sold by our executive officers, directors, holders of more than 5% of our capital stock and their affiliated entities or immediate family members in the Company Tender Offer and the approximate proceeds, before transaction costs, each seller received for the sale of such shares. In October 2018, an aggregate of 18,430,684 shares of our capital stock were tendered pursuant to the Company Tender Offer and repurchased by us, including the shares sold by the individuals and entities in the table below.

Name	Common Stock Sold (#)	Proceeds ($)
John Suh(1)	1,130,000	11,842,400
Rob Singer(2)	76,000	796,480
Entities affiliated with BSG(3)	4,998,524	52,384,532
Jeffrey Stibel(4)	73,400	769,651
Chas Rampenthal(5)	104,684	1,097,088
Frank Monestere(6)	788,584	8,264,360
Peter Oey(7)	165,000	1,729,200
Sham Telang(8)	130,000	1,362,400
Craig Holt(9)	165,000	1,729,200
Dorian Quispe(10)	86,000	901,280
Nicolette Quispe(11)	43,000	450,640
Laura Goldberg(12)	70,000	733,600

(1) Mr. Suh was our Chief Executive Officer until October 1, 2019 and a member of our board of directors until September 19, 2019. Includes shares that were held by various estate planning trusts.
(2) Mr. Singer is a member of our board of directors.
(3) BSG is a holder of more than 5% of our capital stock. Mr. Stibel, a member of our board of directors, is the manager of Stibel Investments, LLC, which is a co-manager of Bryant-Stibel Fund I, LLC, or BS Fund, and the manager of Stibel & Company, which is the manager of Bryant Stibel Growth, or BSG.
(4) Mr. Stibel is a member of our board of directors.
(5) Mr. Rampenthal was our General Counsel until June 15, 2020.
(6) Mr. Monestere was our President until September 15, 2020. Includes shares that were held by irrevocable trusts for the benefit of Mr. Monestere's children.
(7) Mr. Oey was our Chief Financial Officer until March 13, 2020.
(8) Mr. Telang was our Chief Technology Officer and Chief Operating Officer until February 28, 2020.
(9) Mr. Holt was our Global Chief Product Officer until November 20, 2019.
(10) Mr. Quispe was our Chief Digital Officer until February 28, 2020. Includes shares that were held with Mr. Quispe's wife, Nicolette Quispe, through a joint tenancy with a right of survivorship.
(11) Ms. Quispe is the wife of Mr. Quispe, our former Chief Digital Officer.
(12) Ms. Goldberg was our Chief Marketing Officer until December 14, 2018.

John Suh Line of Credit

On September 19, 2019, John Suh, our former Chief Executive Officer, and his spouse entered into a $50,000,000 line of credit, or Suh Credit Line, with J.P. Morgan, or the Lender. The Suh Credit Line is to be repaid by the borrowers upon the initial public offering of our securities. As collateral security for the Suh Credit Line, (i) Mr. Suh and his spouse pledged to the Lender, pursuant to a Collateral Agreement dated September 19, 2019, among other things, their interests in a securities account held with the Lender holding up to $30,000,000 in marketable securities and 5,405,036 shares of our common stock, or the Pledged Stock, and (ii) LZ Financial Services, LLC, one of our wholly owned subsidiaries pledged to the Lender, pursuant to a Collateral Agreement dated September 19, 2019, $25,000,000 of cash, or Cash Collateral. Pursuant to a Letter Agreement by and among us, Mr. Suh, his spouse and LZ Financial Services LLC, or Side Letter, the parties agreed that if the Cash Collateral is applied to the obligations under the Suh Credit Line, Mr. Suh and his spouse will reimburse us the amount by which the Cash Collateral was applied to repay such obligations. In the event Mr. Suh and his spouse do not comply with this reimbursement obligation, we have, per the Side Letter (i) recourse to the Pledged Stock under a Pledge Agreement dated September 19, 2019 between us and Mr. Suh and his spouse pursuant to which

Mr. Suh and his spouse pledged to us their interests in the Pledged Stock and (ii) full recourse against any and all property of Mr. Suh and his spouse in certain other specific situations. Mr. Suh and his spouse's reimbursement obligations to us under the Side Letter and pledge of the Pledged Stock under the Pledge Agreement in our favor are subject to a subordination agreement dated September 19, 2019 with the Lender pursuant to which we agreed to subordinate such obligations and security interests to the Lender until Mr. Suh and his spouse's obligations under the Suh Credit Line are repaid in full. Additionally, the Side Letter provides that, prior to our initial public offering filing, Mr. Suh and his spouse have the right to sell to us up to $25,000,000 of LegalZoom common stock, including the Pledged Stock, at the fair market value of the shares as determined by our Board of Directors. We anticipate having sufficient availability under the restricted payments covenant of our 2018 Credit Agreement to make this repurchase if this option is exercised by Mr. Suh and his spouse.

Repurchase Agreement with Chas Rampenthal

In October 2020, we entered into a Stock Repurchase Agreement pursuant to which we agreed to repurchase 170,000 shares of our common stock at a price of $9.82 per share from Chas Rampenthal, our former General Counsel, for an aggregate purchase price of $1.7 million.

Investors' Rights, Management Rights, Voting and Co-Sale Agreements

In connection with our redeemable convertible preferred stock financing and as amended in connection with our Secondary Sale and Common Stock Financing, we entered into investors' rights, management rights, voting and right of first refusal and co-sale agreements containing registration rights, information rights, rights of first offer, voting rights and rights of first refusal, among other things, with certain holders of our capital stock. The holders of more than 5% of our capital stock that are party to these agreements are LucasZoom, Institutional Venture Partners XIII, L.P., KPCB Holdings, Inc., as nominee, GPI Capital Gemini HoldCo LP, the TCV entities, the BSG entities and entities affiliated with Francisco Partners.

These stockholder agreements will terminate upon the closing of this offering, except for the registration rights granted under our investors' rights agreement, which will terminate upon the earliest of: (1) the closing of a deemed liquidation event, as defined in our amended and restated certificate of incorporation, as currently in effect; (2) with respect to each stockholder, the date when such stockholder can sell all of its registrable shares without limitation during a three-month period without registration pursuant to Rule 144 of the Securities Act, or Rule 144, or another similar exemption under the Securities Act; and (3) five years after the completion this offering. For a description of the registration rights, see the section titled "Description of Capital Stock—Registration Rights."

Agreements with Dun & Bradstreet Credibility Corp.

In 2013, we entered into an amended and restated affiliate agreement, or the Affiliate Agreement, and an amended and restated small business resource agreement, or the Resource Agreement, with Dun & Bradstreet Credibility Corp., which was acquired by The Dun & Bradstreet Corporation, or Dun & Bradstreet, in 2015. Jeffrey Stibel, a member of our board of directors, was the president and chief executive officer of Dun & Bradstreet Credibility Corp. until the acquisition, at which time he became the Vice Chairman of Dun & Bradstreet, a position he held until March 2018. We submitted a letter of termination on July 12, 2020 and these agreements terminated on October 12, 2020, except for a twelve-month wind down period as required by the agreement. See Note 19 to our consolidated financial statements included elsewhere in this prospectus for additional information.

Other Transactions

We have entered into offer letter agreements with our executive officers that, among other things, provide for certain compensatory and change in control benefits, as well as severance benefits. For a description of these agreements with our named executive officers, see the section titled "Executive and Director Compensation—Executive Employment Agreements."

We have also granted stock options and RSUs to our executive officers and certain of our directors. For a description of these equity awards, see the section titled “Executive and Director Compensation.”

Indemnification Agreements

We have entered into indemnification agreements with certain of our current directors and executive officers, and intend to enter into new indemnification agreements with each of our current directors and executive officers before the completion of this offering. Our amended and restated certificate of incorporation and our amended and restated bylaws provide that we will indemnify our directors and officers to the fullest extent permitted under Delaware law. See the section titled “Management—Limitations of Liability and Indemnification Matters.”

Other than as described above under this section “Certain Relationships and Related Person Transactions,” since January 1, 2018, we have not entered into any transactions, nor are there any currently proposed transactions, between us and a related person where the amount involved exceeds, or would exceed, $120,000, and in which any related person had or will have a direct or indirect material interest. We believe the terms of the transactions described above were comparable to terms we could have obtained in arm’s length dealings with unrelated third parties.

Policies and Procedures for Related Person Transactions

Our current related party transactions policy, which was adopted in June 2017, does not permit our executive officers, directors, nominees for election as a director, beneficial owners of more than 5% of any class of our common stock and any members of the immediate family of any of the foregoing persons to enter into a related person transaction with us without the prior consent of our board of directors or a duly authorized committee of our board of directors, subject to certain pre-approved exceptions. In connection with this offering, we intend to adopt an amended written related party transactions policy that sets forth our procedures for the identification, review, consideration and approval or ratification of related party transactions. This amended policy will become effective upon the effectiveness of the registration statement of which this prospectus is a part. For purposes of this policy only, a “related person transaction” is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we and any related person are participants involving an amount that exceeds $120,000. Transactions involving compensation for services provided to us as an employee, consultant or director are not considered related-person transactions under this policy. A “related person” is any executive officer, director, nominee to become a director or a holder of more than 5% of our capital stock, or any affiliate or member of the immediate family of the foregoing.

Under the policy, where a transaction has been identified as a related-person transaction, management must present information regarding the proposed related-person transaction to our audit committee or, where review by our audit committee would be inappropriate due to a conflict of interest, to another independent body of our board of directors, for review. The presentation must include a description of, among other things, all of the parties, the direct and indirect interests of the related persons, the purpose of the transaction, the material facts, the benefits of the transaction to us and whether any alternative transactions are available, an assessment of whether the terms are comparable to the terms available from unrelated third parties and management’s recommendation. To identify related party transactions in advance, we rely on information supplied by our executive officers, directors and certain significant stockholders. In considering related-person transactions, our audit committee or another independent body of our board of directors takes into account the relevant available facts and circumstances including, but not limited to:

- the risks, costs and benefits to us;
- the impact on a director’s independence in the event the related person is a director, immediate family member of a director or an entity with which a director is affiliated;
- the terms of the transaction;

- the availability of other sources for comparable services or products; and
- the terms available to or from, as the case may be, unrelated third parties under the same or similar circumstances.

All of the transactions described in this section were entered into prior to the adoption of this amended policy. Our board of directors has historically reviewed and approved any transaction where a director or officer had a financial interest, including the transactions described above. Prior to approving such a transaction, the material facts as to a director's or officer's relationship or interest in the agreement or transaction were disclosed to our board of directors. Our board of directors considered this information when evaluating the transaction and in determining whether such transaction was fair to us and in the best interest of all our stockholders.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth, as of , 2021, information regarding beneficial ownership of our capital stock by:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of our common stock;
- each of our named executive officers;
- each of our directors;
- all of our executive officers and directors as a group; and
- each of the selling stockholders.

The percentage ownership information under the column titled "Before Offering" is based on shares of common stock outstanding as of , 2021 assuming the automatic conversion of all outstanding shares of our redeemable convertible preferred stock into an aggregate of 46,162,160 shares of common stock upon the completion of this offering. The percentage ownership information under the column titled "After Offering" is based on the sale of shares of common stock by us in this offering (assuming an initial public offering price of $ per share, the midpoint of the estimated price range set forth on the cover page of this prospectus). The percentage ownership information assumes no exercise of the underwriters' option to purchase additional shares from us and the selling stockholders.

Beneficial ownership is determined according to the rules of the SEC and generally means that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power of that security. In addition, the rules include shares of common stock issuable upon the exercise of stock options or warrants that are currently exercisable or exercisable within 60 days of , 2021. These shares are deemed to be outstanding and beneficially owned by the person holding those options or warrants for the purpose of computing the percentage ownership of that person, but they are not treated as outstanding for the purpose of computing the percentage ownership of any other person. The information contained in the following table does not necessarily indicate beneficial ownership for any other purpose. Unless otherwise indicated, the persons or entities identified in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them, subject to applicable community property laws.

Unless otherwise noted below, the address for each beneficial owner listed in the table below is c/o LegalZoom.com, Inc., 101 North Brand Boulevard, 11th Floor, Glendale, California 91203.

Name of Beneficial Owner	Number of Shares Beneficially Owned (#)	Number of Shares Offered Hereby (#)	Percentage of Shares Beneficially Owned	
			Before Offering (%)	After Offering (%)
5% Stockholders and Other Selling Stockholders				
LucasZoom, LLC(1)				
Entities affiliated with Francisco Partners(2)				
Entities affiliated with BSG(3)				
Institutional Venture Partners XIII, L.P.(4)				
KPCB Holdings, Inc., as Nominee(5)				
GPI Capital Gemini HoldCo LP(6)				
Entities affiliated with TCV(7)				
Named Executive Officers and Directors				
Dan Wernikoff(8)				
Shrisha Radhakrishna(9)				

Name of Beneficial Owner	Number of Shares Beneficially Owned (#)	Number of Shares Offered Hereby (#)	Percentage of Shares Beneficially Owned	
			Before Offering (%)	After Offering (%)
Noel Watson(10)				
Jeffrey Stibel(11)				
Dipanjan Deb(12)				
Khai Ha(13)				
Dipan Patel(14)				
Brian Ruder(15)				
Rob Singer(16)				
Christine Wang				
David Yuan				
All executive officers and directors as a group (15 persons)(17)				

* Represents beneficial ownership of less than 1%.

(1) Consists of (i) shares of common stock and (ii) shares of common stock issuable upon conversion of redeemable convertible preferred stock. LucaZoom S.A.R.L., a Luxembourg private company, or LZoom, is the sole member of LucasZoom. Permira V L.P.2 is the controlling shareholder of LZoom. Permira V L.P.2 acts through its general partner, Permira V GP L.P., which acts through its general partner, Permira V GP Limited. Permira V GP Limited's board of directors consists of Thomas Lister, Christopher Crozier, Alistair Boyle, Julie Preece, Simon Holden and Nigel Carey. Permira V GP Limited has indirect voting and investment power over the shares held by LucasZoom, LLC. The address for LucasZoom, LLC is 3000 Sand Hill Road, Building 1, Suite 170, Menlo Park, CA 94025.

(2) Consists of (i) shares of common stock held by FPLZ I, L.P. and (ii) shares of common stock held by FPLZ II, L.P., which are managed by Francisco Partners Management, L.P. Dipanjan Deb, a member of our board of directors, David Golob, Ezra Perlman Keith Geeslin, and Megan Karlen are members of Francisco Partners Management, L.P.'s investment committee and share voting and dispositive power over the shares held by FPLZ I, L.P. and FPLZ II, L.P. The address for the entities affiliated with Francisco Partners is One Letterman Drive, Building C—Suite 410, San Francisco, CA 94129.

(3) Consists of (i) shares of common stock held by BSG, (ii) shares of common stock held by Bryant Stibel Fund, I, LLC, and together with BSG, Bryant Stibel, and (iii) shares of common stock underlying stock options that are exercisable within 60 days of , 2021 held by Bryant Stibel Fund, I, LLC. Stibel & Company LLC is the manager of BSG. Jeffrey Stibel is the manager of Stibel & Company LLC and has sole voting and dispositive power over the shares held by BSG. Carbon Investments, LLC and Kobe Investments, LLC are the co-managers of BS Fund. Mr. Stibel, the manager of Carbon Investments, LLC, and Kobe Investments, LLC have shared voting and dispositive power over the shares held by Bryant Stibel Fund I, LLC. The address for Bryant Stibel is 22761 Pacific Coast Highway, Garden Level, Malibu, CA 90265.

(4) Consists of (i) shares of common stock and (ii) shares of common stock issuable upon conversion of redeemable convertible preferred stock. Institutional Venture Management XIII, LLC is the general partner of Institutional Venture Partners XIII, L.P., or IVP. Todd C. Chaffee, Norman A. Fogelsong, Stephen J. Harrick, J. Sanford Miller and Dennis B. Phelps are the managing directors of Institutional Venture Management XIII, LLC and share voting and dispositive power over the shares held by IVP. The address for these entities is c/o Institutional Venture Partners, 3000 Sand Hill Road, Building 2, Suite 250, Menlo Park, CA 94025.

(5) Consists of (i) shares of common stock held by KPCB Digital Growth Fund, LLC, or KPCB DGF, and (ii) shares of common stock held by KPCB Digital Growth Founders Fund, LLC, or KPCB DGF FF. All shares are held for convenience in the name of "KPCB Holdings, Inc., as nominee" for the accounts of such entities. The managing member of KPCB DGF and KPCB DGF FF is KPCB DGF Associates, LLC, or KPCB DGF Associates. L. John Doerr, Brook Byers, Mary Meeker, William "Bing" Gordon and Theodore E. Schlein, the managing members of KPCB DGF Associates, exercise shared voting and dispositive power over the shares held by KPCB DGF and KPCB DGF FF. Such managing members disclaim beneficial ownership of all shares held by KPCB DGF and KPCB DGF FF except to the extent of their pecuniary interest therein. The principal address for all entities and individuals affiliated with Kleiner Perkins Caufield & Byers is c/o Kleiner Perkins Caufield & Byers, LLC, 2750 Sand Hill Road, Menlo Park, CA 94025.

(6) Consists of shares of common stock held by GPI Capital Gemini HoldCo LP, or GPI. GPI Capital LLC is the sole member of GPI GP Limited, which is the general partner of GPI GP LP, which is the general partner of GPI. William T. Royan, Khai Ha, a member of our board of directors, Francois-Bernard Poulin and Aleksander Migon are members of the Investment Committee of GPI Capital, LLC and may be deemed to have shared voting, investment and dispositive power with respect to the shares held by GPI. The address for GPI is 437 Madison Avenue, 28th Floor, New York, NY 10022.

(7) Consists of (i) shares of common stock held by TCV IX, L.P., or TCV IX, (ii) shares of common stock held by TCV IX (A), L.P., or TCV IX (A), (iii) shares of common stock held by TCV IX (B), L.P., or TCV IX (B), and (iv) shares of common stock held by TCV Member Fund, L.P., or Member Fund and together with TCV IX, TCV IX (A) and TCV IX (B), the TCV

Entities. The general partner of TCV Member Fund, L.P. (the "Member Fund") is Technology Crossover Management IX, Ltd. ("Management IX"), and the general partner of each of TCV IX, L.P., TCV IX (A), L.P., TCV IX (A) Opportunities, L.P. and TCV IX (B), L.P. (together with the Member Fund, the "TCV IX Funds") is Technology Crossover Management IX L.P. ("TCM IX"). The general partner of TCM IX is Management IX. Management IX may be deemed to have the sole voting and dispositive power over the shares held the TCV IX Funds. Management IX may be deemed to beneficially own the securities held by the TCV IX Funds but disclaims beneficial ownership of such shares except to the extent of its pecuniary interest therein. The address for these entities is 250 Middlefield Road, Menlo Park, CA 94025.

(8) Consists of (i) shares held of record by , and (ii) shares subject to options that are exercisable within 60 days of , 2021.

(9) Consists of (i) shares held of record by , and (ii) shares subject to options that are exercisable within 60 days of . Mr. Radhakrishna also holds RSUs, of which will become vested within 60 days of , 2021.

(10) Consists of (i) shares held of record by , and (ii) shares subject to options that are exercisable within 60 days of . Mr. Watson also holds RSUs, of which will become vested within 60 days of , 2021.

(11) Consists of (i) the shares held by BSG and BS Fund disclosed in footnote (3) above, (ii) shares of common stock held directly by Mr. Stibel, (iii) shares of common stock underlying stock options held by Mr. Stibel that are exercisable within 60 days of , 2021 and (iv) shares of common stock underlying stock options that are exercisable within 60 days of , 2021 held by BS Fund. Mr. Stibel is the manager of Stibel & Company LLC, which is the manager of BSG, and he is the manager of Carbon Investments, LLC, which is a co-manager of BS Fund, and may be deemed to beneficially own the shares held by Bryant Stibel as disclosed in footnote (3).

(12) Consists of the shares held by Francisco Partners disclosed in footnote (2) above. Mr. Deb is a partner of Francisco Partners and may be deemed to beneficially own the shares held by Francisco Partners as disclosed in footnote (2). Mr. Deb has a direct and indirect interest in Francisco Partners GP V, L.P., which is the General Partner of Francisco Partners Management, L.P., which is the investment manager of, FPLZ I, L.P. and FPLZ II, L.P. In such capacities, if the General Partner or investment manager is deemed to be a beneficial owner, Mr. Deb disclaims any beneficial ownership, except to the extent of any pecuniary interest therein.

(13) Consists of the shares held by GPI disclosed in footnote (6) above. Mr. Ha is a member of the investment committee of GPI Capital, LLC and may be deemed to beneficially own the shares held by GPI as disclosed in footnote (6).

(14) Consists of the shares held by LucasZoom, LLC disclosed in footnote (1) above. Mr. Patel is a member of the investment committee of Permira and may be deemed to beneficially own the shares held by LucasZoom, LLC as disclosed in footnote (1). In such capacity if Permira is deemed to be a beneficial owner, Mr. Patel disclaims any beneficial ownership, except to the extent of any pecuniary interest therein.

(15) Consists of the shares held by LucasZoom, LLC disclosed in footnote (1) above. Mr. Ruder is a member of the investment committee of Permira and may be deemed to beneficially own the shares held by LucasZoom, LLC as disclosed in footnote (1). In such capacity if Permira is deemed to be a beneficial owner, Mr. Ruder disclaims any beneficial ownership, except to the extent of any pecuniary interest therein.

(14) Consists of (i) shares held of record by , and (ii) shares subject to options that are exercisable within 60 days of .

(16) Consists of (i) shares beneficially owned by our current executive officers and directors, and (ii) shares subject to options exercisable within 60 days of , 2021, all of which are vested as of such date. Some of our current directors and executive officers also hold RSUs, of which will become vested within 60 days of , 2021.

DESCRIPTION OF CAPITAL STOCK

The following description of our capital stock and provisions of our amended and restated certificate of incorporation and amended and restated bylaws are summaries. You should also refer to the amended and restated certificate of incorporation, the amended and restated bylaws and the third amended and restated investors' rights agreement, which are filed as exhibits to the registration statement of which this prospectus is a part. The descriptions of the common stock and preferred stock reflect changes to our capital structure that will be in effect immediately after the closing of this offering.

General

Upon the completion of this offering and the filing of our amended and restated certificate of incorporation, our authorized capital stock will consist of shares of common stock, par value $0.001 per share, and shares of preferred stock, par value $0.001 per share.

Common Stock

Outstanding shares

At December 31, 2020, we had 171,199,023 shares of common stock outstanding, held of record by 494 stockholders, assuming the automatic conversion of all 23,081,080 shares of our outstanding redeemable convertible preferred stock into 46,162,160 shares of common stock upon the completion of this offering.

Voting rights

Each holder of common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders. The affirmative vote of holders of at least 66 $^2/_3$% of the voting power of all of the then-outstanding shares of capital stock, voting as a single class, will be required to amend certain provisions of our amended and restated certificate of incorporation, including provisions relating to amending our amended and restated bylaws, the classified board, the size of our board, removal of directors, director liability, vacancies on our board, special meetings, stockholder notices, actions by written consent and exclusive jurisdiction.

Dividend rights

Subject to preferences that may apply to any outstanding preferred stock, holders of our common stock are entitled to receive ratably any dividends that our board of directors may declare out of funds legally available for that purpose on a non-cumulative basis.

Liquidation rights

In the event of our liquidation, dissolution or winding up, holders of our common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities, subject to the satisfaction of any liquidation preference granted to the holders of any outstanding shares of preferred stock.

Rights and preferences

Holders of our common stock have no preemptive, conversion or subscription rights, and there are no redemption or sinking fund provisions applicable to our common stock. The rights, preferences and privileges of the holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of our preferred stock that we may designate and issue in the future.

Preferred Stock

Upon the completion of this offering, all outstanding shares of our redeemable convertible preferred stock will convert into shares of our common stock on a one-for-two basis. At December 31, 2020, we had 23,081,080 shares of redeemable convertible preferred stock outstanding, held of record by four stockholders. Immediately after the completion of this offering, our certificate of incorporation will be amended and restated to delete all references to such shares of redeemable convertible preferred stock. Under the amended and restated certificate of incorporation that will be effective immediately after the completion of this offering, our board of directors will have the authority, without further action by the stockholders, to issue up to shares of preferred stock in one or more series, to establish from time to time the number of shares to be included in each such series, to fix the rights, preferences and privileges of the shares of each wholly unissued series and any qualifications, limitations or restrictions thereon and to increase or decrease the number of shares of any such series, but not below the number of shares of such series then outstanding.

Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of the common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in our control that may otherwise benefit holders of our common stock and may adversely affect the market price of the common stock and the voting and other rights of the holders of common stock. On and immediately after the closing of this offering, no shares of preferred stock will be outstanding. We have no current plans to issue any shares of preferred stock.

Stock Options and Restricted Stock Units

At December 31, 2020, (1) 15,234,644 shares of common stock were issuable upon the exercise of outstanding stock options, at a weighted-average exercise price of $8.78 per share, pursuant to our 2016 Plan, and (2) RSUs covering 2,499,275 shares of our common stock were outstanding pursuant to our 2016 Plan. For additional information regarding terms of our equity incentive plans, see the section titled “Executive and Director Compensation—Equity Incentive Plans.”

Registration Rights

Upon the completion of this offering, certain holders of shares of our common stock, including those shares of our common stock that will be issued upon the conversion of our redeemable convertible preferred stock in connection with this offering, will initially be entitled to certain rights with respect to registration of such shares under the Securities Act. These shares are referred to as registrable securities. The holders of these registrable securities possess registration rights pursuant to the terms of our third amended and restated investors’ rights agreement and the terms of a registration rights agreement, which are described in additional detail below. The registration of shares of our common stock pursuant to the exercise of the registration rights described below would enable the holders to trade these shares without restriction under the Securities Act when the applicable registration statement is declared effective. We will pay the registration expenses, other than underwriting discounts and selling commissions, of the shares registered pursuant to the demand, piggyback and Form S-3 registrations described below.

Generally, in an underwritten offering, the managing underwriter, if any, has the right, subject to specified conditions and limitations, to limit the number of shares the holders may include. The demand, piggyback and Form S-3 registration rights described below will expire no later than five years after the completion of this offering, or with respect to any particular holder, at such time that such holder can sell its shares under Rule 144 during any three-month period.

Demand registration rights

Upon the completion of this offering, holders of 76,180,648 shares of our common stock, including 36,537,688 of our common stock issuable upon the conversion of 18,268,844 shares of our redeemable convertible preferred stock in connection with this offering, will be entitled to certain demand registration rights. At any time following the effectiveness of this registration statement, certain holders of registrable securities have the right to make up to four requests that we register all or a portion of their shares, subject to certain specified exceptions. If any of these holders exercises its demand registration rights, then holders of 116,277,716 shares of our common stock, including 46,162,160 shares of our common stock issuable upon the conversion of 23,081,080 shares of our redeemable convertible preferred stock in connection with this offering, will be entitled to register their shares, subject to specified conditions and limitations, in the corresponding offering.

Piggyback registration rights

In connection with this offering, holders of 116,277,716 shares of our common stock, including 46,162,160 shares of our common stock issuable upon the conversion of 23,081,080 shares of our redeemable convertible preferred stock in connection with this offering, are entitled to rights to notice of this offering and to include their shares of registrable securities in this offering, which the requisite percentage of holders have waived. In the event that we propose to register any of our securities under the Securities Act in another offering, either for our own account or for the account of other security holders, holders of 116,277,716 registrable securities, including 46,162,160 shares of our common stock issuable upon the conversion of 23,081,080 shares of our redeemable convertible preferred stock in connection with this offering, will be entitled to certain “piggyback” registration rights allowing them to include their shares in such registration, subject to specified conditions and limitations.

Form S-3 registration rights

Upon the completion of this offering, holders of 116,277,716 shares of our common stock, including 46,162,160 shares of our common stock issuable upon the conversion of 23,081,080 shares of our redeemable convertible preferred stock in connection with this offering, may request that we register all of a portion of their shares on Form S-3 if we are qualified to file a registration statement on Form S-3, subject to specified exceptions. Such request for registration on Form S-3 must cover securities with an aggregate offering price which equals or exceeds $7.5 million, net of selling expenses. The right to have such shares registered on Form S-3 is further subject to other specified conditions and limitations.

Anti-Takeover Provisions of Delaware Law and Our Charter Documents

Section 203 of the Delaware General Corporation Law

We are subject to Section 203 of the DGCL, which prohibits a Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder, with the following exceptions:

- before such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction began, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned (1) by persons who are directors and also officers and (2) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- on or after such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder.

In general, Section 203 defines a "business combination" to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock or any class or series of the corporation beneficially owned by the interested stockholder; and
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits by or through the corporation.

In general, Section 203 defines an "interested stockholder" as an entity or person who, together with the person's affiliates and associates, beneficially owns, or within three years prior to the time of determination of interested stockholder status did own, 15% or more of the outstanding voting stock of the corporation.

The statute could prohibit or delay mergers or other takeover or change in control attempts and, accordingly, may discourage attempts to acquire us even though such a transaction may offer our stockholders the opportunity to sell their stock at a price above the prevailing market price.

Amended and restated certificate of incorporation and amended and restated bylaws

Among other things, our amended and restated certificate of incorporation and amended and restated bylaws will:

- permit our board of directors to issue up to shares of preferred stock, with any rights, preferences and privileges as they may designate, including the right to approve an acquisition or other change in control;
- provide that the authorized number of directors may be changed only by resolution of our board of directors;
- provide that our board of directors will be classified into three classes of directors;
- provide that, subject to the rights of any series of preferred stock to elect directors, directors may only be removed for cause, which removal may be effected, subject to any limitation imposed by law, by the holders of at least 66 2/3% of the voting power of all of our then-outstanding shares of the capital stock entitled to vote generally at an election of directors;
- provide that all vacancies, including newly created directorships, may, except as otherwise required by law, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum;
- require that any action to be taken by our stockholders must be effected at a duly called annual or special meeting of stockholders and not be taken by written consent or electronic transmission;
- provide that stockholders seeking to present proposals before a meeting of stockholders or to nominate candidates for election as directors at a meeting of stockholders must provide advance notice in writing, and also specify requirements as to the form and content of a stockholder's notice;

- provide that special meetings of our stockholders may be called only by the chairperson of our board of directors, our chief executive officer or president or by our board of directors pursuant to a resolution adopted by a majority of the total number of authorized directors; and
- not provide for cumulative voting rights, therefore allowing the holders of a majority of the shares of common stock entitled to vote in any election of directors to elect all of the directors standing for election, if they should so choose.

The amendment of any of these provisions would require approval by the holders of at least 66 2/3% of the voting power of all of our then-outstanding common stock entitled to vote generally in the election of directors, voting together as a single class.

The combination of these provisions will make it more difficult for our existing stockholders to replace our board of directors as well as for another party to obtain control of us by replacing our board of directors. Because our board of directors has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management. In addition, the authorization of undesignated preferred stock makes it possible for our board of directors to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change our control.

These provisions are intended to enhance the likelihood of continued stability in the composition of our board of directors and its policies and to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to reduce our vulnerability to hostile takeovers and to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and may have the effect of delaying changes in our control or management. As a consequence, these provisions may also inhibit fluctuations in the market price of our stock that could result from actual or rumored takeover attempts. We believe that the benefits of these provisions, including increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure our company, outweigh the disadvantages of discouraging takeover proposals, because negotiation of takeover proposals could result in an improvement of their terms.

Choice of Forum

Our amended and restated certificate of incorporation to be effective on the closing of this offering will provide that the Court of Chancery of the State of Delaware be the exclusive forum for actions or proceedings brought under Delaware statutory or common law: (1) any derivative claim or cause of action brought on our behalf; (2) any claim or cause of action asserting a breach of fiduciary duty; (3) any claim or cause of action against us arising under the Delaware General Corporation Law; (4) any claim or cause of action arising under or seeking to interpret our amended and restated certificate of incorporation or our amended and restated bylaws; or (5) any claim or cause of action against us that is governed by the internal affairs doctrine. The provisions would not apply to suits brought to enforce a duty or liability created by the Exchange Act.

Our amended and restated certificate of incorporation further provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause or causes of action arising under the Securities Act, including all causes of action asserted against any defendant to such complaint. For the avoidance of doubt, this provision is intended to benefit and may be enforced by us, our officers and directors, the underwriters to any offering giving rise to such complaint, and any other professional entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering. Investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder.

Limitations of Liability and Indemnification

See the section titled “Management—Limitations of Liability and Indemnification Matters.”

Market Listing

We intend to apply for listing of our common stock on the under the symbol “LZ.”

Transfer Agent and Registrar

The transfer agent and registrar for our common stock will be . The transfer agent and registrar’s address is .

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock, and a liquid trading market for our common stock may not develop or be sustained after this offering. Future sales of our common stock, including shares issued upon the exercise of outstanding options or settlement of restricted stock units, in the public market after the completion of this offering, or the perception that those sales may occur, could adversely affect the prevailing market price for our common stock from time to time or impair our ability to raise equity capital in the future. As described below, only a limited number of shares of our common stock will be available for sale in the public market for a period of several months after the completion of this offering due to contractual and legal restrictions on resale described below. Future sales of our common stock in the public market either before (to the extent permitted) or after restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price of our common stock at such time and our ability to raise equity capital at a time and price we deem appropriate.

Sale of Restricted Shares

Based on the number of shares of our common stock outstanding as of December 31, 2020, upon the closing of this offering and assuming (1) the automatic conversion of all 23,081,080 shares of our outstanding redeemable convertible preferred stock into an aggregate of 46,162,160 shares of our common stock upon the completion of this offering, (2) no exercise of the underwriters' option to purchase additional shares of common stock from us and the selling stockholders and (3) no exercise of outstanding options or vesting of outstanding restricted stock units, we will have outstanding an aggregate of approximately shares of common stock. Of these shares, all of the shares of common stock to be sold in this offering will be freely tradable in the public market without restriction or further registration under the Securities Act, unless the shares are held by any of our "affiliates" as such term is defined in Rule 144 or subject to lock-up agreements. All remaining shares of common stock held by existing stockholders immediately prior to the consummation of this offering will be "restricted securities," as such term is defined in Rule 144. These restricted securities were issued and sold by us in private transactions and are eligible for public sale only if registered under the Securities Act or if they qualify for an exemption from registration under the Securities Act, including the exemptions provided by Rule 144 or Rule 701 of the Securities Act, or Rule 701, which rules are summarized below.

As a result of the lock-up agreements referred to below and the provisions of Rule 144 and Rule 701 under the Securities Act, based on the number of shares of our common stock outstanding as of December 31, 2020, the shares of our common stock (excluding the shares sold in this offering) that will be available for sale in the public market are as follows:

Approximate Number of Shares	First Date Available for Sale into Public Market
shares	days after the date of this prospectus, upon expiration of the lock-up agreements referred to below, subject in some cases to applicable volume, manner of sale and other limitations under Rule 144 and Rule 701.

We may issue shares of common stock from time to time as consideration for future acquisitions, investments or other corporate purposes. In the event that any such acquisition, investment or other transaction is significant, the number of shares of common stock that we may issue may in turn be significant. We may also grant registration rights covering those shares of common stock issued in connection with any such acquisition and investment.

In addition, the shares of common stock reserved for future issuance under our 2021 Plan will become eligible for sale in the public market to the extent permitted by the provisions of various vesting schedules, the lock-up agreements, a registration statement under the Securities Act or an exemption from registration, including Rule 144 and Rule 701.

Rule 144

In general, persons who have beneficially owned restricted shares of our common stock for at least six months, and any affiliate of the company who owns shares of our common stock, are entitled to sell their securities without registration with the SEC under an exemption from registration provided by Rule 144.

Under Rule 144, as currently in effect, once we have been subject to the public company reporting requirements of the Exchange Act for at least 90 days, and we are current in our Exchange Act reporting at the time of sale, a person (or persons whose shares are required to be aggregated) who is not deemed to have been one of our "affiliates" for purposes of Rule 144 at any time during the 90 days preceding a sale and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months, including the holding period of any prior owner other than one of our "affiliates," is entitled to sell those shares in the public market (subject to the lock-up agreement referred to below, if applicable) without complying with the manner of sale, volume limitations or notice provisions of Rule 144, but subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares proposed to be sold for at least one year, including the holding period of any prior owner other than "affiliates," then such person is entitled to sell such shares in the public market without complying with any of the requirements of Rule 144 (subject to the lock-up agreement referred to above, if applicable). In general, under Rule 144, as currently in effect, once we have been subject to the public company reporting requirements of the Exchange Act for at least 90 days, our "affiliates," as defined in Rule 144, who have beneficially owned the shares proposed to be sold for at least six months, are entitled to sell in the public market, upon expiration of any applicable lock-up agreements and within any three-month period, a number of those shares of our common stock that does not exceed the greater of:

- 1% of the number of shares of common stock then outstanding, which will equal approximately shares of common stock immediately upon the completion of this offering (calculated as of December 31, 2020 on the basis of the assumptions described above and assuming no exercise of the underwriter's option to purchase additional shares from us and the selling stockholders and no exercise of outstanding options); or
- the average weekly trading volume of our common stock on during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Such sales under Rule 144 by our "affiliates" or persons selling shares on behalf of our "affiliates" are also subject to certain manner of sale provisions, notice requirements and to the availability of current public information about us. Notwithstanding the availability of Rule 144, the holders of substantially all of our restricted securities have entered into lock-up agreements as referenced above and their restricted securities will become eligible for sale (subject to the above limitations under Rule 144) upon the expiration of the restrictions set forth in those agreements.

Rule 701

In general, under Rule 701 as currently in effect, any of our employees, directors, officers, consultants or advisors who acquired common stock from us in connection with a written compensatory stock or option plan or other written agreement in compliance with Rule 701 before the effective date of the registration statement of which this prospectus is a part (to the extent such common stock is not subject to a lock-up agreement) and who are not our "affiliates" as defined in Rule 144 during the immediately preceding 90 days, is entitled to rely on Rule 701 to resell such shares beginning 90 days after the date of this prospectus in reliance on Rule 144, but without complying with the notice, manner of sale, public information requirements or volume limitation provisions of Rule 144. Persons who are our "affiliates" may resell those shares beginning 90 days after the date of this prospectus without compliance with minimum holding period requirements under Rule 144 (subject to the terms of the lock-up agreement referred to below, if applicable).

Lock-Up Agreements

In connection with this offering, we, the selling stockholders, our directors, our executive officers and substantially all of the holders of all of our other outstanding shares of common stock or securities convertible into or exchangeable for shares of our common stock outstanding upon the completion of this offering, have agreed, subject to certain exceptions, with the underwriters not to directly or indirectly offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of or hedge any shares of our common stock or any options to purchase shares of our common stock, or any securities convertible into or exchangeable for shares of common stock during the period from the date of the lock-up agreement continuing through the date days after the date of this prospectus, except with the prior written consent of J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC and certain other exceptions.

In addition to the restrictions contained in the lock-up agreements described above, we have entered into agreements with certain security holders, including the third amended and restated investors' rights agreement and our standard forms of option agreement and restricted stock unit award agreement, that contain market stand-off provisions or incorporate market stand-off provisions from our equity incentive plans, imposing restrictions on the ability of such security holders to offer, sell or transfer our equity securities for a period of 180 days following the date of this prospectus.

Registration Rights

Upon the completion of this offering, the holders of up to 116,277,716 shares of our common stock will be entitled to rights with respect to the registration of their shares under the Securities Act, subject to the lock-up agreements described under "—Lock-Up Agreements" above. Registration of these shares under the Securities Act would result in the shares becoming freely tradable without restriction under the Securities Act, except for shares purchased by affiliates, immediately upon the effectiveness of the registration statement of which this prospectus is a part. Any sales of securities by these stockholders could have a material adverse effect on the trading price of our common stock. The requisite percentage of these stockholders have waived all such stockholders' rights to notice of this offering and to include their shares of registrable securities in this offering. See the section titled "Description of Capital Stock—Registration Rights."

Equity Incentive Plans

We intend to file with the SEC a registration statement on Form S-8 under the Securities Act covering the shares of common stock reserved for issuance under our 2016 Plan, 2021 Plan and ESPP. The registration statement is expected to be filed and become effective as soon as practicable after the completion of this offering. Accordingly, shares registered under the registration statement will be available for sale in the open market following its effective date, subject to Rule 144 volume limitations and the lock-up agreements described above, if applicable.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following summary describes the material U.S. federal income tax consequences of the acquisition, ownership, and disposition of our common stock acquired in this offering by Non-U.S. Holders (as defined below). This discussion is not a complete analysis of all potential U.S. federal income tax consequences relating thereto, does not deal with non-U.S., state, and local consequences that may be relevant to Non-U.S. Holders in light of their particular circumstances, and does not address U.S. federal tax consequences (such as gift and estate taxes) other than income taxes. Special rules different from those described below may apply to certain Non-U.S. Holders that are subject to special treatment under the Code, such as financial institutions, insurance companies, tax-exempt organizations, tax-qualified retirement plans, governmental organizations, broker- dealers and traders in securities, U.S. expatriates, "controlled foreign corporations," "passive foreign investment companies," corporations that accumulate earnings to avoid U.S. federal income tax, corporations organized outside of the United States, any state thereof, or the District of Columbia that are nonetheless treated as U.S. taxpayers for U.S. federal income tax purposes, persons that hold our common stock as part of a "straddle," "hedge," "conversion transaction," "synthetic security," or integrated investment or other risk reduction strategy, persons who acquire our common stock through the exercise of an option or otherwise as compensation, persons subject to the alternative minimum tax or federal Medicare contribution tax on net investment income, persons subject to special tax accounting rules under Section 451(b) of the Code, "qualified foreign pension funds" as defined in Section 897(l)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds, partnerships and other pass-through entities or arrangements and investors in such pass-through entities or arrangements, persons deemed to sell our common stock under the constructive sale provisions of the Code, and persons that own, or are deemed to own, our common stock. Such Non-U.S. Holders are urged to consult their own tax advisors to determine the U.S. federal, state, local, and other tax consequences that may be relevant to them. Furthermore, the discussion below is based upon the provisions of the Code and Treasury Regulations, rulings, and judicial decisions thereunder, each as of the date hereof, and such authorities may be repealed, revoked, or modified, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those discussed below. We have not requested a ruling from the U.S. Internal Revenue Service (the IRS) with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions. This discussion assumes that the Non-U.S. Holder holds our common stock as a "capital asset" within the meaning of Section 1221 of the Code (generally, property held for investment).

This discussion is for informational purposes only and is not tax advice. Persons considering the purchase of our common stock pursuant to this offering should consult their own tax advisors concerning the U.S. federal income, gift, estate, and other tax consequences of acquiring, owning, and disposing of our common stock in light of their particular situations as well as any consequences arising under the laws of any other taxing jurisdiction, including any state, local, or foreign tax consequences, or under any applicable income tax treaty.

For the purposes of this discussion, a "Non-U.S. Holder" is a beneficial owner of common stock that is neither a U.S. Holder nor a partnership (or other entity treated as a partnership for U.S. federal income tax purposes regardless of its place of organization or formation). A "U.S. Holder" means a beneficial owner of our common stock that is for U.S. federal income tax purposes any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation or other entity treated as a corporation for U.S. federal income tax purposes created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons (within the meaning of Section 7701(a)(30) of the Code) have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a United States person.

Distributions

As described in the section titled "Dividend Policy," we do not anticipate declaring or paying any cash dividends in the foreseeable future. However, if we do make distributions of cash or property on our common stock to a Non-U.S. Holder, such distributions, to the extent made out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles), generally will constitute dividends for U.S. tax purposes and will be subject to withholding tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty, subject to the discussions below regarding effectively connected income, backup withholding, and foreign accounts. To obtain a reduced rate of withholding under a treaty, a Non-U.S. Holder generally will be required to provide us with a properly executed IRS Form W-8BEN (in the case of individuals) or IRS Form W-8BEN-E (in the case of entities), or other appropriate form, certifying the Non-U.S. Holder's entitlement to benefits under that treaty. We do not intend to adjust our withholding unless such certificates are provided to us or our paying agent before the payment of dividends and are updated as may be required by the IRS. In the case of a Non-U.S. Holder that is an entity, Treasury Regulations and the relevant tax treaty provide rules to determine whether, for purposes of determining the applicability of a tax treaty, dividends will be treated as paid to the entity or to those holding an interest in that entity. If a Non-U.S. Holder holds our common stock through a financial institution or other agent acting on the holder's behalf, the holder will be required to provide appropriate documentation to such agent. The holder's agent will then be required to provide certification to us or our paying agent, either directly or through other intermediaries. If you are eligible for a reduced rate of U.S. federal withholding tax under an income tax treaty and you do not timely file the required certification, you may be able to obtain a refund or credit of any excess amounts withheld by timely filing an appropriate claim for a refund with the IRS.

We generally are not required to withhold tax on dividends paid to a Non-U.S. Holder that are effectively connected with the Non-U.S. Holder's conduct of a trade or business within the United States (and, if required by an applicable income tax treaty, are attributable to a permanent establishment or fixed base that such holder maintains in the United States) if a properly executed IRS Form W-8ECI, stating that the dividends are so connected, is furnished to us (or, if our common stock is held through a financial institution or other agent, to such agent). In general, such effectively connected dividends will be subject to U.S. federal income tax on a net income basis at the regular rates applicable to U.S. residents. A corporate Non-U.S. Holder receiving effectively connected dividends may also be subject to an additional "branch profits tax," which is imposed, under certain circumstances, at a rate of 30% (or such lower rate as may be specified by an applicable treaty) on the corporate Non-U.S. Holder's effectively connected earnings and profits, subject to certain adjustments. Non-U.S. Holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

To the extent distributions on our common stock, if any, exceed our current and accumulated earnings and profits, they will first reduce the Non-U.S. Holder's adjusted basis in our common stock, but not below zero, and then will be treated as gain to the extent of any excess amount distributed, and taxed in the same manner as gain realized from a sale or other disposition of our common stock as described in the next section.

Gain on Disposition of Our Common Stock

Subject to the discussions below regarding backup withholding and foreign accounts, a Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to gain realized on a sale or other disposition of our common stock unless (a) the gain is effectively connected with a trade or business of such holder in the United States (and, if required by an applicable income tax treaty, is attributable to a permanent establishment or fixed base that such holder maintains in the United States), (b) the Non-U.S. Holder is a nonresident alien individual and is present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met, or (c) we are or have been a "United States real property holding corporation" within the meaning of Section 897(c)(2) of the Code at any time within the shorter of the five-year period preceding such disposition or such holder's holding period in our common stock. In general, we would be a United States real property holding corporation if the fair market value of our U.S. real property interests equals

or exceeds 50% of the sum of the fair market value of our worldwide real property interests plus our other assets used or held for use in a trade or business. We believe that we have not been and we are not, and do not anticipate becoming, a United States real property holding corporation. Even if we are treated as a United States real property holding corporation, gain realized by a Non-U.S. Holder on a disposition of our common stock will not be subject to U.S. federal income tax so long as (1) the Non-U.S. Holder owned, directly, indirectly, and constructively, no more than 5% of our common stock at all times within the shorter of (i) the five-year period preceding the disposition or (ii) the holder's holding period in our common stock and (2) our common stock is "regularly traded," as defined by applicable Treasury Regulations, on an established securities market. There can be no assurance that our common stock will continue to qualify as regularly traded on an established securities market for purposes of these rules. If any gain on your disposition is taxable because we are or become a United States real property holding corporation and your ownership of our common stock exceeds 5%, you will be taxed on such disposition generally in the manner as gain that is effectively connected with the conduct of a U.S. trade or business (subject to the provisions under an applicable income tax treaty), except that the branch profits tax generally will not apply.

If you are a Non-U.S. Holder described in (a) above, you will be required to pay tax on a net income basis at the U.S. federal income tax rates applicable to U.S. Holders, and corporate Non-U.S. Holders described in (a) above may be subject to the additional branch profits tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. If you are a Non-U.S. Holder described in (b) above, you will be subject to U.S. federal income tax at a flat 30% rate (or such lower rate as may be specified by an applicable income tax treaty) on the net gain derived from the disposition, which gain may be offset by certain U.S.-source capital losses (even though you are not considered a resident of the United States), provided that the Non-U.S. Holder has timely filed U.S. federal income tax returns with respect to such losses. Non-U.S. Holders should consult their tax advisors regarding any applicable income tax treaties that may provide for different rules.

Information Reporting Requirements and Backup Withholding

Information returns are required to be filed with the IRS in connection with distributions on our common stock. Unless you comply with certification procedures to establish that you are not a U.S. person, information returns may also be filed with the IRS in connection with the proceeds from a sale or other disposition of our common stock. You may be subject to backup withholding on payments on our common stock or on the proceeds from a sale or other disposition of our common stock unless you comply with certification procedures to establish that you are not a U.S. person or otherwise establish an exemption. Your provision of a properly executed applicable IRS Form W-8 certifying your non-U.S. status will permit you to avoid backup withholding. Amounts withheld under the backup withholding rules are not additional taxes and may be refunded or credited against your U.S. federal income tax liability, provided the required information is timely furnished to the IRS.

Foreign Accounts

Sections 1471 through 1474 of the Code (commonly referred to as FATCA) impose a U.S. federal withholding tax of 30% on certain payments, including dividends paid on, and the gross proceeds of a disposition of, our common stock paid to a foreign financial institution (as specifically defined by applicable rules) unless such institution enters into an agreement with the U.S. government to withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding

U.S. account holders of such institution (which includes certain equity holders of such institution, as well as certain account holders that are foreign entities with U.S. owners). FATCA also generally imposes a federal withholding tax of 30% on certain payments, including dividends paid on, and the gross proceeds of a disposition of, our common stock to a non-financial foreign entity unless such entity provides the withholding agent with either a certification that it does not have any substantial direct or indirect U.S. owners or provides information regarding substantial direct and indirect U.S. owners of the entity. An intergovernmental agreement between the United States and an applicable foreign country may modify these requirements. The withholding tax described

above will not apply if the foreign financial institution or non-financial foreign entity otherwise qualifies for an exemption from the rules.

The U.S. Treasury Department has released proposed regulations which, if finalized in their present form, would eliminate the federal withholding tax of 30% applicable to the gross proceeds of a disposition of our common stock. In its preamble to such proposed regulations, the U.S. Treasury Department stated that taxpayers may generally rely on the proposed regulations until final regulations are issued. Non-U.S. Holders are encouraged to consult with their own tax advisors regarding the possible implications of FATCA on their investment in our common stock.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES OF PURCHASING, HOLDING, AND DISPOSING OF OUR COMMON STOCK, INCLUDING THE CONSEQUENCES OF ANY RECENT OR PROPOSED CHANGE IN APPLICABLE LAW.

UNDERWRITING

We and the selling stockholders are offering the shares of common stock described in this prospectus through a number of underwriters. J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC are acting as joint book-running managers of the offering and as representatives of the underwriters. We and the selling stockholders have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, we and the selling stockholders have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus, the number of shares of common stock listed next to its name in the following table:

Name	Number of Shares
J.P. Morgan Securities LLC	
Morgan Stanley & Co. LLC	
Barclays Capital Inc.	
Total	

The underwriters are committed to purchase all the shares offered by us and the selling stockholders if they purchase any shares. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may also be increased or the offering may be terminated.

The underwriters propose to offer the shares directly to the public at the initial public offering price set forth on the cover page of this prospectus and to certain dealers at that price less a concession not in excess of $ per share. Any such dealers may resell shares to certain other brokers or dealers at a discount of up to $ per share from the initial public offering price. After the initial offering of the shares to the public, if all of the shares are not sold at the initial public offering price, the underwriters may change the offering price and the other selling terms. Sales of any shares made outside of the United States may be made by affiliates of the underwriters.

The underwriters have an option to buy up to additional shares of common stock from us and the selling stockholders to cover sales of shares by the underwriters which exceed the number of shares specified in the table above. The underwriters have 30 days from the date of this prospectus to exercise this option to purchase additional shares. If any shares are purchased with this option to purchase additional shares, the underwriters will purchase shares in approximately the same proportion as shown in the table above. If any additional shares of common stock are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

The underwriting fee is equal to the public offering price per share of common stock less the amount paid by the underwriters to us and the selling stockholders per share of common stock. The underwriting fee is $ per share. The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	Without option to purchase additional shares exercise	With full option to purchase additional shares exercise
Per Share	$	$
Total	$	$

We estimate that the total expenses of this offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding the underwriting discounts and commissions, will be

approximately $. We have agreed to reimburse the underwriters for certain other expenses in an amount up to $. We estimate that the total expenses of this offering, including registration, filing and listing fees, printing fees and legal and accounting expenses, but excluding the underwriting discounts and commissions, will be approximately $. We have agreed to reimburse the underwriters for expenses relating to clearance of this offering with the Financial Industry Regulatory Authority up to $.

A prospectus in electronic format may be made available on the web sites maintained by one or more underwriters, or selling group members, if any, participating in the offering. The underwriters may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters and selling group members that may make Internet distributions on the same basis as other allocations.

We have agreed that we will not, subject to certain exceptions, (i) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, or submit to, or file with, the Securities and Exchange Commission a registration statement under the Securities Act relating to, any shares of our common stock or securities convertible into or exercisable or exchangeable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, loan, disposition or filing, or (ii) enter into any swap or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of any shares of common stock or any such other securities (regardless of whether any of these transactions are to be settled by the delivery of shares of common stock or such other securities, in cash or otherwise), in each case without the prior written consent of J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC for a period of days after the date of this prospectus, other than the shares of our common stock to be sold in this offering.

Our directors and executive officers, the selling stockholders and (such persons, the “lock-up parties”) have entered into lock-up agreements with the underwriters prior to the commencement of this offering pursuant to which each lock-up party, for a period of days after the date of this prospectus (such period, the “restricted period”), may not (and may not cause any of their direct or indirect affiliates to), without the prior written consent of J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC, subject to certain exceptions, (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for our common stock (including, without limitation, common stock or such other securities which may be deemed to be beneficially owned by such lock-up parties in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a stock option or warrant (collectively with the common stock, the “lock-up securities”)), (2) enter into any hedging, swap or other agreement or transaction that transfers, in whole or in part, any of the economic consequences of ownership of the lock-up securities, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of lock-up securities, in cash or otherwise, (3) make any demand for, or exercise any right with respect to, the registration of any lock-up securities, or (4) publicly disclose the intention to do any of the foregoing. Such persons or entities have further acknowledged that these undertakings preclude them from engaging in any hedging or other transactions or arrangements (including, without limitation, any short sale or the purchase or sale of, or entry into, any put or call option, or combination thereof, forward, swap or any other derivative transaction or instrument, however described or defined) designed or intended, or which could reasonably be expected to lead to or result in, a sale or disposition or transfer (by any person or entity, whether or not a signatory to such agreement) of any economic consequences of ownership, in whole or in part, directly or indirectly, of any lock-up securities, whether any such transaction or arrangement (or instrument provided for thereunder) would be settled by delivery of lock-up securities, in cash or otherwise.

J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC in their sole discretion, may release the securities subject to any of the lock-up agreements with the underwriters described above, in whole or in part at any time.

We and the selling stockholders have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

We will apply to have our common stock approved for listing/quotation on under the symbol “LZ”.

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, purchasing and selling shares of common stock in the open market for the purpose of preventing or retarding a decline in the market price of the common stock while this offering is in progress. These stabilizing transactions may include making short sales of common stock, which involves the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in this offering, and purchasing shares of common stock on the open market to cover positions created by short sales. Short sales may be “covered” shorts, which are short positions in an amount not greater than the underwriters’ option to purchase additional shares referred to above, or may be “naked” shorts, which are short positions in excess of that amount. The underwriters may close out any covered short position either by exercising their option to purchase additional shares, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which the underwriters may purchase shares through the option to purchase additional shares. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market that could adversely affect investors who purchase in this offering. To the extent that the underwriters create a naked short position, they will purchase shares in the open market to cover the position.

The underwriters have advised us that, pursuant to Regulation M of the Securities Act of 1933, they may also engage in other activities that stabilize, maintain or otherwise affect the price of the common stock, including the imposition of penalty bids. This means that if the representatives of the underwriters purchase common stock in the open market in stabilizing transactions or to cover short sales, the representatives can require the underwriters that sold those shares as part of this offering to repay the underwriting discount received by them.

These activities may have the effect of raising or maintaining the market price of the common stock or preventing or retarding a decline in the market price of the common stock, and, as a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on the , in the over-the-counter market or otherwise.

Prior to this offering, there has been no public market for our common stock. The initial public offering price will be determined by negotiations among us, the selling stockholders and the representatives of the underwriters. In determining the initial public offering price, we, the selling stockholders and the representatives of the underwriters expect to consider a number of factors including:

- the information set forth in this prospectus and otherwise available to the representatives;
- our prospects and the history and prospects for the industry in which we compete;
- an assessment of our management;
- our prospects for future earnings;
- the general condition of the securities markets at the time of this offering;
- the recent market prices of, and demand for, publicly traded common stock of generally comparable companies; and
- other factors deemed relevant by the underwriters and us.

Neither we nor the selling stockholders nor the underwriters can assure investors that an active trading market will develop for our shares, or that the shares will trade in the public market at or above the initial public offering price.

Certain of the underwriters and their affiliates have provided in the past to us and our affiliates and may provide from time to time in the future certain commercial banking, financial advisory, investment banking and other services for us and such affiliates in the ordinary course of their business, for which they have received and may continue to receive customary fees and commissions. An affiliate of J.P. Morgan Securities LLC is the administrative agent and a lender, and an affiliate of Morgan Stanley & Co. LLC is a lender, under our 2018 Credit Facility. In addition, from time to time, certain of the underwriters and their affiliates may effect transactions for their own account or the account of customers, and hold on behalf of themselves or their customers, long or short positions in our debt or equity securities or loans, and may do so in the future.

Other than in the United States, no action has been taken by us, the selling stockholders or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Notice to prospective investors in Canada

The shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to prospective investors in the European Economic Area

In relation to each Member State of the European Economic Area (each, a "Relevant State"), no offer of securities which are the subject of the offering contemplated by this prospectus may be made to the public in that Relevant State, other than:

- at any time to any legal entity which is a "qualified investor" as defined in the Prospectus Regulation;
- at any time to fewer than 150 natural or legal persons (other than "qualified investors" as defined in the Prospectus Regulation), subject to obtaining the prior consent of the underwriters; or
- at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of securities referred to above shall result in a requirement for us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or a supplemental prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer of securities to the public" in relation to any securities in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Notice to prospective investors in the United Kingdom

This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom, or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling with Article 49(2)(a) to (d) of the Order or (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended (the "FSMA")) in connection with the issue or sale of any securities may otherwise lawfully be communicated or be caused to be communicated (all such persons together being referred to as "relevant persons"). The securities are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

No offer of securities which are the subject of the offering contemplated by this prospectus may be made to the public in the United Kingdom, other than:

- at any time to any legal entity which is a "qualified investor" as defined in Article 2 of the UK Prospectus Regulation;
- at any time to fewer than 150 natural or legal persons (other than "qualified investors" as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the underwriters; or
- at any time in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of securities referred to above shall result in a requirement for us or any underwriter to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "an offer of securities to the public" in relation to any securities means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the securities and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018."

LEGAL MATTERS

Our counsel, Cooley LLP, will pass on the validity of the issuance of shares of common stock offered by this prospectus. The underwriters are being represented by Latham & Watkins LLP.

EXPERTS

The financial statements as of December 31, 2019 and 2020 and for the years then ended included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act that registers the shares of our common stock to be sold in this offering. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement and the exhibits and schedules filed as part of the registration statement. For further information with respect to us and our common stock, we refer you to the registration statement, including the exhibits filed as a part of the registration statement. Statements contained in this prospectus concerning the contents of any contract or any other document are not necessarily complete. If a contract or document has been filed as an exhibit to the registration statement, we refer you to the copy of the contract or document that has been filed. Each statement in this prospectus relating to a contract or document filed as an exhibit is qualified in all respects by the filed exhibit. The SEC maintains a website (www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers, like us, that file electronically with the SEC.

Upon completion of this offering, we will become subject to the information reporting requirements of the Exchange Act and, as a result, will file reports, proxy statements and other information with the SEC. These reports, proxy statements and other information will be available for review on the website of the SEC referred to above. We also maintain a corporate website at www.legalzoom.com. Upon completion of this offering, you may access our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act with the SEC, free of charge, at our corporate website as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. The information contained on, or that can be accessed through, our websites shall not be deemed incorporated into and is not part of this prospectus or the registration statement of which it forms a part, and the inclusion of our website address in this prospectus is an inactive textual reference only.

LEGALZOOM.COM, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of LegalZoom.com, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of LegalZoom.com, Inc. and its subsidiaries (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of operations, of comprehensive income, of redeemable convertible preferred stock and stockholders' deficit and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for revenues from contracts with customers in 2019.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Los Angeles, California
April 6, 2021

We have served as the Company's auditor since 2006.

LegalZoom.com, Inc.
Consolidated Balance Sheets
(In thousands, except par values)

	December 31, 2019	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 49,180	$ 114,470
Accounts receivable, net of allowance of $2,461 and $5,256	10,175	8,555
Prepaid expenses and other current assets	10,091	10,536
Total current assets	69,446	133,561
Property and equipment, net	60,059	51,374
Goodwill	9,806	11,404
Intangible assets, net	3,078	815
Deferred income taxes	20,250	22,807
Restricted cash equivalent	25,000	25,000
Available-for-sale debt securities	5,528	1,050
Other assets	6,839	6,053
Total assets	$ 200,006	$ 252,064
Liabilities, redeemable convertible preferred stock and stockholders' deficit		
Current liabilities:		
Accounts payable	$ 16,763	$ 28,734
Accrued expenses and other current liabilities	36,426	41,028
Deferred revenue	102,570	127,142
Current portion of long-term debt	2,999	3,029
Total current liabilities	158,758	199,933
Long-term debt, net of current portion	515,391	512,362
Deferred revenue	4,170	2,937
Other liabilities	7,772	16,558
Total liabilities	686,091	731,790
Commitments and contingencies (Note 13)		
Series A redeemable convertible preferred stock, $0.001 par value; 30,512 shares authorized at December 31, 2019 and 2020; 23,081 issued and outstanding at December 31, 2019 and 2020	70,906	70,906
Stockholders' deficit:		
Common stock, $0.001 par value; 264,720 shares authorized; 124,382 and 125,037 shares issued and outstanding at December 31, 2019 and 2020, respectively	125	126
Additional paid-in capital	92,916	102,417
Accumulated deficit	(644,305)	(639,348)
Accumulated other comprehensive loss	(5,727)	(13,827)
Total stockholders' deficit	(556,991)	(550,632)
Total liabilities, redeemable convertible preferred stock and stockholders' deficit	$ 200,006	$ 252,064

The accompanying notes are an integral part of these consolidated financial statements

LegalZoom.com, Inc.
Consolidated Statements of Operations
(In thousands, except per share amounts)

	Year Ended December 31,	
	2019	2020
Revenue	$ 408,380	$ 470,636
Cost of revenue	136,915	154,563
Gross profit	271,465	316,073
Operating expenses:		
Sales and marketing	115,913	171,390
Technology and development	37,204	41,863
General and administrative	57,762	51,017
Impairment of goodwill, long-lived and other assets	14,321	1,105
Loss on sale of business	—	1,764
Total operating expenses	225,200	267,139
Income from operations	46,265	48,934
Interest expense, net	(38,559)	(35,504)
Other income, net	2,577	3,713
Impairment of available-for-sale debt securities of $4,912, net of $94 loss recognized in other comprehensive loss	—	(4,818)
Income before income taxes and income from equity method investment	10,283	12,325
Provision for income taxes	3,161	2,429
Income before income from equity method investment	7,122	9,896
Income from equity method investment	321	—
Net income	$ 7,443	$ 9,896
Net income attributable to common stockholders—basic	$ 5,422	$ 7,223
Net income attributable to common stockholders—diluted	$ 5,476	$ 7,262
Net income per share attributable to common stockholders:		
Basic	$ 0.04	$ 0.06
Diluted	$ 0.04	$ 0.06
Weighted-average shares used to compute net income per share attributable to common stockholders:		
Basic	123,826	124,709
Diluted	128,546	127,259

The accompanying notes are an integral part of these consolidated financial statements

LegalZoom.com, Inc.
Consolidated Statements of Comprehensive Income
(In thousands)

	Year Ended December 31,	
	2019	2020
Net income	$ 7,443	$ 9,896
Other comprehensive loss, net of tax:		
Change in foreign currency translation adjustments:	(2,507)	(1,296)
Change in available-for-sale debt securities:		
Unrealized gains	565	108
Reclassifications of losses to net income	—	(94)
Reclassification upon conversion into other equity security	(334)	—
Total change in available-for-sale debt securities	231	14
Change in unrealized losses on cash flow hedges:		
Unrealized loss on interest rate cap and swaps	(3,847)	(9,578)
Reclassification of prior hedge effectiveness and losses from interest rate cap to net income	—	2,760
Total net changes in cash flow hedges	(3,847)	(6,818)
Total other comprehensive loss	(6,123)	(8,100)
Total comprehensive income	$ 1,320	$ 1,796

The accompanying notes are an integral part of these consolidated financial statements

LegalZoom.com, Inc.
Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Deficit
(In thousands)

	Series A Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (loss)	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount				
Balance at December 31, 2018	23,081	$70,906	123,617	$ 124	$ 92,201	$ (649,256)	$ 396	$ (556,535)
Cumulative-effect adjustment upon adoption of ASC 606	—	—	—	—	—	996	—	996
Issuance of common stock upon exercise of stock options	—	—	1,029	1	193	—	—	194
Issuance of common stock upon vesting of restricted stock awards	—	—	263	—	—	—	—	—
Shares surrendered for settlement of minimum statutory tax withholdings	—	—	(357)	—	(3,784)	—	—	(3,784)
Stock-based compensation	—	—	—	—	5,287	—	—	5,287
Net issuance and repayments of full recourse notes receivable	—	—	—	—	(3)	—	—	(3)
Repurchase and retirement of common stock	—	—	(170)	—	—	(1,535)	—	(1,535)
Repurchase of vested stock options and restricted stock units	—	—	—	—	—	(1,953)	—	(1,953)
Special dividends	—	—	—	—	(978)	—	—	(978)
Other comprehensive loss	—	—	—	—	—	—	(6,123)	(6,123)
Net income	—	—	—	—	—	7,443	—	7,443
Balance at December 31, 2019	23,081	$70,906	124,382	$ 125	$ 92,916	$ (644,305)	$ (5,727)	$ (556,991)
Issuance of common stock upon exercise of stock options	—	—	1,270	1	599	—	—	600
Issuance of common stock upon vesting of restricted stock awards	—	—	245	—	—	—	—	—
Stock-based compensation	—	—	—	—	12,940	—	—	12,940
Shares surrendered for settlement of minimum statutory tax withholdings	—	—	(371)	—	(3,825)	—	—	(3,825)
Net issuance and repayments of full recourse notes receivable	—	—	—	—	(8)	—	—	(8)
Repurchase and retirement of common stock	—	—	(489)	—	—	(4,939)	—	(4,939)
Special dividends	—	—	—	—	(205)	—	—	(205)
Other comprehensive loss	—	—	—	—	—	—	(8,100)	(8,100)
Net income	—	—	—	—	—	9,896	—	9,896
Balance at December 31, 2020	23,081	$70,906	125,037	$ 126	$102,417	$ (639,348)	$ (13,827)	$ (550,632)

The accompanying notes are an integral part of these consolidated financial statements

LegalZoom.com, Inc.
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31, 2019	2020
Cash flows from operating activities		
Net income	$ 7,443	$ 9,896
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	16,390	20,097
Amortization of debt issuance costs	2,565	2,591
Amortization of prior hedge effectiveness	—	3,481
Stock-based compensation	5,181	12,894
Impairment of available-for-sale debt securities	—	4,818
Impairment of goodwill and long-lived assets	14,321	1,105
Loss on sale of business	—	1,764
Deferred income taxes	472	1,325
Change in fair value of financial guarantee	1,900	(1,750)
Change in fair value of derivative instruments	439	205
Unrealized foreign exchange gain	(2,572)	(1,755)
Other	(299)	22
Changes in operating assets and liabilities, net of effects of business combination and disposal of business:		
Accounts receivable	(413)	954
Prepaid expenses and other current assets	(128)	(799)
Other assets	470	1,153
Accounts payable	3,914	12,416
Accrued expenses and other liabilities	(1,568)	1,418
Income tax payable	(985)	10
Deferred revenue	5,565	23,204
Net cash provided by operating activities	52,695	93,049
Cash flows from investing activities		
Acquisition, net of cash acquired	—	(934)
Purchase of property and equipment	(18,349)	(10,587)
Purchase of other equity security	(668)	—
Purchase of available-for-sale debt securities	(2,013)	—
Proceeds from sale of equity method investment	313	—
Sale of business, net of cash sold	—	(1,206)
Net cash used in investing activities	(20,717)	(12,727)
Cash flows from financing activities		
Repayment of capital lease obligations	(26)	(31)
Repayment of 2018 Term Loan	(5,350)	(5,350)
Proceeds from 2018 Revolving Facility	—	40,000
Repayment of 2018 Revolving Facility	—	(40,000)
Repayment of hybrid debt	—	(1,249)
Repurchase of common stock	(1,535)	(4,805)
Tender offer costs	—	(145)
Repurchase of common stock and restricted stock units	(927)	—
Payment of special dividends	(877)	(284)

The accompanying notes are an integral part of these consolidated financial statements

LegalZoom.com, Inc.
Consolidated Statements of Cash Flows (continued)
(In thousands)

	Year Ended December 31, 2019	2020
Payment of deferred purchase consideration	(547)	—
Repurchases of common stock for tax withholding obligations	(3,784)	(3,606)
Proceeds from exercise of stock options	194	381
Net cash used in financing activities	(12,852)	(15,089)
Effect of exchange rate changes on cash, cash equivalents and restricted cash equivalent	(495)	57
Net increase in cash, cash equivalents and restricted cash equivalent	18,631	65,290
Cash, cash equivalents and restricted cash equivalent, at beginning of the period	55,549	74,180
Cash, cash equivalents and restricted cash equivalent, at end of the period	$ 74,180	$ 139,470
Supplemental cash flow data		
Cash paid during the year for:		
Interest	$ 37,276	$ 27,864
Income taxes	1,469	1,485
Reconciliation of cash, cash equivalents, and restricted cash equivalent reported in the consolidated balance sheets		
Cash and cash equivalents	$ 49,180	$ 114,470
Restricted cash equivalent	25,000	25,000
Total cash, cash equivalents, and restricted cash equivalent shown in the consolidated statements of cash flows	$ 74,180	$ 139,470
Non-cash investing and financing activities		
Purchase of property and equipment included in accounts payable and accrued expenses and other current liabilities	$ 1,268	$ 717
Conversion of available-for-sale debt security into other equity security	791	—
Change in fair value of hedged interest rate swaps and interest rate cap	5,234	412
Transfer of interest rate swaps derivative liability to hybrid debt	—	12,345
Contingent consideration for business acquired	—	1,250

The accompanying notes are an integral part of these consolidated financial statements

LegalZoom.com, Inc.
Notes to Consolidated Financial Statements
(In thousands)

Note 1. Description of the Business

LegalZoom.com, Inc., was initially formed as a California corporation in 1999 and reincorporated as a Delaware corporation in 2007. LegalZoom.com, Inc., and its wholly owned subsidiaries, or referred to herein as "we," "us," or "our" has its executive headquarters in Glendale, California, its operational headquarters in Austin, Texas and additional locations in Frisco and Dallas, Texas and London in the United Kingdom, or U.K. We are a provider of services that meet the legal needs of small businesses and consumers. We offer a broad portfolio of legal services through our online legal platform that customers can tailor to their specific needs. In the United States, or U.S., we also offer several subscription services, including legal plans through which businesses and consumers can be connected to an experienced attorney licensed in their jurisdiction, registered agent services, tax and compliance services and unlimited access to our forms library.

Note 2. Summary of Significant Accounting Policies

A summary of the significant accounting policies we follow in the preparation of the accompanying consolidated financial statements is set forth below.

Basis of Presentation and Consolidation

The accompanying consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America, or GAAP. All intercompany balances and transactions have been eliminated in consolidation.

On occasion, we enter into relationships or investments with other entities that may be a variable interest entity, or VIE. We analyze our interests, including agreements, loans, guarantees, and equity investments on a periodic basis to determine if such interests are variable interests. If variable interests are identified, then the related entity is assessed to determine if it is a VIE. If we determine that the entity is a VIE, we then assess if we must consolidate the VIE as the primary beneficiary. Our determination of whether we are the primary beneficiary is based upon qualitative and quantitative analyses, which assess the purpose and design of the VIE, the nature of the VIE's risks and the risks that we absorb, the power to direct activities that most significantly impact the economic performance of the VIE, and the obligation to absorb losses or the right to receive benefits that could be significant to the VIE.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses, and related disclosures of contingent liabilities in the consolidated financial statements and accompanying notes. Estimates are used for, however not limited to, revenue recognition, sales allowances and credit reserves, available-for-sale debt securities, valuation of long-lived assets and goodwill, income taxes, commitments and contingencies, valuation of assets and liabilities acquired in business combinations, fair value of derivative instruments and stock-based compensation. Actual results could differ materially from those estimates.

The extent to which COVID-19 impacts our business and financial results will depend on numerous continuously evolving factors including, but not limited to, the magnitude and duration of COVID-19, including resurgences; the impact on our employees; the extent to which it will impact worldwide macroeconomic conditions, including interest rates, employment rates, and health insurance coverage; the speed and degree of the anticipated recovery, as well as variability in such recovery across different geographies, industries, and markets;

and governmental and business reactions to the pandemic. We assessed certain accounting matters that generally require consideration of forecasted financial information in context with the information reasonably available to us and the unknown future impacts of COVID-19 as of December 31, 2020 and through the date of issuance of these consolidated financial statements. The accounting matters assessed included, but were not limited to, our allowance for doubtful accounts, sales allowances, and the carrying value of goodwill and other long-lived assets. While there was not a material impact on our consolidated financial statements at and for the year ended December 31, 2020, our future assessment of the magnitude and duration of COVID-19, as well as other factors, could result in material impacts to our consolidated financial statements in future reporting periods.

Business Combinations

The results of businesses acquired in a business combination are included in our consolidated financial statements from the date of the acquisition. Purchase accounting results in assets and liabilities of an acquired business being recorded at their estimated fair values on the acquisition date. Any excess purchase consideration over the fair value of assets acquired and liabilities assumed is recognized as goodwill.

We perform valuations of assets acquired and liabilities assumed for an acquisition and allocate the purchase price to their respective net tangible and intangible assets. Determining the fair value of assets acquired and liabilities assumed requires management to use significant judgment and estimates including the selection of valuation methodologies, estimates of future revenue and cash flows, discount rates and selection of comparable companies. We generally engage the assistance of a third-party valuation firm in determining fair values of assets acquired and liabilities assumed and contingent consideration, if any, in a business combination.

Transaction costs associated with business combinations are expensed as incurred and are included in general and administrative expenses in the accompanying consolidated statements of operations.

Segment and Geographic Information

Our Chief Executive Officer, as the Chief Operating Decision Maker, or CODM, organizes our company, manages resource allocations, and measures performance on the basis of one operating segment.

Revenue outside of the United States, based on the location of the customer, represented 4% and 1% of our consolidated revenue for 2019 and 2020, respectively. Our property and equipment located outside of the United States was 3% and 1% of our consolidated property and equipment as of December 31, 2019 and 2020, respectively.

Foreign Currency

The British Pound Sterling, or GBP, is the functional currency for our foreign subsidiaries. The financial statements of these foreign subsidiaries are translated to U.S. Dollars using period-end rates of exchange for assets and liabilities, historical rates of exchange for equity, and average rates of exchange for the period for revenue and expenses. Translation gains and losses are recorded in accumulated other comprehensive income (loss) as a component of our consolidated statements of redeemable convertible preferred stock and stockholders' deficit. We recognized foreign currency transaction gains of $2.6 million and $1.8 million in 2019 and 2020, respectively.

Fair Value Measurements

Fair value is defined as the price that would be received from selling an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The standard establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair

value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is as follows:

Level 1 — Quoted prices in active markets for identical assets and liabilities.

Level 2 — Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

At December 31, 2019 and 2020, our financial assets and liabilities recorded at fair value on a recurring basis consist of cash equivalents, a restricted cash equivalent, available-for-sale debt securities, interest rate swaps, an interest rate cap and a financial guarantee derivative. Cash equivalents and the restricted cash equivalent consist of money market funds valued using quoted prices in active markets, which represents Level 1 inputs in the fair value hierarchy. Our interest rate swaps and interest rate cap are valued using observable market inputs including the London Interbank Offered Rate, or LIBOR, swap rates and third-party dealer quotes, which represent Level 2 inputs in the fair value hierarchy. The available-for-sale debt securities and financial guarantee derivative are valued using a Monte Carlo simulation, which include inputs that represent Level 3 inputs in the fair value hierarchy.

The carrying amounts of accounts receivable, accounts payable and accrued expenses and other current liabilities approximate fair values because of the short-term nature of these items. The fair value of our long-term debt is estimated by using quoted or sales prices of similar debt instruments, which represent Level 2 inputs in the fair value hierarchy.

Concentrations of Credit Risk

We maintain accounts in U.S. and U.K. banks with funds insured by the Federal Deposit Insurance Corporation, or FDIC, and the Financial Services Compensation Scheme, or FSCS, respectively. Our bank accounts may, at times, exceed the FDIC and FSCS insured limits. Financial instruments that potentially subject us to credit risk consist principally of cash and cash equivalents. Management believes that we are not exposed to any significant credit risk related to our cash or cash equivalents and have not experienced any losses in such accounts.

Due to a large and diverse customer base, no individual customer represented more than 1% of total revenue in 2019 or 2020, respectively. At December 31, 2019 and 2020, there was one customer with an outstanding balance of 26% and 20% of our accounts receivable balances, respectively.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with original maturities of ninety days or less from the date of purchase. At December 31, 2019, and 2020, our cash consisted of bank account deposits and our cash equivalents consisted of $5.1 million and $5.2 million invested in money market funds, respectively.

Restricted Cash Equivalent

Our restricted cash equivalent balance of $25.0 million as of December 31, 2019 and 2020 represents cash required to be held as collateral by a financial institution to guarantee up to half of a $50.0 million personal loan provided by the financial institution to a former executive officer. The restriction lapses upon the repayment of the personal loan, which matures in September 2022. At December 31, 2019 and 2020, our restricted cash equivalent of $25.0 million was invested in a money market fund with the same financial institution.

Accounts Receivable and Related Allowances

Our accounts receivable balance, which is not collateralized and does not bear interest, primarily consists of amounts receivable from our credit and debit card merchant processors, customer receivables, and fees due from third-parties for services purchased by our customers from such third-parties. We reduce our accounts receivable for sales allowances and a reserve for potentially uncollectible receivables. We determine the amount of the allowances based on various factors including historical collection experience, the age of the accounts receivable balances, credit quality of our customers, current economic conditions, reasonable and supportable forecasts of future economic conditions, and other factors that may affect our ability to collect from customers. Account balances are charged off against the allowance when we determine that it is not probable we will collect the receivable.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Repairs and maintenance are expensed as incurred whereas significant renewals and enhancements are capitalized. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is reflected in our results of operations. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets as follows:

	Useful Life (Years)
Purchased and internal-use software	3
Building and building improvements	5–30
Land improvements	7
Furniture and office equipment	5
Computer hardware	3
Land	Indefinite
Leasehold improvements	Shorter of lease term or useful life

Internal-use Software

Software development costs include costs to develop software to be used to meet internal needs and applications used to deliver our services. We capitalize development costs related to these software applications once the preliminary project stage is complete and it is probable that the project will be completed and the software will be used to perform the function intended. We amortize internal-use software costs on a straight-line basis over their estimated useful life of three years commencing when the internal-use software is substantially complete and ready for its intended purpose. Costs related to development of internal-use software are included in the accompanying consolidated balance sheets in property and equipment, net.

Intangible Assets and Other Long-Lived Assets

Intangible assets are stated at cost, net of accumulated amortization. Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives, which approximates the pattern in which the economic benefits are consumed. We amortize our intangible assets over an estimated useful life of three years.

We assess the impairment of long-lived assets, which consist primarily of property and equipment, intangible assets, and capitalized internal-use software costs, whenever events or changes in circumstances indicate that such assets might be impaired and the carrying value may not be recoverable. Impairment testing is performed at an asset level that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities, or an asset group. If an asset group is considered impaired, an impairment loss equal to the excess of the asset group’s carrying value over their fair value is

recorded. Fair value is determined based on the present value of estimated expected future cash flows using a discount rate commensurate with the risk involved, quoted market prices, or appraised values, depending on the nature of the assets.

Goodwill

Goodwill represents the excess of the aggregate fair value of the consideration transferred in a business combination over the fair value of the assets acquired, net of liabilities assumed. Goodwill is not amortized, however, it is subject to impairment testing at the reporting unit level annually during the fourth quarter of our fiscal year or more frequently if events or changes in circumstances indicate that goodwill may be impaired.

In assessing impairment, we have the option to first assess qualitative factors to determine whether or not a reporting unit is impaired. Alternatively, we may perform a quantitative impairment assessment or if the qualitative assessment indicates that it is more-likely-than-not that the reporting unit's fair value is less than its carrying amount, a quantitative analysis is required. The quantitative analysis compares the estimated fair value of the reporting unit with its respective carrying amount, including goodwill. If the estimated fair value of the reporting unit exceeds its carrying amount including goodwill, goodwill is considered not to be impaired. If the fair value is less than the carrying amount including goodwill, then a goodwill impairment charge is recorded by the amount that the carrying value exceeds the fair value, up to the carrying amount of goodwill.

Derivative Financial Instruments

Derivative financial instruments, which include interest rate swaps, an interest rate cap, and a financial guarantee relating to a former executive officer, are recorded at fair value. For derivatives that qualify for hedge accounting, specifically as cash flow hedges, the change in fair value of the derivatives is recorded as an unrealized gain (loss), net of taxes, in the accompanying consolidated statements of comprehensive income. For derivatives that do not qualify for hedge accounting, the change in the fair value of our derivatives related to our long-term debt are recorded in interest expense, net, and the change in the fair value of our financial guarantee is recorded in other income, net, in the accompanying consolidated statements of operations.

Available-for-sale Debt Securities

At December 31, 2019 and 2020, we held long-term investments in two companies through the purchase of convertible promissory notes. These investments are classified as available-for-sale debt securities and the changes in fair values of these securities are recognized in other comprehensive loss, net of tax, in the accompanying consolidated statements of comprehensive income. We periodically review our available-for-sale debt securities to determine if there has been an other-than-temporary decline in fair value. If the impairment is deemed other-than-temporary, the portion of the impairment related to credit losses is recognized in the accompanying consolidated statements of operations, and the portion related to non-credit related losses is recognized in other comprehensive loss. In 2020, we recorded an other-than-temporary impairment of an available-for-sale debt security of $4.9 million, of which $4.8 million was recognized as other expense in our statement of operations and $0.1 million was recognized in other comprehensive loss.

Equity Method Investments

We have investments in common stock or in-substance common stock of certain entities. Investments through which we exercise significant influence but do not have control over the affiliates are accounted for under the equity method. Our proportional share of affiliate earnings or losses are included in income from equity method investment in our consolidated statements of operations. Losses in affiliates are recorded until the carrying value of our investment is reduced to zero. Investments accounted for under the equity method are not material, individually or in the aggregate, to our financial position, results of operations or cash flows for any period presented.

Investments in Other Equity Securities

We hold investments in equity securities of certain privately held companies, which do not have readily determinable fair values. We have elected to measure these non-marketable investments at cost, with remeasurements to fair value only upon the occurrence of observable price changes in orderly transactions for the identical or similar securities of the same issuer, or in the event of any impairment. This election is reassessed each reporting period to determine whether a non-marketable equity security has a readily determinable fair value, in which case they would no longer be eligible for this election. We evaluate our non-marketable equity securities for impairment at each reporting period based on a qualitative assessment that considers various potential impairment indicators. If an impairment exists, a loss is recognized in the consolidated statements of operations for the amount by which the carrying value exceeds the fair value of the investment. We include investments in equity securities within other assets in the accompanying consolidated balance sheets.

Operating and Capital Leases

For operating leases, we record rent expense on a straight-line basis over the lease term. Some of our lease arrangements provide for concessions by the landlords, including payments for leasehold improvements and rent-free periods. We account for the difference between the straight-line rent expense and rent paid as a deferred rent liability.

We also lease certain equipment under capital lease arrangements. The assets and liabilities under capital lease are recorded at the lesser of the present value of aggregate future minimum lease payments, including estimated bargain purchase options, or the fair value of the asset under lease. Assets under capital leases are amortized using the straight-line method over the estimated useful lives of the assets. Capital lease obligations, which are not material as of December 31, 2019 and 2020, are included in other liabilities in the accompanying consolidated balance sheets.

Debt Issuance Costs

Debt issuance costs associated with our term loans are deducted from the carrying value of current and long-term debt in the accompanying consolidated balance sheets and are amortized over the term of the loan using the effective interest method. Debt issuance costs associated with revolving facilities are classified as other assets in the accompanying consolidated balance sheets and are amortized over the term of the respective facility on a straight-line basis. Debt issuance costs are amortized to interest expense, net in the accompanying consolidated statements of operations.

Deferred Offering Costs

We record certain legal, accounting, and other third-party fees in other assets that are directly associated with in-process equity financings until such financings are consummated. After consummation, these costs are recorded in stockholders' deficit as a reduction from the proceeds of the offering. Should the equity financing no longer be considered probable of being consummated, the deferred offering costs are expensed in the consolidated statements of operations within income from operations. In 2019, we expensed $3.7 million related to a stock offering, which was not consummated. There were no deferred offering costs as of December 31, 2020.

Revenue Recognition

We derive our revenue from the following sources:

Transaction revenue—Transaction revenue is primarily generated from our customized legal document services upon fulfillment of these services. Transaction revenue is gross of filing fees and net of cancellations, promotional discounts and sales allowances. Until April 2020, when we ceased providing such services, we also

generated transaction revenue from our residential and commercial conveyancing business in the United Kingdom and revenue for these services was recognized when delivered to the customer. In addition, until July 2019, when we ceased providing such services, we generated revenue from litigation services in the United Kingdom, and we recognized this revenue based on the time incurred by the attorneys at their market billing rates. In 2020, we commenced providing tax advice and filing services in the United States, which are recognized at the point in time when the customer's tax return is filed and accepted by the applicable government authority.

Subscription revenue—Subscription revenue is generated primarily from subscriptions to our registered agent services, compliance packages, attorney advice, and legal forms services, in addition to software-as-a-service, or SaaS, subscriptions in the United Kingdom. In the fourth quarter of 2020, we commenced providing tax, bookkeeping and payroll subscription services. We recognize revenue from our subscriptions ratably over the subscription term. Subscription terms generally range from thirty days to one year. Subscription revenue includes the value allocated to bundled free-trials for our subscription services and is net of promotional discounts, cancellations, sales allowances and credit reserves and payments to third-party service providers such as legal plan law firms and tax service providers.

Partner revenue—Partner revenue consists primarily of one-time or recurring fees earned from third-party providers from leads generated to such providers through our online legal platform. Revenue is recognized when the related performance-based criteria have been met. We assess whether performance criteria have been met on a cost-per-click or cost-per-action basis.

Revenue from our transaction, subscription and partner revenue is as follows (in thousands):

	Year Ended December 31,	
	2019	2020
Transaction	$ 168,305	$ 212,114
Subscription	206,447	229,840
Partner	33,628	28,682
Total revenue	$ 408,380	$ 470,636

We adopted Financial Accounting Standards Board, or FASB, Accounting Standard Codification, or ASC, No. 606, *Revenue from Contracts with Customers*, or ASC 606, on a modified retrospective basis on January 1, 2019. The adoption of ASC 606 resulted in a cumulative adjustment to accumulated deficit of $1.0 million. We determine revenue recognition through the following five steps: identification of a contract with a customer; identification of the performance obligations in the contract; determination of the transaction price; allocation of the transaction price to the performance obligations in the contract; and recognition of revenue when or as the performance obligations are satisfied.

Our customers generally pay for transactions in advance by credit or debit card except for certain services provided under installment plans where we allow customers to pay for their order in two or three equal payments. The first installment due under the installment plans is charged to the customer's debit or credit card on the date the order is placed, and the remaining installments are generally charged on a monthly basis thereafter. We recognize revenue for the amount we expect to be entitled to for providing the services to our customers. The total fees collected by us for our services include, as applicable, expedited services fees, government filing fees, and shipping fees.

Subscription services are generally paid monthly or annually in advance of the subscription period except for SaaS services in the United Kingdom which are invoiced monthly in arrears. Amounts collected in advance of revenue recognition are recorded in deferred revenue. Customers may pay for services, however, may not provide the necessary information to complete a transaction. We attempt to contact the customer to complete the abandoned order. We recognize revenue on abandoned services, or breakage, when it is likely to occur and the

amount can be recognized without significant risk of reversal. We recognize breakage in proportion to the pattern of rights exercised by the customer. Judgment is required to determine the amount of breakage and when breakage is likely to occur, which we estimate based on historical data of breakage for similar services.

Services we offer can generally either be purchased on a stand-alone basis or bundled together as part of a package of services. Accordingly, a significant number of our arrangements include multiple performance obligations, such as the preparation of legal documents combined with related document revision, document storage, registered agent services, and free trial periods of our legal plans. At contract inception, we assess the services promised in our contracts with customers and identify performance obligations for each promise to transfer to the customer a service or bundle of services that is distinct. The identification of distinct performance obligations within our packages may require significant judgment.

The transaction price allocated to each separate performance obligation represents the amount of consideration to which we expect to be entitled in exchange for the services we provide. The transaction price is based on the contractual amounts in our contracts and is reduced for estimated sales allowances for price concessions, charge-backs, sales credits and refunds, which are accounted for as variable consideration when estimating the amount of revenue to recognize. We only include variable consideration in the transaction price to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. We estimate sales allowances using the expected value method. We recognize a liability or a reduction of accounts receivable, and a reduction to revenue based on the estimated amount of sales allowances. We record sales allowances as a reduction of accounts receivable where we expect not to collect the full amount of the outstanding accounts receivable and we record sales allowances as a liability for estimated refunds or credits where we have collected the amounts due from the customer. We have established a sufficient history of estimating sales allowances given the large number of homogeneous transactions. The majority of our allowances and reserves are known within a relatively short period of time following our balance sheet date. The estimated provision for sales allowances has varied from actual results within ranges consistent with management’s expectations. The transaction price excludes sales taxes.

Contracts with our customers may include options to purchase additional future services, and in the case of subscription services, options to auto-renew the subscription service. Additional consideration attributable to either the option to purchase additional future services or the option to renew are excluded from the transaction price until such time that the option is exercised, unless these options provide a material right to the customer.

For arrangements that contain multiple performance obligations, such as our bundled arrangements, we allocate the transaction price to each performance obligation based on estimates of the standalone selling price of each performance obligation within the bundle. For the services we sell on a standalone basis, we use the sales price of these services in the allocation of the transaction price in bundled arrangements. Where we do not sell the service on a standalone basis, we estimate the standalone selling price based on the adjusted market assessment approach or the expected cost plus a margin approach when market information is not observable. In these cases, the determination of the standalone selling price may require significant judgment.

We recognize revenue when we satisfy the performance obligation by transferring the promised good or service to the customer. For our transaction-based services, we generally recognize revenue at a point-in-time when the services are delivered to the customer. For our subscription-based services we recognize revenue on a straight-line basis over the subscription term. For our partner-based services, we recognize revenue at a point-in-time when the related performance-based criteria have been met.

We do not have significant financing components in arrangements with our customers.

Principal Agent Considerations

In certain of our arrangements, another party may be involved in providing services to our customer. We evaluate whether we can recognize revenue gross as a principal or net as an agent. We record revenue on a gross

basis when we are the principal in the arrangement. To determine whether we are a principal or an agent, we identify the specified good or service to be provided to the customer and assess whether we control the specified good or service before that good or service is transferred to the customer. We evaluate a number of indicators of whether we control the good or service before it is transferred to the customer, including whether we have primary fulfillment responsibility and obligation to perform the services being sold to the customer; we have latitude in establishing the sales price; and we have inventory risk.

In arrangements in which we are the principal, we record as revenue the amounts we have billed to our customer, net of sales allowance, and we record the fee payable to the third-party as cost of revenue. We are the principal in most of our legal document preparation and registered agent services, including legal entity formations and similar arrangements and conveyancing and formation services in the United Kingdom. As a result, for these services, revenue is recorded gross of filing and similar fees.

In arrangements in which we are not the principal, we record revenue on a net basis, which is equal to the amount billed to our customer, net of sales allowances and the fee payable to the third-party or partner that is primarily responsible for performing the services for the customer. We are not a law firm in the United States and cannot provide legal advice through our U.S. entities, therefore the participating independent law firms in our legal plans control the service to the customer and have the primary service obligation to provide attorney consultations to our customers, for which we pay the law firms a monthly fee. For these arrangements, we recognize revenue on a net basis as an agent. Since 2016, our Alternative Business Structure, or ABS, subsidiary in the United Kingdom began offering legal advisory services that were marketed through our website. Our ABS provides independent legal advice to our customers and is directly responsible for, and controls the fulfillment of, the legal services. Accordingly, for services provided by our ABS, we recognize revenue as the principal. For partner revenue we receive a fee for the referral of our customer to the partner or we retain a portion of the fee paid by the customer and share the remainder with the partner. Our partner controls the service to the customer and the partner is responsible for fulfilling the referred service to the customer; accordingly, we recognize revenue for these arrangements on a net basis.

Revenue includes shipping and handling fees charged to customers.

Cost of Revenue

Cost of revenue includes all costs of providing and fulfilling our services. Cost of revenue primarily includes government filing fees; costs of fulfillment, customer care, including the cost of credentialed professionals for tax, bookkeeping and payroll services, and related benefits, including stock-based compensation, and costs of independent contractors for document preparation; telecommunications and data center costs, amortization of acquired developed technology, depreciation and amortization of network computers, equipment and internal-use software; printing, shipping and handling charges; credit and debit card fees; allocated overhead; legal document kit expenses; and sales and use taxes. We defer direct and incremental costs primarily related to government filing fees incurred prior to the associated service meeting the criteria for revenue recognition. These contract assets are recognized as cost of revenue in the same period the related revenue is recognized. At December 31, 2019 and 2020, there was $1.9 million and $2.0 million, respectively, in deferred cost of revenue included in prepaid expenses and other current assets in the accompanying consolidated balance sheets. Filing fees of $50.7 million and $64.5 million were recorded in cost of revenue in the accompanying consolidated statements of operations for 2019 and 2020, respectively.

Sales and Marketing Expenses

Sales and marketing expenses consist of customer acquisition media costs; compensation and related benefits, including stock-based compensation for marketing and sales personnel; media production; public relations and other promotional activities; general business development activities; an allocation of depreciation and amortization and allocated overhead. Customer acquisition media costs consist primarily of search engine

marketing, television and radio costs. Marketing and advertising costs to promote our services are expensed in the period incurred. Media production costs are expensed the first time the advertisement is aired. Advertising expenses were $67.2 million and $119.2 million for 2019 and 2020, respectively.

Technology and Development Expenses

Technology and development expenses consist primarily of personnel costs and related benefits, including stock-based compensation, expenses for outside consultants, an allocation of depreciation and amortization and allocated overhead. These expenses include costs incurred in the development and implementation of our websites, mobile applications, online legal platform, research and development and related infrastructure. Technology and development expenses are expensed as incurred, except to the extent that such costs are associated with internal-use software costs that qualify for capitalization as previously described under *Internal-use Software*.

General and Administrative Expenses

Our general and administrative expenses relate primarily to compensation and related benefits, including stock-based compensation, for executive and corporate personnel, professional and consulting fees, an allocation of depreciation and amortization, allocated overhead and legal costs.

Stock-based Compensation

We estimate the fair value of employee stock-based payment awards on the grant-date and recognize the resulting fair value, net of estimated forfeitures, over the requisite service period. We use the Black-Scholes option pricing model for estimating the fair value of options granted under our stock option plans that vest based on service and performance conditions. The fair value of restricted stock units, or RSUs, that vest based on service and performance conditions is determined based on the value of the underlying common stock at the date of grant. For awards that contain market conditions, we estimate the fair value using a Monte Carlo simulation model. We record expense for awards that contain performance conditions only to the extent that we determine it is probable that the performance condition will be achieved. Expense for awards containing market conditions is not reversed even if the market condition is not achieved. We have elected to treat stock-based payment awards with graded vesting schedules and time-based service conditions as a single award and recognize stock-based compensation on a straight-line basis, net of estimated forfeitures, over the requisite service period. Awards with performance or market conditions are recognized using graded vesting.

The Black-Scholes option pricing model and the Monte Carlo simulation model requires us to make certain assumptions including the fair value of the underlying common stock, the expected term, the expected volatility, the risk-free interest rate and the dividend yield.

The fair value of the shares of common stock underlying the stock options has historically been determined by the Board of Directors. Because there has been no public market for our common stock, the Board of Directors has determined the fair value of the common stock at the time of the grant of options and RSUs by considering a number of objective and subjective factors including valuation of comparable companies, sales of common stock to unrelated third parties, operating and financial performance and general and industry-specific economic outlook, amongst other factors. The fair value of the underlying common stock will be determined by the Board of Directors until such time as and if our common stock is listed on an established stock exchange or national market system. The fair value was determined in accordance with applicable elements of the practice aid issued by the American Institute of Certified Public Accountants titled *Valuation of Privately Held Company Equity Securities Issued as Compensation*.

The expected term of employee stock options represents the weighted-average period that the stock options are expected to remain outstanding. The expected term of options granted is estimated based upon actual historical exercise and post-vesting cancellations, adjusted for expected future exercise behavior.

Because our common stock has no publicly traded history, we estimate the expected volatility from the historical volatility of selected public companies with comparable characteristics to us, including similarity in size, lines of business, market capitalization and revenue and financial leverage. We determine the expected volatility assumption using the frequency of daily historical prices of comparable public company's common stock for a period equal to the expected term of the options. We periodically assess the comparable companies and other relevant factors used to measure expected volatility for future stock option grants.

The risk-free interest rate assumption is based upon observed interest rates on the U.S. government securities appropriate for the expected term of our stock options.

The dividend yield assumption is based on our history and expectation of dividend payouts. Other than the special dividends declared in periods prior to these financial statements, which resulted in corresponding reductions in the exercise price of the stock options, we have never declared or paid any cash dividends on our common stock, and we do not anticipate paying any cash dividends in the foreseeable future.

Stock-based compensation expense is recognized based on awards that are ultimately expected to vest.

Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures are estimated based on our historical experience and future expectations.

The determination of stock-based compensation is inherently uncertain and subjective and involves the application of valuation models and assumptions requiring the use of judgment. If we had made different assumptions, our stock-based compensation expense, and our net income for 2019 and 2020, may have been materially different.

Loss Contingencies

We record loss contingencies in our consolidated financial statements in the period when they are probable and reasonably estimable. If the amount is probable and we are able to reasonably estimate a range of loss, we accrue the amount that is the best estimate within that range, and if no amount is better than any other in the range, we record the amount at the low end in the range. We disclose those contingencies that we believe are at least reasonably possible but not probable regardless of whether they are reasonably estimable. The likelihood of a loss is determined using several factors including the nature of the matter, advice of our internal and external counsel, previous experience and historical and relevant information available to us. The determination of the likelihood of loss or the range of loss requires significant management judgment. We expense legal costs for defending legal proceedings as incurred.

Income Taxes

We account for income taxes using the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been recognized in our consolidated financial statements. Deferred income tax assets and liabilities are measured using enacted tax rates anticipated to be in effect when those tax assets and liabilities are expected to be realized or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the consolidated statements of operations in the period that includes the enactment date.

We make judgments in evaluating whether deferred tax assets will be recovered from future taxable income. A valuation allowance is established if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. We consider all available evidence, both positive and negative, including historical levels of income, expectations and risk associated with estimates of future taxable income in assessing the need for a valuation allowance. If our assumptions and consequently our estimates, change in the future, the valuation allowance may be increased or decreased, resulting in an increase or decrease, which may be material, to our provision for income taxes and the related impact on our net income.

We recognize tax benefits from an uncertain position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits. If this threshold is met, we measure the tax benefit as the largest amount of the benefit that is greater than fifty percent likely to be realized upon ultimate settlement. We recognize penalties and interest accrued with respect to uncertain tax positions as a component of the income tax provision. At December 31, 2019 and 2020, accrued penalties and interest related to uncertain tax positions were not material.

Net Income Per Share Attributable to Common Stockholders

We apply the two-class method for calculating net income per share. Under the two-class method, in periods where we generate net income, net income is allocated between common stock and other participating securities based on their participation rights. Our participating securities consist of redeemable convertible preferred stock, which participate in dividends, if declared. For periods in which we report a net loss, the participating securities are not contractually obligated to share in our losses, and accordingly, no loss is allocated to the participating securities. Basic net income per share is calculated by dividing net income attributable to common stockholders by the weighted-average number of shares of common stock outstanding, net of unvested restricted stock, if any, during the period. We compute diluted net income per share under the two-class method where income is reallocated between common stock, potential common stock and participating securities. Potential common stock includes stock options, restricted stock and RSUs computed using the treasury stock method.

Recent Accounting Pronouncements

Under the *Jumpstart our Business Startups Act*, or JOBS Act, we meet the definition of an emerging growth company. We have elected to use the extended transition period for complying with new or revised accounting standards pursuant to Section 107(b) of the JOBS Act. As a result, our financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective date for new or revised accounting standards that are applicable to public companies. To the extent that we no longer qualify as an emerging growth company we will be required to adopt certain accounting pronouncements earlier than the adoption dates disclosed below which are for non-public business entities.

Recently Adopted Accounting Pronouncements

In June 2018, the FASB issued ASU No. 2018-07, *Compensation—Stock Compensation (Topic 718)*: *Improvements to Nonemployee Share-Based Payment Accounting*. The guidance simplifies the accounting for share-based payments made to non-employees so the accounting for such payments is substantially the same as those made to employees. The Update is effective for our fiscal year beginning January 1, 2020 and interim periods within our fiscal year beginning after January 1, 2021. Early adoption is permitted, however, no earlier than the adoption date of ASC 606. We adopted this Update on January 1, 2020. The adoption of this Update did not have a material impact on our consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The Update modifies the disclosure requirements in Topic 820, *Fair Value Measurement*, by removing certain disclosure requirements related to the fair value hierarchy, modifying existing disclosure requirements related to measurement uncertainty and adding new disclosure requirements, such as disclosing the changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period and disclosing the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. The Update is effective for our annual and interim periods beginning on January 1, 2020. We adopted this Update on January 1, 2020. The adoption of this Update did not have a material impact on our consolidated financial statements.

In October 2018, the FASB issued ASU No. 2018-16, *Derivatives and Hedging (Topic 815): Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark for Hedge*

Accounting Purposes. This Update permits use of the overnight index swap rate based on the secured overnight financing rate as a U.S. benchmark interest rate for hedge accounting purposes. The Update is effective for our fiscal year beginning on January 1, 2020, concurrently with ASU 2017-12. We adopted this Update on January 1, 2020. The adoption of this Update did not have a material impact on our consolidated financial statements.

Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, or ASU 2016-02. The guidance requires lessees to recognize most leases as right of use assets and lease liabilities on the balance sheet and also requires additional qualitative and quantitative disclosures to enable users to understand the amount, timing and uncertainty of cash flows arising from leases. The original guidance required application on a modified retrospective basis to the earliest period presented. In August 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which includes an option to not restate comparative periods in transition, however, to elect to use the effective date of ASU 2016-02, as the date of initial application of transition. In March 2019, the FASB issued ASU No. 2019-01, *Leases (Topic 842): Codification Improvements*, which made further targeted improvements including clarification regarding the determination of fair value of lease assets and liabilities and statement of cash flows and presentation guidance. In June 2020, FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which extended the effective date of this guidance for non-public entities to fiscal years beginning after December 15, 2021. The Update is effective for our annual reporting period beginning on January 1, 2022. We are currently evaluating the impacts the adoption of these Updates will have on our consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit losses: Measurement of Credit Losses on Financial Instruments (Topic 326)*, or ASU 2016-13, as amended, which revises the impairment model to utilize an expected loss methodology in place of the currently used incurred loss methodology, which will result in more timely recognition of losses on financial instruments, including, but not limited to, available-for-sale debt securities and accounts receivable. These Updates are effective for our annual reporting period beginning on January 1, 2023. We are currently evaluating the impacts the adoption of these Updates will have on our consolidated financial statements.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848)—Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, that provides optional relief to applying reference rate reform to contracts, hedging relationships, and other transactions that reference LIBOR, which will be discontinued by the end of 2021. Also, in January 2021, the FASB issued ASU No. 2021-01, *Reference Rate Reform (Topic 848)—Scope*, to clarify that cash flow hedges are eligible for certain optional expedients and exceptions for the application of subsequent assessment methods to assume perfect effectiveness as previously presented in ASU 2020-04. The amendments in these Updates are effective immediately and may be applied through December 31, 2022. We are currently evaluating the impacts the adoption of these Updates will have on our consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. This Update simplifies the accounting for income taxes by removing certain exceptions to the general principles in ASC 740, *Income Taxes* as well as by improving consistent application of the topic by clarifying and amending existing guidance. This standard is effective for our annual reporting period beginning on January 1, 2022, with early adoption permitted. We are currently evaluating the impact the adoption of the Update will have on our consolidated financial statements.

Note 3. Net Income Per Share Attributable to Common Stockholders

The following table shows the computation of basic and diluted net income per share attributable to common stockholders (in thousands, except per share amounts):

	Year Ended December 31,	
	2019	2020
Numerator:		
Net income	$ 7,443	$ 9,896
Less: amounts attributable to redeemable convertible preferred stock	(2,021)	(2,674)
Net income attributable to common stockholders—basic	5,422	7,223
Add: undistributed earnings reallocated to common stockholders	55	39
Net income attributable to common stockholders—diluted	$ 5,476	$ 7,262
Denominator:		
Weighted-average common stock used in computing net income per share attributable to common stockholders—basic	123,826	124,709
Effect of potentially dilutive securities:		
Stock options	4,161	2,444
Restricted stock units	559	106
Weighted-average common stock used in computing net income per share attributable to common stockholders—diluted	128,546	127,259
Net income per share attributable to common stockholders—basic	$ 0.04	$ 0.06
Net income per share attributable to common stockholders—diluted	$ 0.04	$ 0.06

The following table presents the number of options, restricted stock units and restricted stock excluded from the calculation of diluted net income per share attributable to common stockholders because they are anti-dilutive (in thousands):

	As of December 31,	
	2019	2020
Options to purchase common stock	7,256	12,529
Restricted stock units	884	2,235
Restricted stock	200	100
Total	8,340	14,864

Note 4. Other Financial Statement Information

Accounts Receivable

Changes in the allowance consisted of the following (in thousands):

	Year Ended December 31,	
	2019	2020
Beginning balance	$ 1,939	$ 2,461
Add: amounts recognized as a reduction of revenue	2,996	6,493
Add: bad debt expense recognized in general and administrative expense	—	2,170
Less: write-offs, net of recoveries	(2,474)	(5,868)
Ending balance	$ 2,461	$ 5,256

The allowance recognized as a reduction of revenue primarily relates to our installment plan receivables for which we expect we will not be entitled to a portion of the transaction price based on our historical experience with similar transactions. The allowance recognized against general and administrative expense represents an allowance relating to receivables from partners that are no longer considered collectible.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following (in thousands):

	As of December 31,	
	2019	2020
Prepaid expenses	$ 6,659	$ 7,177
Deferred cost of services	1,860	1,967
Other current assets	1,572	1,392
Total prepaid expenses and other current assets	$ 10,091	$ 10,536

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

	As of December 31,	
	2019	2020
Accrued payroll and related expenses	$ 12,551	$ 16,135
Accrued vendor payables	11,610	10,854
Derivative liabilities and hybrid debt	1,655	5,131
Sales allowances	4,651	4,856
Accrued sales, use and business taxes	1,773	1,789
Accrued advertising	1,057	173
Other	3,129	2,090
Total accrued expenses and other current liabilities	$ 36,426	$ 41,028

Changes in sales allowances relating to charge-backs, sales credits and refunds consisted of the following (in thousands):

	Year Ended December 31,	
	2019	2020
Beginning balance	$ 4,483	$ 4,651
Add: increase in sales allowances	10,387	9,976
Less: utilization of reserves	(10,219)	(9,771)
Ending balance	$ 4,651	$ 4,856

Depreciation and Amortization

Depreciation and amortization expense of our property and equipment, including capitalized internal-use software, and intangible assets consisted of the following (in thousands):

	Year Ended December 31,	
	2019	2020
Cost of revenue	$ 6,773	$ 8,324
Sales and marketing	6,469	6,913
Technology and development	1,055	2,800
General and administrative	2,093	2,060
Total depreciation and amortization expense	$ 16,390	$ 20,097

Deferred revenue

Deferred revenue as of December 31, 2019 and 2020 was $106.7 million and $130.1 million, respectively. Revenue recognized in 2019 and 2020 that was included in deferred revenue at the beginning of the year was $99.8 million and $103.5 million, respectively. We expect to recognize substantially all of the deferred revenue as of December 31, 2020 as revenue in 2021.

We have omitted disclosure about the transaction price allocated to remaining performance obligations and when revenue will be recognized as revenue as our contracts with customers that have a duration of more than one year are immaterial.

Note 5. Acquisitions

Purely Solutions, LLC

In October 2020, we entered into a membership interest purchase agreement with Purely Solutions, LLC, or Pure, in which we acquired 100% of the membership interest as part of our plans to offer tax services. Pure provides tax preparation, bookkeeping and outsourced payroll services.

The total fair value of the consideration for the acquisition was $2.3 million. Of the total consideration, $1.0 million was paid in cash on the acquisition date and up to $0.5 million and $0.8 million will be paid in cash within six and eighteen months, respectively, based upon certain earnout metrics being achieved including hiring targets and customer experience metrics. We classify contingent consideration in accrued expenses and other current liabilities and other liabilities in the accompanying consolidated financial statements.

Intangible assets acquired from Pure included customer relationships of $0.6 million, which are being amortized over their estimated useful life of three years using the straight-line method. The goodwill of $1.6 million arising from the acquisition consists largely of the assembled workforce and synergies expected from combining Pure into our operations. The acquired goodwill is not expected to be deductible for tax purposes.

Note 6. Disposition of Business

Beaumont ABS Limited

In April 2020, we sold our conveyancing business in the United Kingdom, Beaumont ABS Limited, or Beaumont, to a third-party buyer and paid $1.2 million in working capital to the buyers. Our loss on sale of business was $1.8 million for the year ended December 31, 2020. In March 2020, prior to the disposition, we recorded an impairment charge of $0.6 million related to property and equipment.

Note 7. Investments

Available-for-sale Debt Securities

In 2019, we invested in Legal Vision Pty Ltd., or Legal Vision, an Australian proprietary limited company that provides online legal services to small and medium size businesses, through the purchase of a convertible promissory note for a total of Australian Dollar, or AUD $1.0 million ($0.7 million). The convertible promissory note has a maturity term of ten years, which is convertible into Legal Vision's common stock. The underlying conversion feature is exercisable upon an exit event including an IPO, merger or sale, upon a new financing round or at our election. At December 31, 2020, we do not hold any equity interests or in-substance common stock in Legal Vision, and accordingly, we classify the convertible promissory note as an investment in an available-for-sale debt security in the accompanying consolidated balance sheets. The fair value of the Legal Vision available-for-sale debt security was AUD $1.5 million ($1.1 million) at December 31, 2020.

The fair value of the convertible promissory note is based on unobservable inputs that are categorized as Level 3 in the fair value hierarchy. We determined that the conversion option on the Legal Vision convertible promissory note will not have material value until Legal Vision executes on its business plans to drive growth, which consequently will drive the fair value of the associated conversion option in excess of the carrying value of the convertible promissory note. Accordingly, the fair value of the convertible debt approximated its carrying value as of December 31, 2019 and 2020. At December 31, 2019 and 2020, the fair value of our available-for-sale debt security in Legal Vision was AUD $1.3 million ($0.9 million) and AUD $1.4 million ($1.0 million), respectively. In 2019, key assumptions used in the Monte Carlo simulation model to determine the fair value of the convertible promissory note in Legal Vision were: expected term of 9.3 years, risk-free rate of 1.3%, and volatility of 45%. In 2020, key assumptions used in the Monte Carlo simulation model to determine the fair value of the convertible promissory note in Legal Vision were: expected term of 8.3 years, risk-free rate of 0.8%, and volatility of 50%.

Since the Legal Vision convertible promissory note has a contractual maturity date that exceeds one year and we do not intend to liquidate in the next twelve months, we have classified the convertible promissory note as a non-current available-for-sale debt security in the accompanying consolidated balance sheets as of December 31, 2019 and 2020.

Between 2017 and 2019, we made several investments in Firma.de Firmenbaukasten AG, or Firma, a German limited liability company that provides web-based business formation services to small business owners. The investments were made through the purchase of convertible promissory notes, or convertible debt, with maturity terms of five years, which are convertible into Firma's common stock. The underlying conversion feature is only exercisable upon Firma achieving a trailing 12-month revenue target of EUR €5.0 million any time prior to the maturity of the convertible debt in May 2023. In 2020, we fully impaired our investment in Firma and we incurred a loss of $4.8 million because the present value of cash flows expected to be collected is less than the amortized cost basis of the investment. Therefore, we recognized an other-than-temporary impairment of EUR €4.3 million ($4.8 million) in our consolidated statements of operations during the year ended December 31, 2020.

Equity Method Investment

In October 2016, our wholly owned subsidiary Pulse Global Services, Limited, or Pulse, and Sort Group Limited, a third-party company in the United Kingdom, formed Sort Legal Limited, or Sort Legal, as a joint venture with Pulse owning 49% equity interest in Sort Legal. We determined that Pulse was not the primary beneficiary of Sort Legal and Pulse had significant influence over Sort Legal. Accordingly, Sort Legal was accounted for using the equity method. In December 2019, we sold our equity interests to Sort Group Limited for $0.3 million. Sort Legal's operating results were not material to our consolidated financial statements in 2019.

Investments in Other Equity Securities

In 2018, we invested in LawPath, Pty Ltd, or LawPath, an Australian proprietary limited company that provides an online legal platform to individuals and small and medium size businesses, through the purchase of a convertible promissory note for a total of AUD $1.1 million ($0.8 million). The convertible promissory note had a maturity term of five years from issuance and was convertible into LawPath's common stock upon an exit event including IPO, merger or sale, a new financing round, or LawPath achieving a trailing 12-month performance target of AUD $10.0 million in net revenue or AUD $2.0 million in earnings before interest, tax, depreciation and amortization, or EBITDA, any time prior to the maturity of the convertible debt in July 2023. In October 2019, coinciding with a new financing round, we elected to convert our convertible promissory note into LawPath's common stock and invested AUD $1.0 million ($0.7 million) in additional LawPath common stock. The outstanding balance of the note totaling AUD $1.2 million ($0.8 million) was converted into 4,215 shares of LawPath's common stock. At December 31, 2019 and 2020, our total equity interest in LawPath was 14%, which is recorded at cost.

In December 2018, we purchased 3,000,000 shares of Class C nonvoting common units in Mylo, LLC, or Mylo, a digital insurance broker that services small and medium size businesses, for $3.0 million, resulting in a 4% interest in Mylo.

The investments in LawPath and Mylo do not have readily determinable fair values. There were no impairments of these investments during the years ended December 31, 2019 and 2020, respectively.

At December 31, 2019 and 2020, the carrying value of these investments is included in other assets in the accompanying consolidated balance sheets.

Note 8. Property and Equipment

Property and equipment, net, consisted of the following (in thousands):

	As of December 31,	
	2019	2020
Building and building improvements	$ 29,350	$ 29,850
Land	6,437	6,437
Internal-use software	52,394	56,756
Purchased software	3,483	3,370
Furniture and office equipment	4,190	3,868
Computer hardware	14,450	12,195
Leasehold improvements	4,902	4,904
Software development in-progress	5,536	4,305
Total cost of property and equipment	120,742	121,685
Less: accumulated depreciation and amortization	(60,683)	(70,311)
Property and equipment, net	$ 60,059	$ 51,374

Depreciation and amortization expense related to property and equipment was $12.1 million and $17.3 million for 2019 and 2020, respectively.

At December 31, 2019 and 2020, accumulated amortization in connection with internal-use software costs was $29.9 million and $38.7 million, respectively. In 2019 and 2020, we recorded amortization expense of $7.3 million and $12.3 million, respectively, in connection with these costs. Software development in-progress consists primarily of internal-use software projects, which when placed in service, will provide enhancements and improvements to the operational and functional capabilities to our online legal platform and our customer-

facing website. In 2019 and 2020, we capitalized internal-use software development costs of $14.2 million and $8.1 million, respectively. In 2019 and 2020, we impaired $3.7 million and $1.1 million, respectively, of capitalized software developments costs related primarily to internal-use software projects that no longer met our business requirements or were no longer expected to be placed in service.

Note 9. Goodwill

The changes in goodwill for 2019 and 2020 were as follows (in thousands):

Balance as of December 31, 2018	20,077
Impairment	(10,597)
Foreign currency translation	326
Balance as of December 31, 2019	9,806
Acquisition	1,569
Foreign currency translation	29
Balance as of December 31, 2020	$ 11,404

As discussed in Note 5, we acquired Pure in October 2020.

In 2019, we had two reporting units, the U.S. reporting unit and the U.K. reporting unit. Our U.K. reporting unit's performance was below expectations and further deteriorated in 2019. Our quantitative goodwill assessment in 2019 concluded that the carrying value of the U.K. reporting unit exceeded its fair value, and accordingly, we impaired all the goodwill attributable to the U.K. reporting unit of $10.6 million. At December 31, 2020, we have one reporting unit.

Note 10. Intangible Assets, net

Intangible assets, net, consisted of the following (in thousands):

	December 31, 2019		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	$ 7,770	$ 6,172	$ 1,598
Developed technology	5,118	3,692	1,426
Trade names	2,360	2,306	54
Non-compete agreements	224	224	—
Total intangible assets	$15,472	$ 12,394	$ 3,078

	December 31, 2020		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	$ 8,626	$ 7,949	$ 677
Developed technology	5,216	5,085	131
Trade names	288	281	7
Total intangible assets	$14,130	$ 13,315	$ 815

For 2019 and 2020, we recorded amortization expense of $4.3 million and $2.8 million, respectively.

At December 31, 2020, estimated future intangible assets amortization expense was as follows (in thousands):

For Years Ending December 31,	
2021	$430
2022	210
2023	175
Total amortization expense	$815

Note 11. Long-term Debt

A reconciliation of the scheduled maturities to the consolidated balance sheets is as follows (in thousands):

	As of December 31,	
	2019	2020
Current portion of 2018 Term Loan	$ 5,350	$ 5,350
Current portion of discount and unamortized debt issuance costs	(2,351)	(2,321)
Total current portion of long-term debt	$ 2,999	$ 3,029
Noncurrent portion of 2018 Term Loan	$524,300	$518,950
Noncurrent portion of discount and unamortized debt issuance costs	(8,909)	(6,588)
Total long-term debt, net of current portion	$515,391	$512,362

At December 31, 2020, aggregate future principal payments are as follows (in thousands):

As of December 31,	
2021	$ 5,350
2022	5,350
2023	5,350
2024	508,250
Total outstanding principal of 2018 Term Loan	524,300
Less: current portion of 2018 Term Loan	(5,350)
Outstanding principal of 2018 Term Loan, net of current portion	$518,950

In November 2018, we entered into an amended first lien credit and guaranty agreement, or the 2018 Credit Facility, which consists of a first lien term loan facility, or 2018 Term Loan, with a principal amount of $535.0 million and a 2018 Revolving Facility of $40.0 million, or the 2018 Revolving Facility. The 2018 Term Loan matures in November 2024 and the 2018 Revolving Facility matures in November 2023. Debt issuance costs of $6.5 million and $0.2 million from the 2018 Term Loan and 2018 Revolving Facility, respectively, are being amortized to interest expense over their respective terms.

Our 2018 Credit Facility is guaranteed by substantially all of our material domestic subsidiaries and is secured by substantially all of our and such subsidiaries' assets, with the exception of our restricted cash equivalent. Under the terms of the 2018 Credit Facility, for our 2018 Revolving Facility, we are required to maintain a Total Net First Lien Leverage Ratio not to exceed 7.9 to 1.0 unless we receive written consent. The Total Net First Lien Leverage Ratio represents the ratio of consolidated total net indebtedness to consolidated adjusted cash EBITDA based on a retroactive rolling, 12-month period. The Total Net First Lien Leverage Ratio will be tested on the last day of each fiscal quarter commencing in March 2019, where the total principal amount of all revolving loans and letters of credit outstanding under the 2018 Revolving Facility, excluding any issued

and outstanding undrawn letters of credit, exceeds 35% of the total commitments. In addition, we will be required to apply 50% of any excess cash flow, as defined in the 2018 Credit Facility toward prepayments of the 2018 Term Loan and 2018 Revolving Facility. The excess cash flow requirement will reduce to 25% if our Total Net First Lien Leverage Ratio is between 4.25 to 1.00 and 3.75 to 1.00 and will reduce to 0% if our Total Net First Lien Leverage Ratio is less than 3.75 to 1.00. The 2018 Credit Facility also contains certain non-financial covenants including, among other things, limitations on our ability to incur additional debt, incur additional liens, sell or dispose of assets, merge with or acquire other companies, liquidate or dissolve ourselves, engage in businesses that are not in a related line of business, make loans, advances or guarantees, pay dividends, engage in transactions with affiliates, incur liens and make investments. The 2018 Credit Facility also has various customary representations and warranties and events of default. We were in compliance with the financial covenants under the 2018 Credit Facility as of December 31, 2019 and 2020.

The 2018 Term Loan bears either a base rate plus an interest drawn spread of 3.5%, or LIBOR plus an interest drawn spread of 4.5%. The interest rate applicable to loans under our 2018 Revolving Facility is, at our option, either (a) LIBOR plus a margin of 4% or (b) the base rate plus a margin of 3%. Each such margin may decrease depending on our Net First Lien Leverage Ratio. The base rate is the highest of (a) the federal funds rate plus 1/2 of 1%, (b) the prime rate as announced by our financial institution, or (c) LIBOR plus 1% and (d)(i) in the case of the 2018 Term Loan, 2% or (ii) otherwise, 1%. The 2018 Revolving Facility bears the following interest drawn spreads and unused commitment fees based upon our Total Net First Lien Leverage Ratio:

Total Net First Lien Leverage Ratio	Fixed Rate Margin	Base Rate Margin	Commitment Fee
Greater than 4.25 to 1.00	4.00%	3.00%	0.50%
Greater than 3.75 to 1.00 however less than or equal to 4.25 to 1.00	3.75%	2.75%	0.375%
Less than or equal to 3.75 to 1.00	3.50%	2.50%	0.25%

We are obligated to pay a commitment fee accrued daily on the undrawn portion of the 2018 Revolving Facility based on the rates set forth above, payable in arrears at the end of each fiscal quarter. We also have $8.0 million in letters of credit available under our 2018 Revolving Facility.

In March 2020, in response to the World Health Organization’s declaration of COVID-19, we drew down the full $40.0 million available from our 2018 Revolving Facility. The 2018 Revolving Facility was paid in full by May 2020. At December 31, 2019 and 2020, we had no amounts outstanding under our 2018 Revolving Facility or any outstanding letters of credit.

At December 31, 2019 and 2020, all of our borrowings were related to the 2018 Term Loan. The effective interest rate of the 2018 Term Loan is 7.0% and 5.1% for 2019 and 2020, respectively. The thirty-day LIBOR-interest rate was approximately 1.8% and 0.2% as of December 31, 2019 and 2020, respectively. We paid $5.35 million in principal repayments on the 2018 Term Loan in 2019 and 2020.

We determined that the fair value of our long-term debt approximates its carrying value as of December 31, 2020. We estimated the fair value of our long-term debt using Level 2 inputs based on recent observable trades of our 2018 Term Loan.

Note 12. Derivative Financial Instruments

Derivative financial instruments and hybrid debt consisted of the following (in thousands):

	Year Ended December 31,	
	2019	2020
Interest rate swaps derivative liability, current portion	$ 1,655	$ 2,177
Interest rate swaps	$ 3,750	$ 3,640
Financial guarantee	1,900	150
Total derivative liability, net of current portion	$ 5,650	$ 3,790
Hybrid debt, current portion	$ —	$ 2,954
Hybrid debt, net of current portion	$ —	$ 8,152

Current and noncurrent derivative liabilities and hybrid debt are included in accrued expenses and other current liabilities and other liabilities, respectively, in the accompanying consolidated balance sheets.

Financial Guarantee

In September 2019, we provided a financial guarantee relating to a former executive officer upon their voluntary termination. The executive officer entered into a personal loan with a financial institution for $50.0 million with a three-year term. The personal loan is collateralized by personal assets, an investment portfolio and our common stock owned by the former executive officer. We provided a financial guarantee to the financial institution up to $25.0 million should the former executive officer default or not meet certain collateral requirements throughout the term of the personal loan. We deposited $25.0 million into a money market fund with the financial institution, or the restricted cash equivalent, to evidence this financial guarantee. Should the former executive officer not meet certain collateral requirements or defaults on the personal loan, the financial institution has the ability to use our restricted cash equivalent for any shortfall up to $25.0 million. In that event, we will have full recourse against the former executive officer to recover the amount retained by the financial institution up to $25.0 million. The personal loan is required to be repaid by the former executive officer prior to us making a public filing with the Securities and Exchange Commission for our IPO, or September 2022, whichever comes first. In the event of our IPO, the former executive officer has the option to sell up to $25.0 million of his common stock back to us to pay off the personal loan with the financial institution.

The financial guarantee is being accounted for as a derivative at fair value with changes in fair value recorded in other income, net in our consolidated statements of operations. The financial guarantee has a term of three years and matures in September 2022. The estimated fair value of the financial guarantee liability of $1.9 million and $0.1 million as of December 31, 2019 and 2020, respectively, was estimated using a Monte Carlo simulation model using Level 3 inputs from the fair value hierarchy. The principal assumptions used in the model as of December 31, 2019 were: expected volatility of 50% and risk-free rate of 1.6%. The principal assumptions used in the model as of December 31, 2020 were: expected volatility of 63% and risk-free rate of 0.1%. The change in fair value of the financial guarantee in 2020 was $1.8 million. The change in fair value of the financial guarantee from September 2019 to December 31, 2019 was not material to our consolidated financial statements.

Interest Rate Swaps

In April 2019, we entered into two interest rate swaps, or initial swaps, to manage cash flow exposure and exposure to interest rate fluctuations under our 2018 Term Loan. The initial swaps mature in April 2022. Under the swap agreements, we were required to pay interest at a fixed rate of 2.3% per annum and receive interest at a variable rate indexed to one-month LIBOR. The initial notional amount of each initial swap was $66.0 million.

The initial swaps are being accounted for as cash flow hedges as the transactions were executed to hedge our future interest payments.

Due to the impact of COVID-19 and decreases in LIBOR, in March 2020, we entered into two blend-and-extend transactions to modify our initial swaps where the derivative liability of $12.3 million was carried over to the modified swaps, the fixed rate of 2.3% on the initial swaps was modified to a new average fixed interest rate of 1.7% and the maturity date was extended by two years to April 2024. The notional amount of each modified swap was $96.6 million. At the time of modification, the initial swaps were de-designated as cash flow hedges and amounts in other comprehensive income were frozen and are amortized to interest expense over the life of the original hedge relationship. As the modified swaps were considered off-market, they were accounted for as a debt host, and an embedded at-market derivative was bifurcated from the debt host. The at-market portion of the modified swaps were designated as cash flow hedges. The hybrid debt host is accounted for at amortized cost basis and will be amortized as we settle our modified swaps over the extended term with related interest recognized in interest expense, net in the accompanying consolidated statements of operations.

Interest Rate Cap

In March 2018, we entered into an interest rate cap agreement at a cost of $0.8 million with a three-year term, for an aggregate notional amount of $340.0 million to hedge variability of cash flows in our variable interest payments attributable to fluctuations in LIBOR beyond 3%. The critical terms of the interest rate cap are substantially the same as our underlying term loans. The interest rate cap is being accounted for as a cash flow hedge as the transaction was executed to hedge our future interest payments. The interest rate cap expired on March 31, 2021.

Other Derivative Instruments

We also held an interest rate swap, which was used to manage cash flow exposure and exposure to interest rate fluctuations under our previous credit facilities, or the 2016 swap. The 2016 swap matured in January 2020. Under the swap agreement, we were required to pay interest at a fixed rate of 1.8% per annum and we received interest at a variable rate indexed to one-month LIBOR. The initial notional amount of the 2016 swap was $18.3 million. The 2016 swap did not qualify for hedge accounting and changes in fair value were recorded in interest expense, net in the accompanying consolidated statements of operations.

The impact from losses from our interest rate cap, interest rate swaps, and hybrid debt on our consolidated statements of operations were as follows (in thousands):

	Year Ended December 31,	
	2019	2020
Net payments upon settlement of interest rate swaps	$ 208	$ 1,103
Change in fair value of 2016 swap	128	—
Amortization of prior hedge effectiveness	—	3,481
Amortization of interest rate cap premium	312	194
Interest expense on hybrid debt	—	630
Total, recorded in interest expense, net	$ 648	$ 5,408

Note 13. Commitments and Contingencies

Operating Leases

We conduct operations from certain leased facilities in various locations. At December 31, 2020, we had various non-cancelable operating leases for office space and equipment, which expire between December 2021 and December 2022. Future minimum payments under operating leases are as follows (in thousands):

	Operating Leases
Years Ending December 31,	
2021	$ 3,195
2022	1,776
Total minimum lease payments	$ 4,971

In 2020, we signed a lease amendment to extend the term of our corporate offices in Glendale, California for an additional 18 months, which expires in July 2022. We recorded rent expense of $3.1 million and $3.1 million for 2019 and 2020, respectively.

Advertising, Media and Other Commitments

We use a variety of media to advertise our services, including search engine marketing, television and radio. At December 31, 2020, we had non-cancelable minimum advertising and media commitments for future advertising spots of $11.9 million, substantially all of which will be paid during 2021. We also have non-cancelable agreements with various vendors, which require us to pay $6.5 million over a five-year period, of which $4.3 million remains to be paid as of December 31, 2020.

Legal Proceedings

We, along with Pulse Global Services, Ltd, former executive officers, the State Bars of Arizona, California, and Texas, and the United States Patent and Trademark Office, or USPTO, were served with a complaint from Plaintiffs Raj Abhyanker, LegalForce RAPC Worldwide, or LegalForce RAPC, and LegalForce Inc., purported competitors, on December 19, 2017 in the Northern District of California. Plaintiffs' complaint initially alleged unreasonable restraint of trade in violation of the Sherman Act, unfair competition, false and misleading advertising, professional negligence and breach of fiduciary duties, but over the course of two years, the plaintiffs filed multiple amendments, additional matters, and administrative complaints against us, and others, in multiple jurisdictions. The parties reached the terms of a global confidential settlement for all claims, known or unknown, on October 7, 2019, and all actions were dismissed with prejudice. In 2019, we incurred a loss of $0.8 million for the settlement, net of insurance recoveries of $2.4 million.

We received a demand letter dated April 20, 2020 from service partner Dun & Bradstreet alleging that Dun & Bradstreet had overpaid us for services. The letter alleges these overpayments occurred between 2015 and 2019, amounted to $5.6 million, and were caused by overreporting by us. We deny and will continue to deny all of the allegations and claims asserted by Dun & Bradstreet, including, but not limited to, any allegation that the respondent has suffered any harm or damages. We believe we have meritorious defenses to the claims and will vigorously defend any action. We are unable to predict the ultimate outcome of this matter. There is at least a reasonable possibility that a loss may have been incurred for this contingency, however, we have not recorded any loss or accrual in the accompanying consolidated financial statements at December 31, 2020 for this matter as the amount of loss or range of loss, if any, is not probable or reasonably estimable. If this matter is not resolved in our favor, the losses arising from the result of litigation or settlements may have a material adverse effect on our business, results of operations, cash flows and financial condition.

We initiated an arbitration on October 28, 2020 against one of our vendors. The demand for arbitration alleges breach of contract, breach of covenant of good faith and fair dealing, and seeks declaratory relief and at

least $5.6 million in damages. On December 7, 2020, the vendor filed a counterdemand alleging breach of contract and breach of the covenant of good faith and fair dealing, seeking declaratory relief and at least $6.1 million in damages. We deny and will continue to deny all of the allegations and claims asserted in the counterdemand, including, but not limited to, any allegation that the respondent has suffered any harm or damages. We believe we have meritorious defenses to the claims and will vigorously defend any action. We are unable to predict the ultimate outcome of this matter. There is at least a reasonable possibility that a loss may have been incurred for this contingency, however, we have not recorded any loss or accrual in the accompanying consolidated financial statements at December 31, 2020 for this matter as the amount of loss or range of loss, if any, is not probable or reasonably estimable. If this matter is not resolved in our favor, the losses arising from the result of litigation or settlements may have a material adverse effect on our business, results of operations, cash flows and financial condition.

We were served on February 9, 2021 with a class action complaint, filed in Los Angeles Superior Court, from a Florida resident who claims to have visited the www.legalzoom.com website. The plaintiff alleges that the website's use of session replay software was an unlawful interception of electronic communications under the Florida Security Communications Act. The plaintiff seeks damages on behalf of the purported class as well as injunctive and declaratory relief. We believe we have meritorious defenses to the claims and will vigorously defend any action. We are unable to predict the ultimate outcome of this matter. There is at least a reasonable possibility that a loss may have been incurred for this contingency, however, we have not recorded any loss or accrual in the accompanying consolidated financial statements at December 31, 2020 for this matter as the amount of loss or range of loss, if any, is not probable or reasonably estimable. If this matter is not resolved in our favor, the losses arising from the result of litigation or settlements may have a material adverse effect on our business, results of operations, cash flows and financial condition.

We are involved in inactive state administrative inquiries relating to the unauthorized practice of law or insurance. Because these are inquiries and no claims have been alleged or asserted against us, we cannot predict the outcome of these inquiries or whether these matters will result in litigation or any outcome of potential litigation.

From time to time, we may become subject to legal proceedings, claims and litigation arising in the ordinary course of business. Other than described above, we are not currently a party to any material legal proceedings, nor are we aware of any pending or threatened litigation that would have a material adverse effect on our results of operations, cash flows, and financial condition, should such litigation be resolved unfavorably.

Employment Contracts

We have entered into employment contracts with certain employees and officers, including standard indemnification agreements with each of our officers and directors. All of the contracts are under the terms of at-will employment. However, under the provisions of the contracts, we may be required to incur severance obligations for matters relating to changes in control, as defined, and involuntary terminations. At December 31, 2020, total potential severance obligations in connection with the termination of employment contracts without a change in control, or CIC, was $3.3 million and a termination following a CIC was $5.2 million.

Indemnifications

Indemnification provisions in our third-party service provider agreements provide that we will indemnify, hold harmless, and reimburse the indemnified parties on a case-by-case basis for losses suffered or incurred by the indemnified parties in connection with any claim by any third-party as a result of our website, advertising, marketing, payment processing, collection or customer service activities. The maximum potential amount of future payments we could be required to make under these indemnification provisions is undeterminable.

No amounts are accrued or have been paid during any period presented as we believe the fair value of these indemnification obligations is immaterial.

Note 14. Redeemable Convertible Preferred Stock

At December 31, 2020, we were authorized to issue 264,720,000 and 30,512,000 shares of common stock and Series A redeemable convertible preferred stock, or Series A, respectively. The Series A has the following rights and preferences:

Dividends

The holders of Series A are entitled to receive noncumulative dividends when and if declared by the Board of Directors. There is no stated dividend rate on the Series A. We cannot declare any dividends on any shares of capital stock unless the holders of the Series A then outstanding first receive a dividend on each outstanding share of Series A in an amount at least equal to (i) in the case of a dividend on common stock or any class or series that is convertible into common stock, that dividend per share of Series A as would equal the product of (A) the dividend payable on each share of such class or series determined as if all such shares of such class or series had been converted into common stock and (B) the number of shares of common stock issuable upon conversion of a share of Series A or (ii) in the case of a dividend on any class or series that is not convertible into common stock, at a rate per share of Series A determined by dividing the amount of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock and multiplying such fraction by an amount equal to $1.4961775 per share.

Conversion

Each share of Series A is convertible any time, at the option of the holder, into two shares of common stock whereby the initial issuance price of $1.4961775 per share is divided by the conversion price of $0.74808875 per share. All shares of Series A will automatically convert upon the earlier of (i) immediately prior to the closing of the sale of shares of common stock to the public at a price of at least $13.10 per share, in a firm commitment underwritten public offering pursuant to an effective registration statement under the *Securities Act of 1933* with at least $100.0 million of gross proceeds to us and with respect to which the common stock is listed for trading on either the New York Stock Exchange or the National Association of Securities Dealers Automated Quotations Exchange, or NASDAQ National Market, each a “qualifying initial public offering,” or (ii) a date specified by the vote of the holders of at least a majority of the then outstanding shares of Series A.

Liquidation

In the event of any voluntary or involuntary liquidation, dissolution, or winding up, including a merger or consolidation, as defined as a deemed liquidation event under the Certificate of Incorporation, the assets available for distribution to our stockholders shall be distributed among the holders of shares of our Series A and common stock, pro rata based on the number of shares held by each such holder, treating for this purpose all such securities as if they had been converted to our common stock immediately prior to such dissolution, liquidation or winding up.

We have presented our Series A outside of stockholders’ deficit in the mezzanine section of the accompanying consolidated balance sheets, as Series A is contingently redeemable in the case of certain events outside of our control, such as a CIC or sale of substantially all of our assets.

Our Series A is not redeemable at the option of the holder.

Voting

Each holder of outstanding shares of Series A is entitled to cast the number of votes equal to the number of whole shares of common stock into which the shares of Series A held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter. Holders of Series A will vote together with the holders of common stock as a single class.

As long as there are 10,170,668 shares of Series A outstanding, we will not amend, alter or repeal any provision of the Restated Certificate of Incorporation or our By-laws in a manner that adversely affects the rights, preferences, privileges and other restrictions of the Series A; increase or decrease the number of authorized shares of Series A; authorize or enter into any transaction or series of related transactions (i) for the sale, exclusive license or other disposition of a substantial portion of our assets, (ii) for the acquisition of any equity interests or all or substantially all of the assets of another entity, including by merger, in each case, where the fair market value of the consideration paid or issued by us in connection with the transaction exceeds $100.0 million, (iii) for the merger, consolidation or other reorganization with or into another entity, (iv) for our voluntary dissolution or liquidation, or (v) otherwise constituting a change of control, as defined; authorize, designate, issue or reclassify any equity security senior to or on parity with the Series A, with regard to redemption, liquidation preference, voting rights or dividends; increase the size of the Board of Directors; pay or declare dividends on, make distributions with respect to, or repurchase any shares of our capital stock; incur any aggregate indebtedness for borrowed money in excess of 2.5 times our trailing 12-month cash EBITDA, as defined; increase the number of shares available for grant under our 2000 Stock Option Plan or 2016 Stock Option Plan or authorize or establish any new plan or arrangement providing for the grant or issuance of shares of common stock, options or convertible securities to directors, employees or our consultants; or issue, or commit to issue, any additional shares of Series A.

Reserve for Unissued Shares of Common Stock

We are required to reserve and keep available out of our authorized, unissued shares of common stock such number of shares sufficient to effect the conversion of all outstanding shares of preferred stock plus shares granted and available for grant under our stock option plans.

Note 15. Stock-based Compensation

We currently grant stock options under our 2016 Stock Option Plan, or 2016 Plan. At December 31, 2020, there were 5,706,362 shares of common stock available for grant under the 2016 Plan.

Under the terms of the 2016 Plan, both incentive and nonqualified stock options have been and may be granted with exercise prices not less than the fair value of the underlying common stock on the date of grant. Options granted pursuant to the 2016 Plan vest over periods of up to five years and expire ten years from the grant date. If a 2016 Plan option expires and is not exercised, such as if an employee does not exercise vested 2016 Plan options within thirty days of termination, then these options will revert back to the 2016 Plan's option pool. Our policy is to issue new common stock upon the exercise of stock options.

The exercise price of all options granted was based on the estimated fair market value of our common stock as determined by the Board of Directors at the date of grant or date of modification.

We recorded stock-based compensation expense in the following categories in the accompanying consolidated statements of operations and balance sheets:

	Year Ended December 31,	
	2019	2020
Cost of revenue	$ 205	$ 177
Sales and marketing	1,020	1,122
Technology and development	1,314	2,703
General and administrative	4,170	9,719
Total stock-based compensation expense	6,709	13,721
Amount capitalized to internal-use software	98	46
Total stock-based compensation expense, including capitalized internal-use software	$ 6,807	$ 13,767

Stock option activity for the year ended December 31, 2020 is as follows (in thousands, except weighted-average exercise price and remaining contract life):

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in Years)	Aggregate Intrinsic Value
Outstanding at December 31, 2019	10,678	$ 8.05	8.6	$ 36,235
Granted	6,243	10.36		
Exercised	(1,270)	0.47		
Cancelled/forfeited	(416)	1.60		
Outstanding at December 31, 2020	15,235	$ 8.78	8.7	$ 15,873
Vested and expected to vest at December 31, 2020	10,694	$ 8.36	8.3	$ 15,610
Exercisable at December 31, 2020	2,695	$ 4.57	6.6	$ 14,138

The aggregate intrinsic values in the table above represents the difference, if any, between the estimated fair value per share of our common stock and the option exercise prices multiplied by the number of options at the respective balance sheet dates. The total intrinsic value of stock options exercised in 2019 and 2020 was $10.1 million and $12.3 million, respectively. At December 31, 2020, total remaining stock-based compensation expense for unvested awards is $37.1 million, of which $19.7 million for time-based options are expected to be recognized over a weighted-average period of 2.9 years, up to $8.2 million for various performance options, which will only vest upon the consummation of a CIC event (as defined below), and $9.2 million for a performance option, which is expected to be recognized over 2.8 years unless a CIC event occurs beforehand.

The weighted-average grant-date fair value per share of options granted using the Black-Scholes option pricing model for 2019 and 2020 was $4.64 and $4.32, respectively. There was a realized tax benefit of $8.7 million and $14.2 million for tax deductions from stock options exercised in 2019 and 2020, respectively. All tax effects related to stock-based compensation have been recorded in our provision for income taxes in the accompanying consolidated statements of operations.

The weighted-average assumptions that were used to calculate the grant-date fair value of our stock option grants using the Black-Scholes option pricing model were as follows:

	Year Ended December 31,	
	2019	2020
Expected life (years)	5.1	5.2
Risk-free interest rate	1.5%	1.1%
Expected volatility	44%	45%
Expected dividend yield	—	—

In 2019 and 2020, we granted 3,627,936 and 4,509,041 nonqualified stock options, respectively, to new executive officers and employees where the options will vest depending upon the appreciation of the fair value of our common stock compared to the exercise price upon the earlier of a CIC event, which includes an IPO, merger, acquisition, or sale of more than 50% of our assets, or performance options. The performance options vest on a linear basis, starting at 0% with a fair value of our common stock equal to $19.64 per share and ending at 100% upon reaching a fair value of our common stock of $29.46 per share. The 3,627,936 performance options granted in 2019, or 2019 performance options, will either vest or expire on the fourth anniversary from the date of grant if a CIC event does not occur beforehand. The 4,509,041 performance options granted in 2020, or 2020 performance options, only vest upon a CIC event.

The 2019 performance options vesting condition represents a market condition, and therefore expense is recognized irrespective of whether the valuation thresholds are met either upon the CIC event or fourth

anniversary, whichever occurs first. The 2019 performance options have a weighted-average grant-date fair value of $3.09 per share and will be recognized over four years or earlier upon a CIC event. The 2019 performance option was valued using a Monte Carlo simulation, using the following assumptions: expected volatility of 50%, dividend rate of 0% and risk-free rate of 1.6%. The 2020 performance options vesting condition represents a market condition, and therefore expense is recognized irrespective of whether the valuation thresholds are met, provided the CIC event occurs and the employee remains employed through the date of the CIC event. The 2020 performance options have a weighted-average grant-date fair value of $1.66 per share and will be recognized upon the consummation of a CIC event. The 2020 performance options were valued using a Monte Carlo simulation, using the following assumptions: expected volatility ranging between 50% and 55%, dividend rate of 0% and risk-free rate ranging between 0.1% and 1.7%.

For 6,353,153 time-based options granted to certain executive officers, vesting will accelerate 50% of their unvested options upon a CIC event or will accelerate up to 100% if the executives are terminated without cause by us or by the executive officer for good reason within 24 months of a CIC event.

Restricted Stock Units

A summary of RSU activity for the year ended December 31, 2020 is as follows (in thousands, except weighted-average grant-date fair value):

	Number of Options	Weighted-Average Grant-Date Fair Value
Unvested at December 31, 2019	1,720	$ 8.38
Granted	2,282	9.59
Cancelled/forfeited	(1,168)	7.57
Vested	(335)	10.13
Unvested at December 31, 2020	2,499	$ 9.53

The fair value of vested RSUs in 2019 and 2020 were $4.4 million and $3.4 million, respectively. Our RSUs consist of time-based RSUs and various performance RSUs. At December 31, 2020, total remaining stock-based compensation expense for unvested RSU awards is $23.1 million, of which $4.6 million for time-based RSUs is expected to be recognized over a weighted-average period of 2.5 years, and up to $18.4 million for various performance RSUs, which will vest upon the consummation of a CIC event and subsequently thereafter for any remaining service period.

In 2019 and 2020, we granted 1,000,000 and 35,429 RSUs, respectively, to executive officers that vest upon reaching either a specified valuation for a consecutive 30-day period after an IPO or a CIC event with a valuation exceeding the specified valuation prior to December 2022, and providing continued service through the vest date, or performance awards. For the performance awards, no expense is recognized until an IPO or CIC occurs as these events are not considered probable of occurring for stock-based compensation purposes. If either event occurs, as the valuation threshold represents a market condition, expense is recognized irrespective of whether the valuation threshold is met provided the requisite service period is met. In 2019, the weighed-average grant-date fair value of the IPO and CIC performance conditions was $4.17 and $0.93 per share, respectively. The 2019 performance awards were valued using a Monte Carlo simulation, using the following assumptions: expected volatility range of 55% to 60%, dividend rate of 0% and risk-free rate ranging from 2.7% to 2.8%. In 2020, the grant-date fair value of the IPO and CIC performance conditions was $3.73 and $2.08 per share, respectively. The 2020 performance awards were valued using a Monte Carlo simulation, using the following assumptions: expected volatility of 50%, dividend rate of 0% and risk-free rate of 1.6%. In 2019 and 2020, 500,000 and 455,429 of these performance awards were forfeited with the termination of former executive officers, respectively, and only 80,000 remain outstanding at December 31, 2020.

In 2019, we granted 551,020 RSUs to certain members of senior management, which vest over four years. We provided an option for the employees to participate in a buyback program where they are eligible to settle their vested RSUs in either shares of our common stock or put their awards back to us for cash. The buyback program is accounted for as a liability and is remeasured each reporting period based upon the fair value of our common stock and recognized as stock-based compensation expense through each respective vesting date. At December 31, 2019 and 2020, the stock-based compensation liability was not material to our consolidated financial statements. In 2019, $0.1 million of the stock compensation liability was settled in 9,750 shares of our common stock, and $1.4 million for 128,005 vested awards were paid out to employees who participated in the buyback program for a total cash disbursement of $1.0 million after withholding taxes. In 2020, $0.1 million of the stock compensation liability was settled in 12,851 shares of our common stock, and $0.9 million for 90,667 vested awards were paid out to employees who participated in the buyback program for a total cash disbursement of $0.6 million after withholding taxes. The buyback program will conclude in 2022 and there are 106,460 unvested awards remaining in the program.

In 2020, we granted 81,468 RSUs to employees where the RSUs will vest depending upon the appreciation of the fair value of our common stock compared to the grant-date fair value of our common stock upon the consummation of a CIC event, which includes an IPO, merger, acquisition, or sale of more than 50% of our assets, or performance RSUs. The performance RSUs vest on a linear basis, starting at 0% with a fair value of our common stock equal to $19.64 per share and ending at 100% upon reaching a fair value of our common stock of $29.46 per share. The performance RSUs vesting condition represents a market condition, and therefore expense is recognized irrespective of whether the valuation thresholds are met, provided the CIC event occurs and the employee remains employed through the date of the CIC event. The performance RSUs have a weighted-average grant-date fair value of $2.37 per share and will be recognized upon the consummation of a CIC event. The performance RSUs were valued using a Monte Carlo simulation, using the following assumptions: expected volatility of 55%, dividend rate of 0% and risk-free rate ranging between 0.1% and 0.4%.

In 2020, we granted 1,835,497 liquidity event RSUs, or LERSUs, which only vest upon the achievement of up to four-years of service and upon the consummation of a CIC event, which includes an IPO, merger, acquisition, or sale of more than 50% of our assets. Employees will be eligible to retain any vested awards up to a period of 6.5 years from their respective grant date. If the recipient employee terminates for any reason other than for cause, the employee shall retain any service-vested LERSUs until 6.5 years from the date of grant or the earlier settlement of the service-vested LERSUs upon the consummation of a CIC event. For the LERSUs, recognition of expense does not occur until the consummation of a CIC event and thereafter for any remaining service period, as such events are not considered probable of occurring prior to the CIC event for stock-based compensation purposes.

For 509,165 RSUs granted to an executive officer, vesting will accelerate on 25% of their unvested options upon a CIC event, or will accelerate up to 100% if the executive officer is terminated without cause by us or by the executive officer for good reason.

Restricted Stock

In February 2018, we issued an employee a restricted stock award for 200,000 shares of common stock with a grant-date fair-value of $3.1275 per share. The restricted stock award vests upon meeting an EBITDA-based performance target by December 31, 2019. The award did not meet the performance condition as of December 31, 2019 and accordingly no stock-based compensation was recognized in 2019.

In February 2020, we allowed 200,000 shares subject to the expired restricted stock award subject to expiration to be reissued to the same employee. For the reissued award, 50,000 shares of common stock became unrestricted, however, would be forfeited should the employee be terminated for cause through March 2023. The remaining 150,000 shares of common stock are subject to restriction whereby the employee is required to drive business performance to meet certain annual operational key performance indicators through March 2023, or the

performance restricted stock. The 50,000 shares of common stock had a grant-date fair value of $11.29 per share. For accounting purposes, grant dates will be established for the performance restricted stock in March of each year when the key performance indicators are determined for the annual performance period. In 2020, 50,000 performance restricted stock vested. The total fair value of restricted stock that vested during 2020 was $1.1 million.

Modifications

In 2019, as part of a termination agreement with a former executive officer, we repurchased 170,000 shares of common stock for $1.5 million. In addition, we accelerated and repurchased 25,000 unvested options and 28,800 unvested time-based RSUs for $0.5 million and repurchased 200,000 vested options for $2.0 million. The repurchase of the common stock and vested options were recognized in accumulated deficit in the accompanying consolidated balance sheets and the repurchase of the accelerated options and unvested time-based RSUs were recorded as cash severance in the accompanying consolidated statements of operations. The former executive officer received cash consideration of $2.7 million after withholding taxes of $1.3 million.

In 2020, we modified 4,571,076 time-based options and 4,948,333 performance options for certain executive officers and adjusted the initial weighted-average exercise prices of $11.47 per share to a revised exercise price of $9.82 per share. Incremental stock-based compensation expense of $0.3 million was recognized in 2020 and $3.5 million will be recognized over the remaining vesting period of approximately three years. Furthermore, 177,147 time-based options were cancelled and replaced with 177,147 LERSUs for an executive officer. As the time-based options were replaced with LERSUs, that are improbable of vesting until a CIC is consummated, there was no incremental compensation expense associated with this modification.

In 2020, in connection with the termination of former executive officers, we accelerated 92,800 unvested time-based RSUs as part of their severance arrangements and recognized stock-compensation expense of $1.0 million.

Note 16. Fair Value Measurements

The following tables summarizes our assets and liabilities that are measured at fair value on a recurring basis, by level, within the fair value hierarchy (in thousands):

	December 31, 2019		
	Level 1	Level 2	Level 3
Available-for-sale debt securities	$ —	$ —	$5,528
Money market fund	5,083	—	—
Restricted money market fund	25,000	—	—
Total assets	$30,083	$ —	$5,528
Interest rate caps and swaps	$ —	5,405	$ —
Financial guarantee	—	—	1,900
Total liabilities	$ —	$5,405	$1,900

	December 31, 2020		
	Level 1	Level 2	Level 3
Available-for-sale debt securities	$ —	$ —	$1,050
Money market fund	5,208	—	—
Restricted money market fund	25,000	—	—
Total assets	$30,208	$ —	$1,050
Interest rate caps and swaps	$ —	5,817	$ —
Financial guarantee	—	—	150
Contingent consideration	—	—	1,250
Total liabilities	$ —	$5,817	$1,400

There was no change in the fair value of the contingent consideration from our acquisition of Pure for the year ended December 31, 2020.

Our available-for-sale debt securities measured using Level 3 inputs have the following activity (in thousands):

	As of December 31,	
	2019	2020
Beginning balance	$3,866	$ 5,528
Purchases	2,013	—
Change in fair value	440	434
Other-than-temporary impairment	—	(4,912)
Transfer to other equity security	(791)	—
Ending balance	$5,528	$ 1,050

Our financial guarantee measured using Level 3 inputs has the following activity (in thousands):

	As of December 31,	
	2019	2020
Beginning balance	$1,900	$ 1,900
Purchases	—	—
Change in fair value	—	$(1,750)
Ending balance	$1,900	$ 150

Note 17. Restructuring

In 2019 and 2020, we incurred $1.6 million and $0.6 million, respectively, in severance costs related to a reduction in headcount in our U.K. workforce. In 2020, we incurred $1.9 million in severance costs related to a reduction in headcount in our U.S. workforce in October, or U.S. restructuring. Restructuring expenses include salary and benefits for the impacted employees and are included in general and administrative expenses in the accompanying consolidated statements of operations.

As part of the severance arrangement for our U.S. restructuring, certain separated employees were eligible to participate in a tender offer transaction and we repurchased 319,257 shares of common stock from employees who were existing stockholders and vested option holders for total consideration of approximately $3.1 million. The repurchased shares were constructively retired.

Note 18. Income Taxes

On March 27, 2020 the *Coronavirus Aid, Relief and Economic Security Act* (the "CARES Act") was signed into law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. The CARES Act did not have a material impact on the provision for income taxes for the year ended December 31, 2020.

The following are the domestic and foreign components of our income before income taxes (in thousands):

	Year Ended December 31,	
	2019	2020
Domestic	$ 19,778	$ 25,272
Foreign	(9,174)	(12,947)
Total income before income taxes	$ 10,604	$ 12,325

The total income before income taxes above includes income from our equity method investment of $0.3 million and $0 for 2019 and 2020, respectively.

The details for the provision for income taxes by jurisdiction are as follows (in thousands):

	Year Ended December 31,	
	2019	2020
Current		
Federal	$ 277	$ 846
State	700	243
Foreign	255	15
Total current provision	1,232	1,104
Deferred		
Federal	2,944	2,322
State	(1,015)	(997)
Foreign	—	—
Total deferred provision	1,929	1,325
Total provision for income tax	$ 3,161	$ 2,429

The provision for income taxes for 2019 and 2020 differed from the amounts computed by applying the U.S. Federal income tax rate of 21% to income before income taxes as a result of the following (in thousands):

	Year Ended December 31,	
	2019	2020
Provision for income taxes at statutory rate	$ 2,227	$ 2,588
State income taxes, net of federal benefit	284	(891)
Rate differential on foreign earnings	1,818	(1,217)
Research and development credits	(600)	(1,340)
Change in valuation allowance	117	5,011
Stock-based compensation	(2,014)	(2,162)
Unrecognized tax benefits	563	978
Deferred adjustments	(54)	(486)
Non-deductible expenses	820	(52)
Total provision for income taxes	$ 3,161	$ 2,429

The tax effects of temporary differences that give rise to significant portions of our deferred tax assets and liabilities consisted of the following as of December 31, 2019 and 2020 (in thousands):

	As of December 31,	
	2019	2020
Deferred tax assets		
Deferred revenue	$ 421	$ 694
Accrued expenses	2,323	3,746
Stock-based compensation	1,058	3,314
Impairment on investment	—	1,445
Net operating loss carryforwards	9,750	12,857
Tax credit carryforwards	10,346	10,462
Interest expense carryforward	12,625	7,679
Derivatives and hedging	1,440	4,400
Total deferred tax assets	37,963	44,597
Valuation allowance	(7,816)	(12,950)
Net deferred tax assets	30,147	31,647
Deferred tax liabilities		
Depreciation and amortization	(7,491)	(6,024)
State taxes	(2,406)	(2,816)
Net deferred tax liabilities	(9,897)	(8,840)
Net deferred tax assets and liabilities	$20,250	$ 22,807

We evaluated the realizability of net deferred tax assets and determined it is more likely than not that separate state net operating losses, net operating losses from the acquisition of Legalinc Corporate Services Inc., the deferred tax assets for Pulse IP, LLC and Pulse Business, LLC, and foreign deferred tax assets will not be realized based on the available objective evidence and recorded a valuation allowance. The following table summarizes the valuation allowance:

	Year Ended December 31,	
	2019	2020
Beginning balance	$ 7,707	$ 7,816
Net increase (decrease) in current year	769	4,646
Net increase (decrease) in valuation prior period	(87)	528
Net increase (decrease) in valuation allowance from acquisitions	(573)	(40)
Ending balance	$ 7,816	$ 12,950

Net changes in valuation allowance include changes recorded through earnings relating to losses primarily from foreign operations and to a lesser extent valuation allowances established relating to acquired businesses.

At December 31, 2019 and 2020, we had federal net operating loss (“NOL”) carryforwards of $9.0 million and $11.7 million, respectively, which will begin to expire in 2031. At December 31, 2019 and 2020, we had state net operating loss carryforwards of $41.3 million and $49.8 million, respectively, which will begin to expire in 2022. At December 31, 2019 and 2020, we had foreign net operating loss carryforwards of $23.1 million and $32.4 million, respectively, which can be carried forward indefinitely and are not subject to expiration. At December 31, 2019 and 2020, we had federal tax credit carryforwards of $7.4 million and $6.2 million, respectively, which will begin to expire in 2029. At December 31, 2019 and 2020, we had state tax credit carryforwards of $8.2 million and $8.8 million, respectively, which carry forward indefinitely. Our domestic entities may be subject to an annual limitation on the utilization of net operating loss and credit carryforwards based on changes in ownership as defined by Section 382 of the Internal *Revenue Code of 1986*. In 2018, we acquired Legalinc Corporate Services Inc. in a stock acquisition. Since this was a change in ownership, the acquired net operating loss carryforwards are subject to an annual Section 382 limitation on the utilization of the net operating loss carryforwards.

We have had foreign operations since 2013. We did not provide for U.S. income taxes on the undistributed earnings and other outside temporary differences of foreign subsidiaries as they are considered indefinitely reinvested outside the United States. At December 31, 2019 and 2020, the amount of temporary differences related to undistributed earnings and other outside temporary differences upon which U.S. income taxes are not material to our consolidated financial statements.

The following table summarizes the changes in unrecognized tax benefits for the years ended December 31, 2019 and 2020 (in thousands):

	Gross Unrealized Tax Benefits
Balance at December 31, 2018	$ 6,498
Additions for tax positions related to the current year	671
Additions for tax positions related to prior years	(913)
Balance at December 31, 2019	$ 6,256
Additions for tax positions related to the current year	916
Reductions for tax positions related to prior years	59
Balance at December 31, 2020	$ 7,231

If recognized, $7.1 million of unrecognized tax benefits, excluding interest and penalties, would reduce our annual effective tax rate. Due to the uncertain and complex application of tax laws and regulations, it is possible that the ultimate resolution of uncertain positions may result in liabilities that could be materially different from these estimates. In such an event, we will record additional tax expense or benefit in the period in which resolution occurs. Our policy is to recognize interest and penalties related to income tax matters in income tax expense. At December 31, 2019 and 2020, accrued interest and penalties related to income tax positions were not material to our consolidated financial statements. We do not anticipate that unrecognized tax benefits will materially change within the next twelve months.

We are subject to taxation and file income tax returns in the U.S. federal, state, and foreign jurisdictions. The federal income tax return for the years 2017 through 2019 and state income tax returns for the tax years 2008 through 2019 remain open to examination. We are under examination in one state and it is not expected to have an impact on our results of operations, cash flows and financial condition.

Note 19. Related Party Transactions

In 2019 and 2020, we paid software and software maintenance fees of $0.9 million and $1.2 million, respectively, to two software vendors controlled by our largest stockholder. Amounts due to these vendors were immaterial as of December 31, 2019 and 2020.

In 2019 and 2020, we paid lead generation payments of $2.3 million and $0.8 million, respectively, to a vendor in which a relative of the Chairman of our Board of Directors is their President, SMB. At December 31, 2019 and 2020, amounts due to this vendor were $0.8 million and $1.5 million, respectively. During 2019 and 2020, we received lead generation payments of $3.6 million and $0.6 million, respectively, from this same vendor.

In 2020, certain former executive officers sold 2,500,000 shares of common stock to a related-party investor for $25.0 million. Stock-compensation expense measured as the difference between the fair value of our common stock and the purchase price was not material to our consolidated financial statements.

Note 20. Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive income (loss) consisted of the following:

(in thousands)	Year Ended December 31, 2019 Before Tax Amount	Tax Effect	Net of Tax Amount
Foreign currency translation adjustments:			
Beginning balance	$ 789	$ —	$ 789
Change during period	(2,507)	—	(2,507)
Ending balance	$ (1,718)	$ —	$ (1,718)
Available-for-sale debt securities:			
Beginning balance	$ —	$ —	$ —
Unrealized gains	565	—	565
Reclassification upon conversion into other equity security	(334)	—	(334)
Ending balance	$ 231	$ —	$ 231
Cash flow hedges:			
Beginning balance	$ (393)	$ —	$ (393)
Unrealized losses on interest rate swaps and cap	(5,234)	1,387	(3,847)
Ending balance	$ (5,627)	$ 1,387	$ (4,240)
Accumulated other comprehensive loss:			
Beginning balance	$ 396	$ —	$ 396
Other comprehensive loss	(7,510)	1,387	(6,123)
Ending balance	$ (7,114)	$ 1,387	$ (5,727)

(in thousands)	Year Ended December 31, 2020 Before Tax Amount	Tax Effect	Net of Tax Amount
Foreign currency translation adjustments:			
Beginning balance	$ (1,718)	$ —	$ (1,718)
Change during period	(1,296)	—	(1,296)
Ending balance	$ (3,014)	$ —	$ (3,014)
Available-for-sale debt securities:			
Beginning balance	$ 231	$ —	$ 231
Unrealized gains	144	(36)	108
Loss from impairment	(94)	—	(94)
Ending balance	$ 281	$ (36)	$ 245
Cash flow hedges:			
Beginning balance	$ (5,627)	$ 1,387	$ (4,240)
Unrealized loss on interest rate swaps and cap	(12,756)	3,178	(9,578)
Reclassification of losses from interest rate cap to net income	194	(48)	146
Reclassification of prior hedge effectiveness to net income	3,481	(867)	2,614
Ending balance	$ (14,708)	$ 3,650	$ (11,058)
Accumulated other comprehensive loss:			
Beginning balance	$ (7,114)	$ 1,387	$ (5,727)
Other comprehensive loss	(10,327)	2,227	(8,100)
Ending balance	$ (17,441)	$ 3,614	$ (13,827)

Note 21. 401(k) Savings Plan

We have a defined contribution savings plan under Section 401(k) of the Internal Revenue Code. This plan covers substantially all employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. Under the 401(k) plan, matching contributions are based upon the amount of the employees' contributions subject to certain limitations. We contributed $1.7 million and $1.8 million to the 401(k) plan during 2019 and 2020, respectively.

Note 22. Subsequent Events

In March 2021, we granted 833,541 LERSUs and 30,434 performance RSUs to various employees. The LERSUs have a weighted-average grant-date fair value of $11.50 per share. The performance RSUs have a weighted-average grant-date fair value of $1.57 per share and will be recognized upon the consummation of a CIC event, which includes an IPO, merger, acquisition, or sale of more than 50% of our assets.

We evaluated all subsequent events through April 6, 2021, the date these consolidated financial statements were available to be issued.

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Shares

Common stock

Preliminary Prospectus

J.P. Morgan **Morgan Stanley** **Barclays**

, 2021

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Unless the context otherwise requires, the terms "LegalZoom.com," "LegalZoom," "the Company," "we," "us," "our" and similar references refer to LegalZoom.com, Inc. and, where appropriate, its subsidiaries.

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth the costs and expenses, other than underwriting discounts and commissions, payable in connection with the sale and distribution of the securities being registered. All amounts are estimates except for the U.S. Securities and Exchange Commission, or the SEC, registration fee, the Financial Industry Regulatory Authority, or FINRA, filing fee and the exchange listing fee. All the expenses below will be paid by the Registrant.

	Amount Paid or To Be Paid
SEC registration fee	*
FINRA filing fee	*
Exchange listing fee	*
Printing and engraving expenses	*
Legal fees and expenses	*
Accounting fees and expenses	*
Transfer agent and registrar fees and expenses	*
Miscellaneous fees and expenses	*
Total	*

* To be filed by amendment

Item 14. Indemnification of Directors and Officers

We are incorporated under the laws of the State of Delaware. As permitted by Section 102 of the Delaware General Corporation Law, we have adopted provisions in our amended and restated certificate of incorporation and bylaws that limit or eliminate the personal liability of our directors for a breach of their fiduciary duty of care as a director. The duty of care generally requires that, when acting on behalf of the corporation, directors exercise an informed business judgment based on all material information reasonably available to them. Consequently, a director will not be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except for liability for:

- any breach of the director's duty of loyalty to us or our stockholders;
- any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- any act related to unlawful stock repurchases, redemptions or other distributions or payment of dividends; or
- any transaction from which the director derived an improper personal benefit.

These limitations of liability do not affect the availability of equitable remedies such as injunctive relief or rescission. Our amended and restated certificate of incorporation also authorizes us to indemnify our officers, directors and other agents to the fullest extent permitted under Delaware law.

Section 145 of the Delaware General Corporation Law authorizes a court to award, or a corporation's board of directors to grant, indemnity to directors and officers in terms sufficiently broad to permit such

indemnification under certain circumstances for liabilities, including reimbursement for expenses incurred, arising under the Securities Act of 1933, as amended, or the Securities Act. Our amended and restated certificate of incorporation to be in effect immediately after the completion of this offering provides for indemnification of our directors, officers, employees and other agents to the maximum extent permitted by the Delaware General Corporation Law, and our amended and restated bylaws to be in effect immediately prior to the completion of this offering provide that we will indemnify our directors, officers, employees and other agents, in each case to the maximum extent permitted by the Delaware General Corporation Law.

In addition, we have entered or will enter into indemnification agreements with our directors and officers that may in some respects be broader than the specific indemnification provisions contained in the Delaware General Corporation Law. These indemnification agreements generally require us, among other things, to indemnify our directors and officers against certain liabilities that may arise by reason of their status or service as directors and officers, other than liabilities arising from willful misconduct. These indemnification agreements also generally require us to advance expenses incurred by the directors and officers as a result of any proceeding against them as to which they could be indemnified. These indemnification provisions and the indemnification agreements may be sufficiently broad to permit indemnification of our directors and officers for liabilities, including reimbursement of expenses incurred, arising under the Securities Act. Further, a stockholder's investment may be adversely affected to the extent that we pay the costs of settlement and damage awards against directors and executive officers as required by these indemnification provisions.

We have purchased and currently intend to maintain insurance on behalf of each and every person who is or was our director or officer against any loss arising from any claim asserted against him or her and incurred by him or her in any such capacity, subject to certain exclusions.

The form of underwriting agreement for this initial public offering, filed as Exhibit 1.1, provides for indemnification by the underwriters of us and our directors and officers who sign this registration statement for specified liabilities, including matters arising under the Securities Act.

Item 15. Recent Sales of Unregistered Securities

The following sets forth information regarding all unregistered securities sold since January 1, 2018:

1. We have issued to our directors, officers, employees, consultants and other service providers an aggregate of 11,432,222 shares of our common stock at per share purchase prices ranging from $0.0716 to $2.4960 pursuant to exercises of options under our 2016 Stock Incentive Plan, or 2016 Plan.
2. We have granted to our directors, officers, employees, consultants and other service providers options to purchase 14,381,373 shares of our common stock with per share exercise prices ranging from $1.3725 to $9.82 under our 2016 Plan.
3. We have granted to our directors, officers, employees, consultants and other service providers 6,560,663 restricted stock units to be settled into shares of our common stock under our 2016 Plan.
4. In February 2018, we issued 200,000 shares of our common stock, subject to certain forfeiture events, to an employee of one of our subsidiaries in consideration for future services to be rendered.
5. In October 2018, we issued and sold an aggregate of 18,430,684 shares of our common stock to 11 accredited investors at a price per share of $10.48 for an aggregate purchase price of $193.2 million.

The offers, sales and issuances of the securities described in paragraphs (1) through (3) were deemed to be exempt from registration under Rule 701 promulgated under the Securities Act as transactions under compensatory benefit plans and contracts relating to compensation, or under Section 4(a)(2) of the Securities Act as a transaction by an issuer not involving a public offering. The recipients of such securities were our directors, officers, employees, consultants or other service providers and received the securities under our equity incentive

plans. Appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions had adequate access, through employment, business or other relationships, to information about us.

The offers, sales and issuances of the securities described in paragraphs (4) and (5) were deemed to be exempt under Section 4(a)(2) of the Securities Act or Rule 506 of Regulation D under the Securities Act as a transaction by an issuer not involving a public offering. The recipients of securities in each of these transactions acquired the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the securities issued in these transactions. Each of the recipients of securities in these transactions was an accredited investor within the meaning of Rule 501 of Regulation D under the Securities Act and had adequate access, through employment, business or other relationships, to information about us. No underwriters were involved in these transactions.

Item 16. Exhibits and Financial Statements

(a) Exhibits

The exhibits listed below are filed as part of this registration statement.

Exhibit Number	Description of Exhibit
1.1*	Form of Underwriting Agreement.
3.1	Fourth Amended and Restated Certificate of Incorporation of LegalZoom.com, Inc., as amended, as currently in effect.
3.2*	Form of Amended and Restated Certificate of Incorporation of LegalZoom.com, Inc., to be in effect immediately after the completion of the offering.
3.3	Second Amended and Restated Bylaws of LegalZoom.com, Inc., as currently in effect.
3.4*	Form of Amended and Restated Bylaws of LegalZoom.com, Inc., to be in effect immediately prior the completion of the offering.
4.1*	Form of LegalZoom.com, Inc.'s Common Stock Certificate.
4.2	Third Amended and Restated Investors' Rights Agreement, by and among LegalZoom.com, Inc. and certain of its stockholders, dated October 23, 2018.
4.3	Registration Rights Side Letter, by and between LegalZoom.com, Inc. and Bryant Stibel Group, LLC, dated October 2, 2017.
5.1*	Opinion of Cooley LLP.
10.1+	2016 Stock Incentive Plan and forms of award agreements.
10.2+*	2021 Equity Incentive Plan and forms of award agreements.
10.3+*	2021 Employee Stock Purchase Plan.
10.4+*	Form of Indemnification Agreement, by and between LegalZoom.com, Inc. and each of its directors and executive officers.
10.5+*	Amended and Restated Employment Agreement, by and between LegalZoom.com, Inc. and Dan Wernikoff, dated , 2021.
10.6+*	Amended and Restated Employment Agreement, by and between LegalZoom.com, Inc. and Shrisha Radhakrishna, dated , 2021.
10.7+*	Amended and Restated Employment Agreement, by and between LegalZoom.com, Inc. and Noel B. Watson, dated , 2021.
10.13+*	Non-Employee Director Compensation Policy.

Exhibit Number	Description of Exhibit
10.14*	Amendment and Restatement Agreement, by and between LegalZoom.com, Inc., the other loan parties thereto and JPMorgan Chase Bank N.A., as administrative agent, dated November 23, 2018.
21.1*	Subsidiaries of LegalZoom.com, Inc.
23.1*	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm.
23.2*	Consent of Cooley LLP (included in Exhibit 5.1).
24.1*	Power of Attorney (included on the signature page to this registration statement).

* To be submitted by amendment.
\+ Indicates a management contract or compensatory plan.

(b) Financial Statement Schedules

All financial statement schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements or notes thereto.

Item 17. Undertakings

Insofar as indemnification for liabilities arising under the Securities Act may be permitted as to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Los Angeles, State of California, on , 2021.

LEGALZOOM.COM, INC.

By: _____
Dan Wernikoff
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Dan Wernikoff and Noel Watson, and each of them, as his or her true and lawful attorneys-in-fact and agents, each with the full power of substitution, for him or her and in his or her name, place or stead, in any and all capacities, to sign any and all amendments to this registration statement (including post-effective amendments), and to sign any registration statement for the same offering covered by this registration statement that is to be effective upon filing pursuant to Rule 462(b) promulgated under the Securities Act of 1933, as amended, and all post-effective amendments thereto, and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement on Form S-1 has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
Dan Wernikoff	Chief Executive Officer and Director *(Principal Executive Officer)*	
Noel Watson	Chief Financial Officer *(Principal Financial and Accounting Officer)*	
Dipanjan Deb	Director	
Khai Ha	Director	
Dipan Patel	Director	
Brian Ruder	Director	

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Signature	Title	Date
Rob Singer	Director	
Jeffrey Stibel	Director	
Christine Wang	Director	
David Yuan	Director	

Exhibit 3.1

FOURTH AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION OF
LEGALZOOM.COM, INC.

(Pursuant to Sections 242 and 245 of the
General Corporation Law of the State of Delaware)

LegalZoom.com, Inc., a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the **"General Corporation Law"),**

DOES HEREBY CERTIFY:

1. That the name of this corporation is LegalZoom.com, Inc., and that this corporation was originally incorporated pursuant to the General Corporation Law on January 31, 2007 under the name LegalZoom.com, Inc.

2. That the board of directors of the Corporation (the **"Board of Directors")** duly adopted resolutions proposing to amend and restate the Third Amended and Restated Certificate of Incorporation, as amended, of this corporation, declaring said amendment and restatement to be advisable and in the best interests of this corporation and its stockholders, and authorizing the appropriate officers of this corporation to solicit the consent of the stockholders therefor, which resolution setting forth the proposed amendment and restatement is as follows:

RESOLVED, that the Third Amended and Restated Certificate of Incorporation, as amended, of this Corporation be amended and restated in its entirety to read as follows:

FIRST: The name of this corporation is LegalZoom.com, Inc. (the **"Corporation").**

SECOND: The address of the registered office of the Corporation in the State of Delaware is 300 Delaware Avenue, Suite 21 0-A, in the City of Wilmington, County of New Castle, 19801. The name of the registered agent at such address is United States Corporation Agents, Inc.

THIRD: The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law.

FOURTH: Effective upon the filing of this Fourth Amended and Restated Certificate of Incorporation, a 1-for-4 forward split of the outstanding capital stock of the Corporation shall be effected, whereby (i) each 1 share of the Corporation's Common Stock then outstanding shall become, automatically and without any further action by the holder thereof, 4 shares of Common Stock and (ii) each 1 share of the Corporation's Preferred Stock then outstanding shall become, automatically and without any further action by the holder thereof, 4 shares of Preferred Stock (the **"Forward Stock Split");** provided further, that if the Forward Stock Split would result in any fractional share, the Corporation shall, in lieu of issuing any such fractional share, pay the holder thereof an amount in cash equal to the fair market value of such fractional share on the effective date of the Forward Stock Split as determined by the Corporation's board of directors.

The Forward Stock Split shall occur whether or not the certificates representing such shares of Common Stock or Preferred Stock are surrendered to the Corporation or its transfer agent; provided) however) that the Corporation shall not be obligated to issue certificates evidencing the shares resulting from the Forward Stock Split unless either the certificates evidencing such shares of Common Stock or Preferred Stock are delivered to the Corporation or its transfer agent, or the holder notifies the Corporation or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Corporation to indemnify the Corporation from any loss incurred by it in connection with such certificates. Notwithstanding the foregoing) the par value of each share of the Corporation's outstanding Common Stock and Preferred Stock will not be adjusted in connection with the Forward Stock Split. All share amounts, dollar amounts and other provisions in this Fourth Amended and Restated Certificate of Incorporation have been appropriately adjusted to reflect the Forward Stock Split, and no further adjustments shall be made to the share amounts, dollar amounts, conversion prices and other provisions, except in the case of any stock splits) reverse splits) recapitalization and the like occurring after the effective time of the Forward Stock Split.

The total number of shares of all classes of stock which the Corporation shall have authority to issue is 295,232)000, consisting of (i)) 264,720,000 shares of Common Stock, $0.001 par value per share **("Common Stock"),** and (ii) 30,512)000 shares of Preferred Stock) $0.001 par value per share **("Preferred Stock").**

The following is a statement of the designations and the powers) privileges and rights) and the qualifications, limitations or restrictions thereof in respect of each class of capital stock of the Corporation. Unless otherwise indicated, references to "Sections" or "Subsections" in this Article refer to sections and subsections of this Article Fourth.

A. COMMON STOCK

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock set forth herein and as may be designated by resolution of the Board of Directors with respect to any series of Preferred Stock as authorized herein.

2. Voting.

(a) General. The holders of the Common Stock are entitled to one (1) vote for each share of Common Stock held at all meetings of stockholders (and written actions in lieu of meetings); provided) however, that) except as otherwise required by law, holders of Common Stock) as such) shall not be entitled to vote on any amendment to this Fourth Amended and Restated Certificate of Incorporation that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Fourth Amended and Restated Certificate of Incorporation or pursuant to the General Corporation Law. There shall be no cumulative voting. The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of shares of stock of the Corporation representing a majority of the votes represented by all outstanding shares of stock of the Corporation entitled to vote, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law.

(b) Election of Directors. Subject to the provisions of the Fourth Amended and Restated Voting Agreement, by and among the Corporation and certain of its stockholders dated as of October 23, 2018 (the **"Voting Agreement"),** the holders of record of the shares of Common Stock, exclusively and as a separate class, shall be entitled to elect five (5) directors of the Corporation, one (1) of whom shall be the current Chief Executive Officer of the Corporation and four (4) of whom shall be designated by the holders of Common Stock then outstanding and not beneficially owned or held by, or subject to a proxy or voting agreement in favor of, Permira Advisers LLC, any funds or entities advised by Permira Advisers LLC now or in the future, or their respective present or future affiliates (collectively, the **"Permira Affiliated Entities");** provided, however that in the event the FP Threshold (as defined in the Voting Agreement) is no longer achieved, then one (1) such director shall instead be elected by the holders of a majority of the then outstanding shares of Common Stock and Series A Preferred Stock, including the Permira Affiliated Entities and the shares beneficially owned or held by, or subject to a proxy or voting agreement in favor of the Permira Affiliated Entities (voting as a single class on an as-converted basis). Subject to the provisions of the Voting Agreement, any director elected as provided in this Section A(2)(b) may be removed without cause by, and only by, the affirmative vote of the holders of Common Stock, given either at a special meeting of such stockholders duly called for that purpose or pursuant to a written consent of stockholders. At any meeting held for the purpose of electing a director, the presence in person or by proxy of the holders of a majority of the outstanding shares of the class or series entitled to elect such director shall constitute a quorum for the purpose of electing such director. A vacancy in any directorship filled by the holders of any class or series shall be filled only by vote or written consent in lieu of a meeting of the holders of such class or series or by any remaining director or directors elected by the holders of such class or series pursuant to this Fourth Amended and Restated Certificate of Incorporation.

(c) Consent Rights. At any time prior to a Qualified Public Offering (as defined in the Third Amended and Restated Investors' Rights Agreement of the Corporation, dated as of October 23, 2018 (the **"IRA")),** except where the vote or written consent of the holders of a greater number of shares of the Corporation is required by law or by this Fourth Amended and Restated Certificate of Incorporation, and in addition to any other vote required by law, this Fourth Amended and Restated Certificate of Incorporation, the Voting Agreement, or the IRA, without the prior written consent or affirmative vote of the holders of a majority of the shares of Common Stock held by Institutional Investors (as defined in the IRA) then outstanding (except as otherwise provided in clause (vii) below), given in writing or by vote at a meeting, consenting or voting (as the case may be and provided, that in the case of any action proposed to be taken by written consent in lieu of a meeting, notice is given to all Institutional Investors (as defined in the IRA) at least two (2) days prior to the taking of any such action) separately as a class, the Corporation shall not, either directly or indirectly, by amendment, merger, consolidation or otherwise:

(i) authorize or enter into any transaction or series of related transactions (i) for the sale, exclusive license or other disposition of a substantial portion of the assets of the Corporation or its subsidiaries, (ii) for the acquisition of any equity interests or all or substantially all of the assets of another entity, including by merger, in each case with consideration having a value in excess of $100,000,000, (iii) for the merger, consolidation or other reorganization with or into another entity (except another subsidiary of the Corporation), (iv) any joint venture, strategic alliance or similar partnership outside the ordinary course of business, or (v) otherwise constituting a Change of Control (as defined herein), or in each case, permit any of the Corporation's subsidiaries to take any such action, except pursuant to clause (iii) above.

(ii) (A) redeem or purchase any of the Corporation capital stock (excluding purchases of Corporation capital stock in respect thereof from employees from time to time pursuant to employee compensation arrangements with such employees), (B) pay or declare any dividend or make distributions in respect of Corporation capital stock, in each case of this clause (ii), unless such transaction is effected on a pro rata basis in respect of all stockholders in accordance with their then-current ownership levels;

(iii) consummate an initial public offering other than a Qualified Public Offering or permit any of the Corporation's subsidiaries to take any such action;

(iv) change the Corporation's auditor to a firm other than Deloitte Touche Tohmatsu, Ernst & Young, PricewaterhouseCoopers, or KPMG;

(v) voluntarily commence any case, proceeding or other action under any existing or future law of any jurisdiction, domestic or foreign, related to bankruptcy, insolvency, reorganization or relief of indebtedness, seeking to have an order for relief entered with respect to it, or seeking to adjudicate the Corporation or any of its significant subsidiaries, as defined in Regulation S-X promulgated under the Securities Act as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding up, liquidation, dissolution, composition or other relief with respect to its debts, or seeking appointment of a receiver, trustee, custodian, conservator or other official for it or for all or any substantial part of its assets;

(vi) amend this Section A(2)(c);

(vii) increase or decrease the authorized size of the Board of Directors; provided, that for this Section A(2)(c)(vii), such prior written consent or affirmative vote shall be required by the holders of at least a majority of the shares of Common Stock held by the Institutional Investors (as defined in the IRA) then outstanding not beneficially owned or held by, or subject to a proxy or voting agreement in favor of, the Permira Affiliated Entities; or

(viii) amend, alter or repeal any provision of this Fourth Amended and Restated Certificate of Incorporation or Bylaws of the Corporation in a manner that materially and adversely affects the rights and obligations of holders of Common Stock disproportionately vis-a-vis any other class of capital stock.

B. PREFERRED STOCK

All of the 30,512,000 shares of the Corporation's Preferred Stock shall be designated as a series known as Series A Preferred Stock (the **"Series A Preferred Stock").** The Series A Preferred Stock shall have the following rights, preferences, powers, privileges and restrictions, qualifications and limitations.

1. Dividends. The Corporation shall not declare, pay or set aside any dividends on any other shares of capital stock of the Corporation (other than dividends on shares of Common Stock payable in shares of Common Stock) unless the holders of the Series A Preferred Stock then outstanding shall first receive, or simultaneously receive, a dividend on each outstanding share of Series A Preferred Stock in an amount at least equal to (i) in the case of a dividend on Common Stock or any class or series that is convertible into Common Stock, that dividend per share of Series A Preferred Stock as would equal the product of (A) the dividend payable on each share of such class or series determined, if applicable, as if all such shares of such class or series had been converted into Common Stock and (B) the number of shares of Common Stock issuable upon conversion of a share of Series A Preferred Stock, in each case calculated on the record date for determination of holders entitled to receive such dividend or (ii) in the case of a dividend on any class or series that is not convertible into Common Stock, at a rate per share of Series A Preferred Stock determined by dividing the amount, of the dividend payable on each share of such class or series of capital stock by the original issuance price of such class or series of capital stock and multiplying such fraction by an amount equal to $1.4961775 per share (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization of shares of Series A Preferred Stock occurring after the effective time of the Forward Stock Split) (such amount, as so adjusted from time to time, being hereinafter referred to as the **"Series A Original Issue Price").**

2. Liquidation, Dissolution or Winding Up; Certain Mergers, Consolidations and Asset Sales.

(a) Payments to Holders of Series A Preferred Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the holders of shares of Series A Preferred Stock then outstanding shall be entitled to be paid out of the assets available for distribution to its stockholders before any payment shall be made to the holders of Common Stock or any other class or series of stock ranking on liquidation junior to the Series A Preferred Stock (such Common Stock and other stock being collectively referred to as **("Junior Stock")** by reason of their ownership thereof, an amount per share of Series A Preferred Stock equal to the Series A Original Issue Price multiplied by 1.25 (the **"Base Liquidation Amount"),** plus any dividends declared but unpaid thereon (subject to Section 2(b)). If upon any such liquidation, dissolution or winding up of the Corporation, the assets available for distribution to its stockholders shall be insufficient to pay the holders of shares of Series A Preferred Stock the full aforesaid preferential amount to which they shall be entitled, the holders of shares of Series A Preferred Stock shall share ratably in any distribution of the remaining assets available for distribution in proportion to the respective amounts which would otherwise be payable in respect of the shares of Series A Preferred Stock held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full.

(b) Payments to Holders of Common Stock. After the payment of all preferential amounts required to be paid to the holders of Series A Preferred Stock, the remaining assets available for distribution to the Corporation's stockholders shall be distributed among the holders of the shares of Series A Preferred Stock and Common Stock, pro rata based on the number of shares held by each such holder, treating for this purpose all such securities as if they had been converted to Common Stock pursuant to the terms of this Amended and Restated Certificate of Incorporation immediately prior to such dissolution, liquidation or winding up of the Corporation; provided, however, in regard of such Series A Preferred Stock, the Base Liquidation Amount payable pursuant to Subsection 2(a) shall be zero. The aggregate amount which a holder of a share of Series A Preferred Stock is entitled to receive under Subsection 2(a) and 2(b) is hereinafter referred to as the **"Series A Liquidation Amount."**

(c) Deemed Liquidation Events.

(i) The following events shall be deemed to be a liquidation of the Corporation for purposes of this Section 2 (a **"Deemed Liquidation Event"),** unless the holders of at least a majority of the then outstanding shares of Series A Preferred Stock elect otherwise by written notice given to the Corporation prior to the effective date of any such event:

(A) a merger or consolidation in which

(I) the Corporation is a constituent party or

(II) a subsidiary of the Corporation is a constituent party and the Corporation issues shares of its capital stock pursuant to such merger or consolidation,

except any such merger or consolidation involving the Corporation or a subsidiary in which the shares of capital stock of the Corporation outstanding immediately prior to such merger or consolidation continue to represent, or are converted or exchanged for shares of capital stock which represent, immediately following such merger or consolidation at least a majority, by voting power, of the capital stock of **(1)** the surviving or resulting corporation or (2) if the surviving or resulting corporation is a wholly owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation (provided that, for the purpose of this Subsection 2(c)(i), all shares of Common Stock issuable upon exercise of Options outstanding immediately prior to such merger or consolidation or upon conversion of Convertible Securities outstanding immediately prior to such merger or consolidation shall be deemed to be outstanding immediately prior to such merger or consolidation and, if applicable, converted or exchanged in such merger or consolidation on the same terms as the actual outstanding shares of Common Stock are converted or exchanged); or

(B) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Corporation or any subsidiary of the Corporation of all or substantially all the assets of the Corporation and its subsidiaries taken as a whole, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly owned subsidiary of the Corporation.

(ii) The Corporation shall not have the power to effect any transaction constituting a Deemed Liquidation Event pursuant to Subsection 2(c)(i)(A)(I) above unless the agreement or plan of merger or consolidation provides that the consideration payable to the stockholders of the Corporation shall be allocated among the holders of capital stock of the Corporation in accordance with Subsections 2(a) and 2(b) above.

(iii) In the event of a Deemed Liquidation Event pursuant to Subsection 2(c)(i)(A)(II) or (B) above, if the Corporation does not effect a dissolution of the Corporation under the General Corporation Law within sixty (60) days after such Deemed Liquidation Event, then (A) the Corporation shall deliver a written notice to each holder of Series A Preferred Stock no later than the sixtieth (60th) day after the Deemed Liquidation Event advising such holders of their right (and the requirements to be met to secure such right) pursuant to the terms of the following clause (B) to require the redemption of such shares of Series A Preferred Stock, and (B) if the holders of at least a majority of the then outstanding shares of Series A Preferred Stock so request in a written instrument delivered to the Corporation not later than seventy-five (75) days after such Deemed Liquidation Event, the Corporation shall use the consideration received by the Corporation for such Deemed Liquidation Event (net of any retained liabilities associated with the assets sold or technology licensed, and expenses incurred in such transaction, in each case as determined in good faith by the Board of Directors of the Corporation) (the **"Net Proceeds")** to redeem, to the extent legally available therefor, on the ninetieth (90th) day after such Deemed Liquidation Event (the **"Liquidation Redemption Date"),** all outstanding shares of Series A Preferred Stock at a price per share equal to the Series A Liquidation Amount. In the event of a redemption pursuant to the preceding sentence, if the Net Proceeds are not sufficient to redeem all outstanding shares of Series A Preferred Stock, or if the Corporation does not have sufficient lawfully available funds to effect such redemption, the Corporation shall redeem a pro rata portion of each holder's shares of Series A Preferred Stock, to the fullest extent of such Net Proceeds or such lawfully available funds, as the case may be, and, where such redemption is limited by the amount of lawfully available funds, the Corporation shall redeem the remaining shares to have been redeemed as soon as practicable after the Corporation has funds legally available therefor. The provisions of Subsections 6(b) through 6(f) below shall apply, with such necessary changes in the details thereof as are necessitated by the context, to the redemption of the Series A Preferred Stock pursuant to this Subsection 2(c)(iii). Prior to the distribution or redemption provided for in this Subsection 2(c)(iii), the Corporation shall not expend or dissipate the consideration received for such Deemed Liquidation Event, except to discharge expenses incurred in the ordinary course of business.

(iv) The amount deemed paid or distributed to the holders of capital stock of the Corporation upon any such merger, consolidation, sale, transfer, exclusive license, other disposition or redemption shall be the cash or the value of the property, rights or securities paid or distributed to such holders by the Corporation or the acquiring person, firm or other entity. The value of such property, rights or securities shall be determined in good faith by the Board of Directors of the Corporation.

3. Voting.

(a) On any matter presented to the stockholders of the Corporation for their action or consideration at any meeting of stockholders of the Corporation (or by written consent of stockholders in lieu of meeting), each holder of outstanding shares of Series A Preferred Stock shall be entitled to cast the number of votes equal to the number of whole shares of Common Stock into which the shares of Series A Preferred Stock held by such holder are convertible as of the record date for determining stockholders entitled to vote on such matter. Except as provided by law or by the provisions of Section A.2(b), Subsection 3(b) and Subsection 3(c), holders of Series A Preferred Stock shall vote together with the holders of Common Stock, and with the holders of any other series of Preferred Stock the terms of which so provide, as a single class.

(b) Subject to the provisions of the Voting Agreement, including the Cut Back Thresholds (as defined therein), the holders of record of the shares of Series A Preferred Stock, exclusively and as a separate class, shall initially be entitled to elect four (4) directors of the Corporation (the **"Series A Directors").** Any director elected as provided in the proceeding sentence may be removed without cause by, and only by, the affirmative vote of the holders of the shares of Series A Preferred Stock, given either at a special meeting of such stockholders duly called for that purpose or pursuant to a written consent of stockholders. At any meeting held for the purpose of electing a director, the presence in person or by proxy of the holders of a majority of the outstanding shares of the class or series entitled to elect such director shall constitute a quorum for the purpose of electing such director. Subject to the provisions of the Voting Agreement, a vacancy in any directorship filled by the holders of any class or series shall be filled only by vote or written consent in lieu of a meeting of the holders of such class or series or by any remaining director or directors elected by the holders of such class or series pursuant to this Fourth Amended and Restated Certificate of Incorporation and the Voting Agreement. In addition, subject to the provisions of the Voting Agreement, the holders of record of the shares of Series A Preferred Stock shall be entitled to designate the chairman of the Board of Directors.

(c) At any time when at least 10,170,668 shares of Series A Preferred Stock-are outstanding (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization of shares of Series A Preferred Stock occurring after the effective time of the Forward Stock Split), except where the vote or written consent of the holders of a greater number of shares of the Corporation is required by law or by this Fourth Amended and Restated Certificate of Incorporation, and in addition to any other vote required by law or by this Fourth Amended and Restated Certificate of Incorporation, without the written consent or affirmative vote of the holders of at least a majority of the then outstanding shares of Series A Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, the Corporation shall not, either directly or indirectly, by amendment, merger, consolidation or otherwise:

(i) amend, alter or repeal any provision of this Fourth Amended and Restated Certificate of Incorporation or the Corporation's By-laws in a manner that materially and adversely affects the rights, preferences, privileges and other restrictions of the Series A Preferred Stock;

(ii) increase or decrease the number of authorized shares of Series A Preferred Stock;

(iii) authorize or enter into any transaction or series of related transactions (i) for the sale, exclusive license or other disposition of a substantial portion of the assets of the Corporation or its subsidiaries, (ii) for the acquisition of any equity interests or all or substantially all of the assets of another entity, including by merger, in each case where the fair market value of the consideration paid or issued by the Corporation or its subsidiaries in connection with the transaction exceeds $100,000,000, (iii) for the merger, consolidation or other reorganization with or into another entity, (iv) for the voluntary dissolution or liquidation of the Corporation, or (iv) otherwise constituting a Change of Control (as defined below);

(iv) authorize, designate, issue or reclassify any equity security senior to or on parity with the Series A Preferred Stock, with regard to redemption, liquidation preference, voting rights or dividends;

(v) increase the size of the Board of directors;

(vi) pay or declare dividends on, make distributions with respect to, or repurchase any shares of capital stock of the Corporation, other than (a) repurchases of Common Stock upon termination of employment or service at the lesser of cost or fair market value in the case of unvested shares and at fair market value in the case of vested shares pursuant to agreements and plans in effect on the date hereof or otherwise approved by a majority of the Board of Directors of the Corporation, (b) dividends declared and paid on the Series A Preferred Stock to the extent not inconsistent with the terms of this Fourth Amended and Restated Certificate of Incorporation, and (c) dividends declared and paid on shares of Common Stock payable in shares of Common Stock;

(vii) incur any aggregate indebtedness for borrowed money in excess of the Financing Cap (as such term is defined in the Voting Agreement);

(viii) increase the number of shares available for grant under the Corporation's 2000 Stock Option Plan, 2007 Stock Option Plan, the 2010 Stock Option Plan or the 2016 Stock Incentive Plan (collectively, the **"Option Plans")** or authorize or establish any new plan or arrangement providing for the grant or issuance of shares of Common Stock, Options or Convertible Securities to directors, employees or consultants of the Corporation; or

(ix) issue, or commit to issue, any shares of Series A Preferred Stock.

For purposes hereof; the term **"Change of Control"** means, regardless of form thereof, (1) the dissolution or liquidation of the Corporation, (2) the sale or exclusive license of all or substantially all of the assets of the Corporation on a consolidated basis to a person or entity which is not an affiliate of the Corporation, (3) a merger, reorganization or consolidation in which the outstanding shares of the Corporation's capital stock are converted into or exchanged for a different kind of securities of the successor entity and the holders of the Corporation's outstanding voting power immediately prior to such transaction do not own a majority of the outstanding voting power of the successor entity immediately upon completion of such transaction, or (4) the sale of all or substantially all of the outstanding stock of the Corporation to a person or entity which is not an affiliate of the Corporation.

(d) Except where the vote or written consent of the holders of a greater number of shares of the Corporation is required by law or by this Fourth Amended and Restated Certificate of Incorporation, and in addition to any other vote required by law or this Fourth Amended and Restated Certificate of Incorporation, without the written consent or affirmative vote of the holders of at least 81% of the then outstanding shares of Series A Preferred Stock, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class, the Corporation shall not, either directly or indirectly, by amendment, merger, consolidation or otherwise:

(i) eliminate, reduce or waive the Series A Liquidation Amount; or

(ii) convert the Series A Preferred Stock to Common Stock, other than in connection with a Qualified Public Offering or a Change of Control.

4. Optional Conversion.

The holders of the Series A Preferred Stock shall have conversion rights as follows (the **"Conversion Rights"**):

(a) Right to Convert. Each share of Series A Preferred Stock shall be convertible, at the option of the holder thereof, at any time and from time to time, and without the payment of additional consideration by the holder thereof, into such number of fully paid and nonassessable shares of Common Stock as is determined by dividing $1.4961775 by the Series A Conversion Price (as defined below) in effect at the time of conversion. The **"Series A Conversion Price"** (x) was initially equal to the Series A Original Issue Price and (y) as of the date hereof is $0.74808875. Such Series A Conversion Price, and the rate at which shares of Series A Preferred Stock may be converted into shares of Common Stock, shall be subject to adjustment as provided below.

In the event of a liquidation, dissolution or winding up of the Corporation or a Deemed Liquidation Event, the Conversion Rights shall terminate at the close of business on the last full day preceding the date fixed for the payment of any such amounts distributable on such event to the holders of Series A Preferred Stock.

(b) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Series A Preferred Stock. In lieu of any fractional shares to which the holder would otherwise be entitled, the Corporation shall pay cash equal to such fraction

multiplied by the fair market value of a share of Common Stock as determined in good faith by the Board of Directors of the Corporation. Whether or not fractional shares would be issuable upon such conversion shall be determined on the basis of the total number of shares of Preferred Stock the holder is at the time converting into Common Stock and the aggregate number of shares of Common Stock issuable upon such conversion.

(c) Mechanics of Conversion.

(i) In order for a holder of Series A Preferred Stock to voluntarily convert shares of Series A Preferred Stock into shares of Common Stock, such holder shall surrender the certificate or certificates for such shares of Series A Preferred Stock (or, if such registered holder alleges that such certificate has been lost, stolen or destroyed, a lost certificate affidavit and agreement reasonably acceptable to the Corporation to indemnify the Corporation against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate), at the office of the transfer agent for the Series A Preferred Stock (or at the principal office of the Corporation if the Corporation serves as its own transfer agent), together with written notice that such holder elects to convert all or any number of the shares of the Series A Preferred Stock represented by such certificate or certificates and, if applicable, any event on which such conversion is contingent. Such notice shall state such holder's name or the names of the nominees in which such holder wishes the certificate or certificates for shares of Common Stock to be issued. If required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by a written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or his, her or its attorney duly authorized in writing. The close of business on the date of receipt by the transfer agent of such certificates (or lost certificate affidavit and agreement) and notice (or by the Corporation if the Corporation serves as its own transfer agent) shall be the time of conversion (the **"Conversion Time"),** and the shares of Common Stock issuable upon conversion of the shares represented by such certificate shall be deemed to be outstanding of record as of such date. The Corporation shall, as soon as practicable after the Conversion Time, issue and deliver at such office to such holder of Series A Preferred Stock, or to his, her or its nominees, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled, together with cash in lieu of any fraction of a share.

(ii) The Corporation shall at all times when the Series A Preferred Stock shall be outstanding, reserve and keep available out of its authorized but unissued stock, for the purpose of effecting the conversion of the Series A Preferred Stock, such number of its duly authorized shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding Series A Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series A Preferred Stock, the Corporation shall take such corporate action as may be necessary to increase its authorized but

unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite stockholder approval of any necessary amendment to this Fourth Amended and Restated Certificate of Incorporation. Before taking any action which would cause an adjustment reducing the Series A Conversion Price below the then par value of the shares of Common Stock issuable upon conversion of the Series A Preferred Stock, the Corporation will take any corporate action which may, in the opinion of its counsel, be necessary in order that the Corporation may validly and legally issue fully paid and nonassessable shares of Common Stock at such adjusted Series A Conversion Price.

(iii) All shares of Series A Preferred Stock which shall have been surrendered for conversion as herein provided shall no longer be deemed to be outstanding and all rights with respect to such shares, including the rights, if any, to receive notices and to vote, shall immediately cease and terminate at the Conversion Time, except only the right of the holders thereof to receive shares of Common Stock in exchange therefor and to receive payment of any dividends declared but unpaid thereon. Any shares of Series A Preferred Stock so converted shall be retired and cancelled and shall not be reissued as shares of such series, and the Corporation (without the need for stockholder action) may from time to time take such appropriate action as may be necessary to reduce the authorized number of shares of Series A Preferred Stock accordingly.

(iv) Upon any such conversion, no adjustment to the Series A Conversion Price shall be made for any declared but unpaid dividends on the Series A Preferred Stock surrendered for conversion or on the Common Stock delivered upon conversion.

(v) The Corporation shall pay any and all issue and other similar taxes that may be payable in respect of any issuance or delivery of shares of Common Stock upon conversion of shares of Series A Preferred Stock pursuant to this Section 4. The Corporation shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of shares of Common Stock in a name other than that in which the shares of Series A Preferred Stock so converted were registered, and no such issuance or delivery shall be made unless and until the person or entity requesting such issuance has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid.

(d) Adjustments to Series A Conversion Price for Diluting Issues.

(i) Special Definitions. For purposes of this Section 4, the following definitions shall apply:

(A) **"Option"** shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

(B) **"Series A Original Issue Date"** shall mean the date on which the first share of Series A Preferred Stock was issued, which was February 9, 2007.

(C) **"Convertible Securities"** shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock, but excluding Options.

(D) **"Additional Shares of Common Stock"** shall mean all shares of Common Stock issued (or, pursuant to Subsection 4(d)(iii) below, deemed to be issued) by the Corporation after the Series A Original Issue Date, other than the following **("Exempted Securities"):**

(I) shares of Common Stock issued or deemed issued as a dividend or distribution on Series A Preferred Stock;

(II) shares of Common Stock issued or issuable by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Subsection 4(e) or 4(f) below;

(III) up to 13,739,316 shares of Common Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization affecting such shares occurring after the effective time of the Forward Stock Split) issued to employees or directors of, or consultants or advisors to, the Corporation or any of its subsidiaries as restricted stock or pursuant to the exercise of Options under the Option Plans, in each case, after the Series A Original Issue Date (provided that any Options for such shares that expire or terminate unexercised or any restricted stock repurchased by the Corporation at cost shall not be counted toward such maximum number unless and until such shares are regranted as new stock grants (or as new Options) pursuant to the terms of any such plan, agreement or arrangement);

(IV) shares of Common Stock or Convertible Securities actually issued upon the exercise of Options or shares of Common Stock actually issued upon the conversion or exchange of Convertible Securities, in each case provided such issuance is pursuant to the terms of such Option or Convertible Security;

(V) shares of Common Stock or Convertible Securities issued to lenders, financial institutions, equipment lessors, or real estate lessors to the Corporation in connection with a bona fide borrowing or leasing transaction approved by the Board of Directors of the Corporation; and

(VI) shares of Common Stock or Convertible Securities issued pursuant to the acquisition of another business by the Corporation by merger, purchase of substantially all of the assets or shares, or other reorganization approved by the Board of Directors of the Corporation whereby the Corporation or its stockholders own not less than a majority of the voting power of the surviving or successor business.

(ii) No Adjustment of Series A Conversion Price. No adjustment in the Series A Conversion Price shall be made as the result of the issuance of Additional Shares of Common Stock if: (a) the consideration per share (determined pursuant to Subsection 4(d)(v)) for such Additional Shares of Common Stock issued or deemed to be issued by the Corporation is equal to or greater than the applicable Series A Conversion Price in effect immediately prior to the issuance or deemed issuance of such Additional Shares of Common Stock, or (b) prior to such issuance or deemed issuance, the Corporation receives written notice from the holders of at least a majority of the then outstanding shares of Series A Preferred Stock agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock.

(iii) Deemed Issue ofAdditional Shares of Common Stock.

(A) If the Corporation at any time or from time to time after the Series A Original Issue Date shall issue any Options or Convertible Securities (excluding Options or Convertible Securities which, upon exercise, conversion or exchange thereof, would entitle the holder thereof to receive Exempted Securities pursuant to Subsections 4(d)(i)(D)(I), (II), (III), or (IV)) or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(B) If the terms of any Option or Convertible Security, the issuance of which resulted in an adjustment to the Series A Conversion Price pursuant to the terms of Subsection 4(d)(iv) below, are revised (either automatically pursuant to the provisions contained therein or as a result of an amendment to such terms) to provide for either (1) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (2) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion or exchange, then, effective upon such increase or decrease becoming effective, the Series A Conversion Price computed upon the original issue of such Option or Convertible Security (or upon the occurrence of a record date with respect thereto) shall be readjusted to such Series A Conversion Price as would have obtained had such revised terms been in effect upon the original date of issuance of such Option or Convertible Security. Notwithstanding the foregoing, no adjustment pursuant to this clause (B) shall have the effect of increasing the Series A Conversion Price to an amount which exceeds the lower of (i) the Series A Conversion Price on the original adjustment date, or (ii) the Series A Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock between the original adjustment date and such readjustment date.

(C) If the terms of any Option or Convertible Security (excluding Options or Convertible Securities which, upon exercise, conversion or exchange thereof, would entitle the holder thereof to receive Exempted Securities pursuant to Subsections 4(d)(i)(D)(I), (II), (III) or (IV)), the issuance of which did not result in an adjustment to the Series A Conversion Price pursuant to the terms of Subsection 4(d)(iv) below (either because the consideration per share (determined pursuant to Subsection 4(d)(v) hereof) of the Additional Shares of Common Stock subject thereto was equal to or greater than the Series A Conversion Price then in effect, or because such Option or Convertible Security was issued before the Series A Original Issue Date), are revised after the Series A Original Issue Date (either automatically pursuant to the provisions contained therein or as a result of an amendment to such terms) to provide for either (1) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Option or Convertible Security or (2) any increase or decrease in the consideration payable to the Corporation upon such exercise, conversion or exchange, then such Option or Convertible Security, as so amended, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in Subsection 4(d)(iii)(A) above) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(D) Upon the expiration or termination of any unexercised Option or unconverted or unexchanged Convertible Security which

resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the Series A Conversion Price pursuant to the terms of Subsection 4(d)(iv) below, the Series A Conversion Price shall be readjusted to such Series A Conversion Price as would have obtained had such Option or Convertible Security never been issued.

(iv) Adjustment of Series A Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event the Corporation shall at any time after the Series A Original Issue Date issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Subsection 4(d)(iii)), without consideration or for a consideration per share less than the applicable Series A Conversion Price in effect immediately prior to such issue, then the Series A Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP_2 = CP_1 * (A + B) \div (A + C)$$

For purposes of the foregoing formula, the following definitions shall apply:

(A) CP_2 shall mean the Series A Conversion Price in effect immediately after such issue of Additional Shares of Common Stock;

(B) CP_1 shall mean the Series A Conversion Price in effect immediately prior to such issue of Additional Shares of Common Stock;

(C) "A" shall mean the number of shares of Common Stock outstanding and deemed outstanding immediately prior to such issue of Additional Shares of Common Stock (treating for this purpose as outstanding all shares of Common Stock issuable upon exercise of Options outstanding immediately prior to such issue or upon conversion of Convertible Securities (including the Series A Preferred Stock) outstanding immediately prior to such issue);

(D) "B" shall mean the number of shares of Common Stock that would have been issued if such Additional Shares of Common Stock had been issued at a price per share equal to CP_1 (determined by dividing the aggregate consideration received by the Corporation in respect of such issue by CP_1); and

(E) "C" shall mean the number of such Additional Shares of Common Stock issued in such transaction.

(v) Determination of Consideration. For purposes of this Subsection 4(d), the consideration received by the Corporation for the issue of any Additional Shares of Common Stock shall be computed as follows:

(A) Cash and Property: Such consideration shall:

(I) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Corporation, excluding amounts paid or payable for accrued interest;

(II) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors of the Corporation; and

(III) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Corporation for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (I) and (II) above, as determined in good faith by the Board of Directors of the Corporation.

(B) Options and Convertible Securities. The consideration per share received by the Corporation for Additional Shares of Common Stock deemed to have been issued pursuant to Subsection 4(d)(iii), relating to Options and Convertible Securities, shall be determined by dividing

(I) the total amount, if any, received or receivable by the Corporation as consideration for the issue of such Options or Convertible Securities, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Corporation upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, by

(II) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

(vi) Multiple Closing Dates. In the event the Corporation shall issue on more than one date Additional Shares of Common Stock that are a part of one transaction or a series of related transactions and that would result in an adjustment to the Series A Conversion Price pursuant to the terms of Subsection 4(d)(iv) above, then, upon the final such issuance, the Series A Conversion Price shall be readjusted to give effect to all such issuances as if they occurred on the date of the first such issuance (and without additional giving effect to any adjustments as a result of any subsequent issuances within such period).

(e) Adjustment for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the Series A Original Issue Date effect a subdivision of the outstanding Common Stock without a comparable subdivision of the Series A Preferred Stock or combine the outstanding shares of Series A Preferred Stock without a comparable combination of the Common Stock, the Series A Conversion Price in effect immediately before that subdivision or combination shall be proportionately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase in the aggregate number of shares of Common Stock outstanding. If the Corporation shall at any time or from time to time after the Series A Original Issue Date combine the outstanding shares of Common Stock without a comparable combination of the Series A Preferred Stock or effect a subdivision of the outstanding shares of Series A Preferred Stock without a comparable subdivision of the Common Stock, the Series A Conversion Price in effect immediately before the combination or subdivision shall be proportionately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in the aggregate number of shares of Common Stock outstanding. Any adjustment under this Subsection 4(e) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(f) Adjustment for Certain Dividends and Distributions. In the event the Corporation at any time or from time to time after the Series A Original Issue Date shall make or issue, or fix a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable on the Common Stock in additional shares of Common Stock, then and in each such event the Series A Conversion Price in effect immediately before such event shall be decreased as of the time of such issuance or, in the event such a record date shall have been fixed, as of the close of business on such record date, by multiplying the Series A Conversion Price then in effect by a fraction:

(1) the numerator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and

(2) the denominator of which shall be the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution;

provided, however, that if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Series A Conversion

Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Series A Conversion Price shall be adjusted pursuant to this Subsection 4(f) as of the time of actual payment of such dividends or distributions; and provided further, however, that no such adjustment shall be made if the holders of Series A Preferred Stock simultaneously receive (i) a dividend or other distribution of shares of Common Stock in a number equal to the number of shares of Common Stock as they would have received if all outstanding shares of Series A Preferred Stock had been converted into Common Stock on the date of such event or (ii) a dividend or other distribution of shares of Series A Preferred Stock which are convertible, as of the date of such event, into such number of shares of Common Stock as is equal to the number of additional shares of Common Stock being issued with respect to each share of Common Stock in such dividend or distribution.

(g) Adjustments for Other Dividends and Distributions. In the event the Corporation at any time or from time to time after the Series A Original Issue Date shall make or issue, or fix a record date for the determination of holders of capital stock of the Corporation entitled to receive, a dividend or other distribution payable in securities of the Corporation (other than a distribution of shares of Common Stock in respect of outstanding shares of Common Stock) or in other property and the provisions of Section (C)(l) do not apply to such dividend or distribution, then and in each such event provision shall be made so that the holders of the Series A Preferred Stock shall receive upon conversion thereof, in addition to the number of shares of Common Stock receivable thereupon, the kind and amount of securities of the Corporation, cash or other property which they would have been entitled to receive had the Series A Preferred Stock been converted into Common Stock on the date of such event and had they thereafter, during the period from the date of such event to and including the conversion date, retained such securities receivable by them as aforesaid during such period, giving application to all adjustments called for during such period under this paragraph with respect to the rights of the holders of the Series A Preferred Stock; provided, however, that no such provision shall be made if the holders of Series A Preferred Stock receive, simultaneously with the distribution to the holders of Common Stock, a dividend or other distribution of such securities, cash or other property in an amount equal to the amount of such securities, cash or other property as they would have received if all outstanding shares of Series A Preferred Stock had been converted into Common Stock on the date of such event.

(h) Adjustment for Merger or Reorganization, etc. Subject to the provisions of Subsection 2(c), if there shall occur any reorganization, recapitalization, reclassification, consolidation or merger involving the Corporation in which the Common Stock (but not the Series A Preferred Stock) is converted into or exchanged for securities, cash or other property (other than a transaction covered by Subsections (e), (f) or (g) of this Section 4), then, following any such reorganization, recapitalization, reclassification, consolidation or merger, each share of Series A Preferred Stock shall thereafter be convertible in lieu of the Common Stock into which it was convertible prior to such event into the kind and amount of securities, cash or other property which a holder of the number of shares of Common Stock of the Corporation issuable upon conversion of one share of Series A Preferred Stock immediately prior to such reorganization, recapitalization, reclassification, consolidation or merger would have been entitled to receive pursuant to such transaction; and, in such case, appropriate adjustment (as determined in good faith by the Board of Directors of the Corporation) shall be made in the application of the provisions in this Section 4 with respect to the rights and interests thereafter of

the holders of the Series A Preferred Stock, to the end that the provisions set forth in this Section 4 (including provisions with respect to changes in and other adjustments of the Series A Conversion Price) shall thereafter be applicable, as nearly as reasonably may be, in relation to any securities or other property thereafter deliverable upon the conversion of the Series A Preferred Stock.

(i) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Series A Conversion Price pursuant to this Section 4, the Corporation at its expense shall, as promptly as reasonably practicable but in any event not later than ten (10) days thereafter, compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of Series A Preferred Stock a certificate setting forth such adjustment or readjustment (including the kind and amount of securities, cash or other property into which the Series A Preferred Stock is convertible) and showing in detail the facts upon which such adjustment or readjustment is based. The Corporation shall, as promptly as reasonably practicable after the written request at any time of any holder of Series A Preferred Stock (but in any event not later than ten (10) days thereafter), furnish or cause to be furnished to such holder a certificate setting forth (i) the Series A Conversion Price then in effect, and (ii) the number of shares of Common Stock and the amount, if any, of other securities, cash or property which then would be received upon the conversion of Series A Preferred Stock.

(j) Notice of Record Date. In the event:

(i) the Corporation shall take a record of the holders of its Common Stock (or other stock or securities at the time issuable upon conversion of the Series A Preferred Stock) for the purpose of entitling or enabling them to receive any dividend or other distribution, or to receive any right to subscribe for or purchase any shares of stock of any class or any other securities, or to receive any other right; or

(ii) of any capital reorganization of the Corporation, any reclassification of the Common Stock of the Corporation, or any Deemed Liquidation Event; or

(iii) of the voluntary or involuntary dissolution, liquidation or winding-up of the Corporation,

then, and in each such case, the Corporation will send or cause to be sent to the holders of the Series A Preferred Stock a notice specifying, as the case may be, (i) the record date for such dividend, distribution or right, and the amount and character of such dividend, distribution or right, or (ii) the effective date on which such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up is proposed to take place, and the time, if any is to be fixed, as of which the holders of record of Common Stock (or such other stock or securities at the time issuable upon the conversion of the Series A Preferred Stock) shall be entitled to exchange their shares of Common Stock (or such other stock or securities) for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, transfer, dissolution, liquidation or winding-up, and the amount per share and character of such exchange applicable to the Series A Preferred Stock and the Common Stock. Such notice

shall be sent at least ten (10) days prior to the record date or effective date for the event specified in such notice. Any notice required by the provisions hereof to be given to a holder of shares of Preferred Stock shall be deemed sent to such holder if deposited in the United States mail, postage prepaid, and addressed to such holder at his, her or its address appearing on the books of the Corporation.

5. Mandatory Conversion.

(a) Upon the earlier of (A) the closing of the sale of shares of Common Stock to the public in which, if prior to August 22, 2020, has a price of at least $13.10 per share (subject to appropriate adjustment for stock splits, stock dividends, combinations and other similar recapitalizations affecting such shares occurring after the effective time of the Forward Stock Split), in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, and results in at least $100 million of aggregate gross proceeds to the Corporation and with respect to which such Common Stock is listed for trading on either the New York Stock Exchange or the Nasdaq Stock Market (a **"Qualifying Public Offering")** or (B) a date specified by vote or written consent of the holders of at least 81% of the then outstanding shares of Series A Preferred Stock (the **"Mandatory Conversion Date"),** (i) all outstanding shares of Series A Preferred Stock shall automatically be converted into shares of Common Stock, at the then effective conversion rate and (ii) such shares may not be reissued by the Corporation as shares of such series.

(b) All holders of record of shares of Series A Preferred Stock shall be given written notice of the Mandatory Conversion Date and the place designated for mandatory conversion of all such shares of Series A Preferred Stock pursuant to this Section 5. Such notice need not be given in advance of the occurrence of the Mandatory Conversion Date. Such notice shall be sent by first class or registered mail, postage prepaid, or given by electronic communication in compliance with the provisions of the General Corporation Law, to each record holder of Series A Preferred Stock. Upon receipt of such notice, each holder of shares of Series A Preferred Stock shall surrender his, her or its certificate or certificates for all such shares to the Corporation at the place designated in such notice, and shall thereafter receive certificates for the number of shares of Common Stock to which such holder is entitled pursuant to this Section 5. On the Mandatory Conversion Date, all outstanding shares of Series A Preferred Stock shall be deemed to have been converted into shares of Common Stock, which shall be deemed to be outstanding of record, and all rights with respect to the Series A Preferred Stock so converted, including the rights, if any, to receive notices and vote (other than as a holder of Common Stock), will terminate, except only the rights of the holders thereof, upon surrender of their certificate or certificates therefor, to receive certificates for the number of shares of Common Stock into which such Series A Preferred Stock has been converted, and payment of any declared but unpaid dividends thereon. If so required by the Corporation, certificates surrendered for conversion shall be endorsed or accompanied by written instrument or instruments of transfer, in form satisfactory to the Corporation, duly executed by the registered holder or by his, her or its attorney duly authorized in writing. As soon as practicable after the Mandatory Conversion Date and the surrender of the certificate or certificates for Series A Preferred Stock, the Corporation shall cause to be issued and delivered to such holder, or on his, her or its written order, a certificate or certificates for the number of full shares of Common Stock issuable on such conversion in accordance with the provisions hereof and cash as provided in Subsection 4(b) in respect of any fraction of a share of Common Stock otherwise issuable upon such conversion.

(c) All certificates evidencing shares of Series A Preferred Stock which are required to be surrendered for conversion in accordance with the provisions hereof shall, from and after the Mandatory Conversion Date, be deemed to have been retired and cancelled and the shares of Series A Preferred Stock represented thereby converted into Common Stock for all purposes, notwithstanding the failure of the holder or holders thereof to surrender such certificates on or prior to such date. Such converted Series A Preferred Stock may not be reissued as shares of such Series, and the Corporation may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of shares of Series A Preferred Stock accordingly.

6. Waiver. Any of the rights, powers or preferences of the holders of Series A Preferred Stock set forth herein may be defeased by the affirmative consent or vote of the holders of at least a majority of the shares of Series A Preferred Stock then outstanding, except for a matter where a greater or different percentage consent or vote of the holders of the Series A Preferred Stock is expressly required under this Fourth Amended and Restated Certificate of Incorporation, in which case, such greater or different percentage consent or vote of the holders of the Series A Preferred Stock shall be required for such defeasance.

FIFTH: Subject to any additional vote required by this Fourth Amended and Restated Certificate of Incorporation, in furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind any or all of the Bylaws of the Corporation.

SIXTH: Subject to any additional vote required by this Fourth Amended and Restated Certificate of Incorporation and the Voting Agreement, the number of directors of the Corporation shall be determined in the manner set forth in the Bylaws of the Corporation.

SEVENTH: Elections of directors need not be by written ballot unless the Bylaws of the Corporation shall so provide.

EIGHTH: Meetings of stockholders may be held within or without the State of Delaware, as the Bylaws of the Corporation may provide. The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the Bylaws of the Corporation.

NINTH: To the fullest extent permitted by law, a director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. If the General Corporation Law or any other law of the State of Delaware is amended after approval by the stockholders of this Article Ninth to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law as so amended.

Any repeal or modification of the foregoing provisions of this Article Ninth by the stockholders of the Corporation shall not adversely affect any right or protection of a director of

the Corporation existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director occurring prior to, such repeal or modification.

TENTH: To the fullest extent permitted by applicable law, the Corporation is authorized to provide indemnification of (and advancement of expenses to) directors, officers and agents of the Corporation (and any other persons to which General Corporation Law permits the Corporation to provide indemnification) through Bylaw provisions, agreements with such agents or other persons, vote of stockholders or disinterested directors or otherwise, in excess of the indemnification and advancement otherwise permitted by Section 145 of the General Corporation Law.

Any amendment, repeal or modification of the foregoing provisions of this Article Tenth shall not adversely affect any right or protection of any director, officer or other agent of the Corporation existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director, officer or other agent occurring prior to, such amendment, repeal or modification.

The rights conferred upon indemnitees in Article V of the Bylaws of the Corporation shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director, officer or trustee and shall inure to the benefit of the indemnitee's heirs, executors and administrators.

ELEVENTH: Subject to any additional vote required by this Fourth Amended and Restated Certificate of Incorporation, the Corporation reserves the right to amend, alter, change or repeal any provision contained in this Fourth Amended and Restated Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

TWELFTH: The Corporation renounces any interest or expectancy of the Corporation in, or in being offered an opportunity to participate in, any Excluded Opportunity. An **"Excluded Opportunity"** is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of, (i) any director of the Corporation who is not an employee of the Corporation or any of its subsidiaries, or (ii) any holder of Common Stock or Series A Preferred Stock or any partner, member, director, stockholder, employee or agent of any such holder, other than someone who is an employee of the Corporation or any of its subsidiaries (collectively, **"Covered Persons"),** unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person expressly and solely in such Covered Person's capacity as a director of the Corporation.

THIRTEENTH: In connection with repurchases by the Corporation of its Common Stock from employees, officers, directors, advisors, consultants or other persons performing services for the Corporation or any subsidiary pursuant to agreements under which the Corporation has the option to repurchase such shares at cost or fair market value upon the occurrence of certain events, such as the termination of employment, Sections 502 and 503 of the California Corporations Code shall not apply in all or in part with respect to such repurchases.

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3. The foregoing restatement was approved by the holders of the requisite number of shares of said corporation in accordance with Section 228 of the General Corporation Law.

4. That said this Fourth Amended and Restated Certificate of Incorporation, which restates and integrates and further amends the provisions of the Corporation's Certificate of Incorporation, has been duly adopted in accordance with Sections 242 and 245 of the General Corporation Law.

IN WITNESS WHEREOF, this Fourth Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of the Corporation on this 29th day of October, 2018.

By: /s/ John Suh
Name: John Suh
Title: Chief Executive Officer

CERTIFICATE OF AMENDMENT OF
FOURTH AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF
LEGALZOOM.COM, INC.

LEGALZOOM.COM, INC., a corporation organized and existing under the General Corporation Law of the State of Delaware (the "***DGCL***") does hereby certify:

FIRST: The name of the corporation is LegalZoom.com, Inc. (the ***"Company"***) and this corporation was originally incorporated pursuant to the DGCL on January 31, 2007.

SECOND: Pursuant to Section 242 of the DGCL, this Certificate of Amendment of the Fourth Amended and Restated Certificate of Incorporation of the Company (the ***"Certificate of Amendment"***) amends the Fourth Amended and Restated Certificate of Incorporation of the Company (the ***"Restated Certificate"***) as set forth below.

1. Section B.2(a) of Article FOURTH of the Restated Certificate is hereby deleted in its entirety and replaced with the following:

"**(a)** [Intentionally Omitted]."

2. Section B.2(b) of Article FOURTH of the Restated Certificate is hereby deleted in its entirety and replaced with the following:

"**(b)** Payments to the Holders of Series A Preferred Stock and Common Stock. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation, the assets available for distribution to the Corporation's stockholders shall be distributed among the holders of the shares of Series A Preferred Stock and Common Stock, pro rata based on the number of shares held by each such holder, treating for this purpose all such securities as if they had been converted to Common Stock pursuant to the terms of this Amended and Restated Certificate of Incorporation immediately prior to such dissolution, liquidation or winding up of the Corporation. The aggregate amount which a holder of a share of Series A Preferred Stock is entitled to receive under this Subsection 2(b) is hereinafter referred to as the **"Series A Liquidation Amount."**

3. Section B.2(c)(ii) of Article FOURTH of the Restated Certificate is hereby deleted in its entirety and replaced with the following:

"(ii) The Corporation shall not have the power to effect any transaction constituting a Deemed Liquidation Event pursuant to Subsection 2(c)(i)(A)(I) above unless the agreement or plan of merger or consolidation provides that the consideration payable to the stockholders of the Corporation shall be allocated among the holders of capital stock of the Corporation in accordance with Subsection 2(b) above."

THIRD: The foregoing Certificate of Amendment has been duly approved and adopted by the Board of Directors and stockholders of the Company in accordance with Sections 141,228 and 242 of the DGCL.

FOURTH: Other than as set forth in this Certificate of Amendment, the Restated Certificate shall remain in full force and effect, without modification, amendment or change.

[*Signature page follows*]

IN WITNESS WHEREOF, the Company has caused this Certificate of Amendment of the Fourth Amended and Restated Certificate of Incorporation to be executed by its duly authorized officer of the Company on this 23 day of April, 2019.

LEGALZOOM.COM, INC.

By: /s/ John Suh
Name: John Suh
Title: Chief Executive Officer

Exhibit 3.3

SECOND AMENDED AND RESTATED

BYLAWS OF

LEGALZOOM.COM, INC.
(a Delaware Corporation)

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AMENDED AND RESTATED BYLAWS

OF

LEGALZOOM.COM, INC.

ARTICLE I.

OFFICES

Section 1. REGISTERED OFFICES. The registered office shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. OTHER OFFICES. The corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II.

MEETINGS OF STOCKHOLDERS

Section 1. PLACE OF MEETINGS. Meetings of stockholders shall be held at any place within or outside the State of Delaware designated by the Board of Directors. The Board of Directors may also determine that a meeting may be held by means of remote communication whereby stockholders and not physically present at a meeting of stockholders may, by means of remote communication, participate in a meeting of stockholders and may be deemed present in person and vote at a meeting of stockholders whether such meeting is to be at a designated place or solely by means of remote communication. In determining that a meeting may be held by means of remote communication, the Board of Directors shall also (i) implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder, (ii) implement reasonable measures to provide such stockholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) provide that a record of any vote or action taken by any stockholder or at the meeting by means of remote communication. In the absence of any designation, stockholders' meetings shall be held at the principal executive office of the corporation.

Section 2. ANNUAL MEETINGS OF STOCKHOLDERS. The annual meeting of stockholders shall be held each year on a date and a time designated by the Board of Directors. At each annual meeting directors shall be elected and any other proper business may be transacted.

Section 3. QUORUM; ADJOURNED MEETINGS AND NOTICE THEREOF. A majority of the stock issued and outstanding and entitled to vote at any meeting of stockholders, the holders of which are present in person or represented by proxy, shall constitute a quorum for the transaction of business except as otherwise provided by the Delaware

General Corporation Law (the "Delaware Law"), by the Certificate of incorporation (as amended, restated or otherwise modified, the "Certificate of Incorporation") or by these Amended and Restated Bylaws. A quorum, once established, shall not be broken by the withdrawal of enough votes to leave less than a quorum and the votes present may continue to transact business until adjournment. If, however, such quorum shall not be present or represented at any meeting of the stockholders, a majority of the voting stock represented in person or by proxy may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. Such announcement must set forth the time, the place, if any, of the adjourned meeting, and the means of remote communications, if any, by which stockholders may be deemed to be present in person and vote at such adjourned meeting. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote thereat.

Section 4. VOTING. When a quorum is present at any meeting, in all matters other than the election of directors, the vote of the holders of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall decide any question brought before such meeting, unless the question is one upon which by express provision of the Delaware Law, the Certificate of Incorporation, or these Amended and Restated Bylaws, a different vote is required in which case such express provision shall govern and control the decision of such question. Directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors, unless otherwise provided in the Certificate of Incorporation. Unless otherwise provided in the Certificate of Incorporation, each stockholder shall have one vote for each share of stock having voting power, registered in his name on the books of the corporation on the record date set by the Board of Directors as provided in Article VII, Section 6 hereof.

Section 5. PROXIES. At each meeting of the stockholders, each stockholder having the right to vote may vote in person or may authorize another person or persons to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. A stockholder may authorize another person or persons to act as such stockholder's proxy by (i) executing an instrument in writing subscribed by such stockholder, or (ii) by transmitting or authorizing the transmission of a telegram, cablegram, or other means of electronic transmission to the person who will be the holder of the proxy, provided that any such telegram, cablegram, or other means of electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the stockholder. All proxies must be filed with the Secretary of the corporation at the beginning of each meeting in order to be counted in any vote at the meeting.

Section 6. SPECIAL MEETINGS. Special meetings of the stockholders, for any purpose, or purposes, unless otherwise prescribed by statute or by the Certificate of Incorporation, may be called by the President and shall be called by the President or the Secretary at the request in writing of a majority of the Board of Directors, or at the request in

writing of stockholders owning a majority in amount of the entire capital stock of the corporation issued and outstanding, and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 7. NOTICE OF STOCKHOLDERS' MEETINGS. Except as otherwise provided by Delaware Law, notice to stockholders may also be given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the corporation. Notice given by a form of electronic transmission shall be deemed given (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice, (ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice, (iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice, and (iv) if by any other form of electronic transmission, when directed to the stockholder. "Electronic transmission" means any form of communication, not directly involving the physical transmission of paper, which creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

Section 8. MAINTENANCE AND INSPECTION OF STOCKHOLDER LIST. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination by any stockholder, for any purpose germane to the meeting, for a period of at least ten (10) days prior to the meeting, (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours at the principal place of business of the corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

Section 9. STOCKHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING. Unless otherwise provided in the Certificate of Incorporation, any action required to be taken at any annual or special meeting of stockholders of the corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the corporation by delivery to its registered office in Delaware, its principal place of business, or to an officer or agent of the corporation having custody of the book in which proceedings of

meetings of stockholders are recorded. Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the earliest dated consent delivered in the manner required by this Section 9 to the corporation, written consents signed by a sufficient number of holders to take action are delivered to the corporation by delivery to its registered office in Delaware, its principal place of business or to an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. A telegram, cablegram or other electronic transmission consenting to an action to be taken and transmitted by a stockholder shall be deemed to be written, signed and dated for the purposes of this Section 9, provided that any such telegram, cablegram or other electronic transmission sets forth or is delivered with information from which the corporation can determine (i) that the telegram, cablegram or other electronic transmission was transmitted by the stockholder and (ii) the date on which such stockholder transmitted such telegram, cablegram or electronic transmission. The date on which the telegram, cablegram or electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No consent given by telegram, cablegram or other electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper forms shall be delivered to the corporation by delivery to its registered office in Delaware, its principal place of business or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to a corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to the corporation as provided above.

ARTICLE III.

DIRECTORS

Section 1. THE NUMBER OF DIRECTORS. The number of directors which shall constitute the whole Board shall be set at no greater than nine (9) directors and no less than five (5) directors, unless otherwise provided in the Certificate of Incorporation.

Section 2. VACANCIES. Unless otherwise provided in the Certificate of Incorporation or these Amended and Restated Bylaws, vacancies on the Board of Directors by reason of death, resignation, retirement, disqualification, removal from office, or otherwise, and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Each director so chosen shall hold office until the next annual election of directors and until his successor is duly elected and qualified, or until such director's earlier

resignation or removal. If there are no directors in office, then an election of directors may be held in the manner provided by the Delaware Law. If, at the time of filling any vacancy or any newly created directorship, the directors then in office shall constitute less than a majority of the whole Board (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least ten percent (10%) of the voting stock at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office.

Section 3. POWERS. The property and business of the corporation shall be managed by or under the direction of its Board of Directors. In addition to the powers and authorities by these Amended and Restated Bylaws expressly conferred upon them, the Board of Directors may exercise all such powers of the corporation and do all such lawful acts and things as are not by the Delaware Law or by the Certificate of Incorporation or by these Amended and Restated Bylaws directed or required to be exercised or done by the stockholders.

Section 4. PLACE OF DIRECTORS' MEETINGS. The directors may hold their meetings and have one or more offices, and keep the books of the corporation outside of the State of Delaware.

Section 5. REGULAR MEETINGS. Regular meetings of the Board of Directors may be held without notice at such time and place as shall from time to time be determined by the Board.

Section 6. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the President on forty-eight (48) hours' notice to each director, either personally or by mail, by facsimile, by electronic transmission or by telegram, unless otherwise provided by the Certificate of Incorporation; special meetings shall be called by the President or the Secretary in like manner and on like notice on the written request of at least four directors; in which case special meetings shall be called by the President or Secretary in like manner or on like notice on the written request of the sole director.

Section 7. QUORUM. At all meetings of the Board of Directors a majority of the total number of directors shall be necessary and sufficient to constitute a quorum for the transaction of business unless the Certificate of Incorporation or these Amended and Restated Bylaws require a greater number. The vote of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by the Delaware Law, the Certificate of Incorporation or these Amended and Restated Bylaws. If a quorum shall not be present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. If only one director is authorized, such sole director shall constitute a quorum.

Section 8. ACTION WITHOUT MEETING. Unless otherwise restricted by the Certificate of Incorporation or these Amended and Restated Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case

may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee.

Section 9. TELEPHONIC MEETINGS. Unless otherwise restricted by the Certificate of Incorporation or these Amended and Restated Bylaws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors, or any committee, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

Section 10. COMMITTEES OF DIRECTORS. The Board of Directors may designate one or more committees, each such committee to consist of one or more of the directors of the corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors or in these Amended and Restated Bylaws, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by law to be submitted to stockholders for approval or (ii) adopting, amending or repealing any Bylaw of the corporation.

Section 11. MINUTES OF COMMITTEE MEETINGS. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

Section 12. COMPENSATION OF DIRECTORS. Unless otherwise restricted by the Certificate of Incorporation or these Amended and Restated Bylaws, the Board of Directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

ARTICLE IV.

OFFICERS

Section 1. OFFICERS. The officers of this corporation shall be chosen by the Board of Directors and shall include a Chairman of the Board of Directors or a President, or both, and a Secretary. The corporation may also have at the discretion of the Board of Directors such other officers as are desired, including a Vice-Chairman of the Board of Directors, a Chief Executive Officer, a Treasurer, one or more Vice Presidents, one or more Assistant Secretaries and Assistant Treasurers, and such other officers as may be appointed in accordance with the provisions of Section 3 hereof In the event there are two or more Vice Presidents, then one or more may be designated as Executive Vice President, Senior Vice President, or other similar or dissimilar title. At the time of the election of officers, the directors may by resolution determine the order of their rank. Any number of offices may be held by the same person, unless the Certificate of Incorporation or these Amended and Restated Bylaws otherwise provide.

Section 2. ELECTION OF OFFICERS. The Board of Directors, at its first meeting after each annual meeting of stockholders, shall choose the officers of the corporation.

Section 3. SUBORDINATE OFFICERS. The Board of Directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

Section 4. COMPENSATION OF OFFICERS. The salaries of all officers and agents of the corporation shall be fixed by the Board of Directors.

Section 5. TERM OF OFFICE; REMOVAL AND VACANCIES. Each officer of the corporation shall hold office until his or her successor is elected and qualified or until such officer’s earlier resignation or removal. Any officer may resign at any time upon written notice to the corporation. Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors. If the office of any officer or officers becomes vacant for any reason, the vacancy shall be filled by the Board of Directors.

Section 6. CHAIRMAN OF THE BOARD. The Chairman of the Board, if such an officer be elected, shall, if present, preside at all meetings of the Board of Directors and exercise and perform such other powers and duties as may be from time to time assigned to him or her by the Board of Directors or prescribed by these Amended and Restated Bylaws. The Chairman of the Board may, if designated by the Board, also serve as the Chief Executive Officer of the corporation and, if so designated, shall have the powers and duties prescribed in Section 7 of this Article IV.

Section 7. PRESIDENT. Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chairman of the Board, if there be such an officer, the President shall be the Chief Executive Officer of the corporation, unless such an officer is elected separately by the Board of Directors, and shall, subject to the control of the Board of Directors,

have general supervision, direction and control of the business and officers of the corporation. If the President also serves as the Chief Executive Officer, he or she shall preside at all meetings of the stockholders and, in the absence of the Chairman of the Board, or if there be none, at all meetings of the Board of Directors. He or she shall have the general powers and duties of management usually vested in the office of President of corporations (subject to such powers and duties vested by the Board in the Chief Executive Officer), and shall have such other powers and duties as may be prescribed by the Board of Directors or these Amended and Restated Bylaws. If a Chief Executive Officer is elected separately by the Board of Directors, such Chief Executive Officer shall have such powers and perform such duties as from time to time may be prescribed for him or her by the Board of Directors or these Amended and Restated Bylaws.

Section 8. VICE PRESIDENTS. In the absence or disability of the President, the Vice Presidents in order of their rank as fixed by the Board of Directors, or if not ranked, the Vice President designated by the Board of Directors, shall perform all the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice Presidents shall have such other duties as from time to time may be prescribed for them, respectively, by the Board of Directors.

Section 9. SECRETARY. The Secretary shall attend all sessions of the Board of Directors and all meetings of the stockholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose; and shall perform like duties for the standing committees when required by the Board of Directors. He or she shall give, or cause to be given, notice of all meetings of the stockholders and of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or these Amended and Restated Bylaws. He or she shall keep in safe custody the seal of the corporation, and when authorized by the Board, affix the same to any instrument requiring it, and when so affixed it shall be attested by his or her signature or by the signature of an Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his or her signature.

Section 10. ASSISTANT SECRETARY. The Assistant Secretary, or if there be more than one, the Assistant Secretaries in the order determined by the Board of Directors, or if there be no such determination, the Assistant Secretary designated by the Board of Directors, shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

Section 11. TREASURER. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys, and other valuable effects in the name and to the credit of the corporation, in such depositories as may be designated by the Board of Directors. He or she shall disburse the funds of the corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an account of all his or her transactions as Treasurer and of the financial condition of the corporation. If required by the Board of Directors, he or she shall give the corporation a

bond, in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors, for the faithful performance of the duties of his or her office and for the restoration to the corporation, in case of his or her death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the corporation.

Section 12. ASSISTANT TREASURER. The Assistant Treasurer, or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors, or if there be no such determination, the Assistant Treasurer designated by the Board of Directors, shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer and shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE V.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

(a) The corporation shall indemnify to the maximum extent permitted by law any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

(b) The corporation shall indemnify to the maximum extent permitted by law any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation and except that no such indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the

Court of Chancery of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such Court of Chancery• or such other court shall deem proper.

(c) To the extent that a present or former director or officer of the corporation shall be successful on the merits or otherwise in defense of any action, suit or proceeding referred to in paragraphs (a) and (b), or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

(d) Any indemnification under paragraphs (a) and (b) (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the present or former director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in paragraphs (a) and (b). Such determination shall be made, with respect to a person who is a director or officer at the time of such determination, (i) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (ii) by a committee of such directors designated by majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion, or (iv) by the stockholders.

(e) Expenses (including attorneys' fees) incurred by an officer or director in defending any civil, criminal, administrative or investigative action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the corporation as authorized in this Article V. Such expenses (including attorneys' fees) incurred by former directors and officers may be so paid upon such terms and conditions, if any, as the corporation deems appropriate.

(f) The indemnification and advancement of expenses provided by, or granted pursuant to, the other paragraphs of this Article V shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any Bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office.

(g) The Board of Directors may authorize, by a vote of a majority of a quorum of the Board of Directors, the corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of this Article V.

(h) For the purposes of this Article V, references to "the corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors or officers so that any person who is or was a director or officer of such constituent corporation, or is or was serving at the request of such constituent corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article V with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued.

(i) For purposes of this Article V, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the corporation" shall include service as a director or officer of the corporation which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation" as referred to in this Article V.

(j) The indemnification and advancement of expenses provided by, or granted pursuant to, this Article V shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

(k) The Court of Chancery is vested with exclusive jurisdiction to hear and determine all actions for advancement of expenses or indemnification brought under this Article or under any agreement, vote of stockholders or disinterested directors, or otherwise. The Court of Chancery may summarily determine the corporation's obligation to advance expenses (including attorneys' fees).

ARTICLE VI.

INDEMNIFICATION OF EMPLOYEES AND AGENTS

The corporation may indemnify every person who was or is a party or is or was threatened to be made a party to any action, suit, or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was an employee or agent of the corporation or, while an employee or agent of the corporation, is or was serving at the request of the corporation as an employee or agent or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including counsel fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, to the extent permitted by the Delaware Law.

ARTICLE VII.

CERTIFICATES OF STOCK

Section 1. CERTIFICATES. The shares of the corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the corporation. Notwithstanding the adoption of such a resolution by the Board of Directors, every holder of stock represented by certificates shall be entitled to have a certificate signed by, or in the name of the corporation by the Chairperson or Vice-Chairperson of the Board of Directors, or the President or a Vice-President, and by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer of the corporation representing the number of shares registered in certificate form owned by such stockholder in the corporation.

Section 2. SIGNATURES ON CERTIFICATES. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

Section 3. STATEMENT OF STOCK RIGHTS, PREFERENCES, PRIVILEGES. If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock; provided that, except as otherwise provided in Section 202 of the Delaware Law, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 4. LOST CERTIFICATES. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 5. TRANSFERS OF STOCK. Upon surrender to the corporation, or the transfer agent of the corporation, of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books, unless otherwise restricted by the Delaware Law, the Certificate of Incorporation or these Amended and Restated Bylaws.

Section 6. FIXED RECORD DATE. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of the stockholders, or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date which shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action. If no record date is fixed by the Board of Directors, (i) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and (ii) the record date for stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting. In order that the corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date which shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no such record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by the Delaware Law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by the Delaware Law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

Section 7. REGISTERED STOCKHOLDERS. The corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and accordingly shall not be bound to recognize any equitable or other claim or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof, save as expressly provided by the Delaware Law.

ARTICLE VIII.

GENERAL PROVISIONS

Section 1. DIVIDENDS. Subject to the provisions of the Certificate of Incorporation, if any, the Board of Directors may declare and pay dividends upon the shares of its capital stock either (i) out of its surplus, as defined in and computed in accordance with Sections 154 and 244 of the Delaware Law, or (ii) in case there shall be no such surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. If the capital of the corporation, computed in accordance with Sections 154 and 244 of the Delaware Law, shall have been diminished by depreciation in the value of its property, or by losses, or otherwise, to an amount less than the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets, the directors shall not declare and pay out of such net profits any dividends upon any shares of any classes of its capital stock until the deficiency in the amount of capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets shall have been repaired. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation.

Section 2. PAYMENT OF DIVIDENDS; DIRECTORS' DUTIES. Before payment of any dividend there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interests of the corporation, and the directors may abolish any such reserve.

Section 3. CHECKS. All checks or demands for money and notes of the corporation shall be signed by such officer or officers as the Board of Directors may from time to time designate.

Section 4. FISCAL YEAR. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

Section 5. CORPORATE SEAL. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words "Corporate Seal, Delaware." Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 6. MANNER OF GIVING NOTICE. Whenever, under the provisions of the Delaware Law, the Certificate of Incorporation, or these Amended and Restated Bylaws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by facsimile, by electronic transmission, or by telegram.

Except as otherwise provided by the Delaware Law, notice to stockholders may also be given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the corporation. Notice given by a form of electronic transmission shall be deemed given (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice, (ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice, (iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice, and (iv) if by any other form of electronic transmission, when directed to the stockholder. "Electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

Section 7. WAIVER OF NOTICE. Whenever any notice is required to be given under the provisions of the Delaware Law, the Certificate of Incorporation, or these Amended and Restated Bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, or a waiver by electronic transmission by the person entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened_ Neither the business to be transacted at, nor the purpose of any regular or special meeting of the stockholders, directors, or members of a committee of directors need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the Certificate of Incorporation or these Amended and Restated Bylaws.

Section 8. ANNUAL STATEMENT. The Board of Directors shall present at each annual meeting, and at any special meeting of the stockholders when called for by vote of the stockholders, a full and clear statement of the business and condition of the corporation.

ARTICLE IX.

AMENDMENTS

Section 1. AMENDMENT BY DIRECTORS OR STOCKHOLDERS. These Amended and Restated Bylaws may be altered, amended or repealed or new Bylaws may be adopted by the stockholders or by the Board of Directors, when such power is conferred upon the Board of Directors by the Certificate of Incorporation, at any regular meeting of the stockholders or of the Board of Directors or at any special meeting of the stockholders or of the Board of Directors if notice of such alteration, amendment, repeal or adoption of new Bylaws be contained in the notice of such special meeting. If the power to adopt, amend or repeal Bylaws is conferred upon the Board of Directors by the Certificate of Incorporation it shall not divest or limit the power of the stockholders to adopt, amend or repeal Bylaws.

ARTICLE X.

DISPUTES

Section 1. FORUM FOR ADJUDICATION OF DISPUTES. Unless the corporation consents in writing to the selection of an alternative forum (an "Alternative Forum Consent"), the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, stockholder, employee or agent of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation or any director, officer, stockholder, employee or agent of the Corporation arising out of or relating to any provision of the General Corporation Law of Delaware or the corporation's Certificate of Incorporation or Bylaws (as either may be amended from time to time), or (iv) any action asserting a claim against the corporation or any director, officer, stockholder, employee or agent of the corporation governed by the internal affairs doctrine of the State of Delaware; provided, however, that, in the event that the Court of Chancery of the State of Delaware lacks subject matter jurisdiction over any such action or proceeding, the sole and exclusive forum for such action or proceeding shall be another state or federal court located within the State of Delaware, in each such case, unless the Court of Chancery (or such other state or federal court located within the State of Delaware, as applicable) has dismissed a prior action by the same plaintiff asserting the same claims because such court lacked personal jurisdiction over an indispensable party named as a defendant therein. Failure to enforce the foregoing provisions would cause the corporation irreparable harm and the corporation shall be entitled to equitable relief, including injunctive relief and specific performance, to enforce the foregoing provisions. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the corporation shall be deemed to have notice of and consented to the provisions of this Article 10. If any action the subject matter of which is within the scope of this Article X is filed in a court other than the Court of Chancery of the State of Delaware (or any other state or federal court located within the State of Delaware, as applicable) (a "Foreign Action") by or in the name of any stockholder, such stockholder shall be deemed to have consented to (i) the personal jurisdiction of the Court of Chancery of the State of Delaware (or such other state or federal court located within the State of Delaware, as applicable) in connection with any action brought in any such court to enforce this Article X and (ii) having service of process made upon such stockholder in any such action by service upon such stockholder's counsel in the Foreign Action as agent for such stockholder. Notwithstanding the foregoing, the existence of any prior Alternative Forum Consent shall not act as a waiver of the corporation's ongoing consent right as set forth above in this Article X with respect to any current or future actions or claims.

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify

(a) That I am duly elected and acting Secretary of LegalZoom.com, Inc., a Delaware corporation; and

(b) That the foregoing Second Amended and Restated Bylaws constitute the Bylaws of said corporation as approved by the written consent of the Board of Directors of said corporation as of July 19, 2018.

IN WITNESS WHEREOF, I have hereunto subscribed my name on this 19th day of July, 2018.

/s/ Chas Rampenthal
Chas Rampenthal
Secretary

Exhibit 4.2

Execution Copy

THIRD AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

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THIRD AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

This **THIRD AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT** (the "**Agreement**") is made as of the 23rd day of October, 2018, by and between LegalZoom.com, Inc., a Delaware corporation (the "**Company**"), each of the investors listed on Schedule A hereto, each of which is referred to in this Agreement as an "**Investor**", and collectively, the "**Investors**" and, solely for purposes of Section 6 and Section 7.7 hereof, the Senior Executive Stockholders (as defined below).

RECITALS

WHEREAS, certain Investors are purchasing shares of the Company's Common Stock pursuant to that certain Common Stock Purchase Agreement, dated as of August 24, 2018, by and between the Company and the other parties thereto (the "**Purchase Agreement**");

WHEREAS, the obligations in the Purchase Agreement are conditioned upon the execution and delivery of this Agreement;

WHEREAS, certain parties (the "**Prior Investors**") are holders of the Company's Common Stock and Series A Preferred Stock;

WHEREAS, the Prior Investors and the Company are party to that certain Second Amended and Restated Investors' Rights Agreement, dated as of August 22, 2018 (the "**Prior Agreement**"); and

WHEREAS, in connection with the transactions contemplated by the Purchase Agreement, the parties hereto desire to amend and restate the Prior Agreement to reflect certain agreements among the parties hereto.

NOW, THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. Definitions. For purposes of this Agreement:

1.1 The term "**Affiliate**" shall mean with respect to any individual, corporation, partnership, association, trust, or any other entity (in each case, a "**Person**"), any Person which, directly or indirectly, controls, is controlled by or is under common control with such Person, including, without limitation any general partner, officer or director of such Person and any venture capital fund or other private investment fund now or hereafter existing which is controlled by or under common control with one or more general partners or shares the same management company with such Person.

1.2 The term "**Board**" shall mean the Board of Directors of the Company.

1.3 The term "**Certificate of Incorporation**" shall mean the Third Amended and Restated Certificate of Incorporation of the Company, dated as of August 22, 2018, as it may be further amended from time to time.

1.4 The term "**Change of Control**" shall mean, regardless of form thereof, (1) the dissolution or liquidation of the Company, (2) the sale or exclusive license of all or substantially all of the assets of the Company on a consolidated basis to a person or entity which is not an affiliate of the Company, (3) a merger, reorganization or consolidation in which the outstanding shares of Company's capital stock are converted into or exchanged for a different kind of securities of the successor entity and the holders of the Company's outstanding voting power immediately prior to such transaction do not own a majority of the outstanding voting power of the successor entity immediately upon completion of such transaction, or (4) the sale of all or substantially all of the outstanding stock of the Company to a person or entity which is not an affiliate of the Company.

1.5 The term "**Common Stock**" shall mean shares of the Company's common stock, par value $0.001 per share.

1.6 The term "**Convertible Securities**" shall mean any evidences of indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Common Stock, but excluding Options.

1.7 The term "**Cross Creek**" shall mean, collectively, Cross Creek Partners V, L.P., Cross Creek Capital II, L.P. and Cross Creek Capital Partners IV, L.P.

1.8 The term "**Demand Investor**" shall mean any of (i) the Permira Investor, (ii) FP and (iii) GPI so long as they, collectively with their permitted transferees, hold at least 1,192,748 shares of Registrable Securities (subject to appropriate to appropriate adjustment in the event of any stock dividend, stock split, combination or similar recapitalization affecting such shares).

1.9 The term "**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

1.10 The term "**Exempt Transfer**" shall mean: (i) in the case of a Holder that is an entity, a transfer by such Holder to its stockholders, affiliates, members, partners or other equity holders or (ii) in the case of a Holder that is a natural person, a transfer by such Holder, either during his or her lifetime or on death by will or intestacy to his or her siblings, children, grandchildren or spouse (or any other relatives approved by the Board), or any custodian or trustee for the account of a Holder or a Holder's siblings, children, grandchildren or spouse.

1.11 The term "**Equity Securities**" shall mean (i) any capital stock, or other share capital, (ii) any securities, directly or indirectly, convertible into or exchangeable for any capital stock, shares, or other share capital or containing any profit participation features, (iii) any subscriptions, calls, puts, commitments, warrants, rights or options, directly or indirectly, to subscribe for or to purchase any capital stock, or other share capital or securities containing any profit participation features or, directly or indirectly, to subscribe for or to purchase any securities, directly or indirectly, convertible into, exercisable or exchangeable for any capital stock, or other share capital or securities, (iv) any share appreciation rights, phantom share rights or other similar rights, or (v) any Equity Securities issued or issuable with respect to the securities referred to in clauses (i) through (iv) above in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization.

1.12 The term "**Form S-3**" shall mean such form under the Securities Act as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the SEC which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

1.13 The term "**FP**" shall mean collectively FPLZ I, L.P. and FPLZ II, L.P.

1.14 The term "**FT**" shall mean collectively Franklin Strategic Series – Franklin Small Cap Growth Fund, the Franklin Strategic Series – Franklin Growth Opportunities Fund and Franklin Templeton Investment Funds – Franklin U.S. Opportunities Fund.

1.15 The term "**GAAP**" shall mean generally accepted accounting principles.

1.16 The term "**GPI**" shall mean GPI Capital Gemini Holdco LP.

1.17 The term "**Holder**" shall mean any Person owning or having the right to acquire Registrable Securities or any assignee thereof in accordance with Section 2.12 hereof.

1.18 The term "**Immediate Family Member**" shall mean a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, of a person referred to herein.

1.19 The term "**Initiating Holders**" shall mean, collectively, any Holders who properly initiate a registration request under this Agreement.

1.20 The term "**Institutional Investors**" shall mean, collectively, the Permira Investor, Institutional Venture Partners XIII, L.P. ("**IVP**"), KPCB Holdings, Inc., as Nominee ("**KPCB**"), FP, GPI, Neuberger, FT, TCV, TA Associates, WCP and Cross Creek.

1.21 The term "**Investor Nominees**" shall mean those four (4) members of the Board initially designated by the holders of Series A Preferred Stock, subject to and in accordance with the Certificate of Incorporation, the Voting Agreement and that certain letter agreement by and between LucasZoom, LLC, the Company, GPI and FP, dated as of July 20, 2018 (the "**Side Letter**").

1.22 The term "**IPO**" shall mean the Company's first underwritten public offering of its Common Stock under the Securities Act.

1.23 The term "**Major Investor**" shall mean any Institutional Investor or its permitted transferees who collectively hold at least 1,192,748 shares of Registrable Securities (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or similar recapitalization affecting such shares).

1.24 The term "**Monitoring Agreement**" shall mean that certain Monitoring Fee Agreement, dated as of January 29, 2014, by and among Purchaser and the Company.

1.25 The term "**Neuberger**" shall mean, collectively, Neuberger Berman Alternative Funds, Neuberger Berman Long Short Fund, Neuberger Berman Equity, Funds, Neuberger Berman Guardian Fund, Neuberger Berman Equity Funds, Neuberger Berman Focus Fund, NB All Cap Alpha Master Fund Ltd and Ask America, LLC.

1.26 The term "**New Investors**" shall mean collectively GPI, FP, Neuberger, FT, TCV, TA Associates, WCP, and Cross Creek and their permitted transferees.

1.27 The term "**New Securities**" shall mean Equity Securities of the Company, whether now authorized or not, or rights, options, or warrants to purchase said Equity Securities, or securities of any type whatsoever that are, or may become, convertible into or exchangeable into or exercisable for said Equity Securities (collectively "**New Securities**").

1.28 The term "**Options**" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire Common Stock or Convertible Securities.

1.29 The term "**Permira Investor**" shall mean LucasZoom, LLC, a Delaware limited liability company. For the avoidance of doubt, the term "**Investor**" shall include the Permira Investor and the New Investors.

1.30 The term "**Qualified Public Offering**" shall mean the Company's first underwritten public offering on a firm commitment basis by a nationally recognized investment banking organization or organizations pursuant to an effective registration statement under the Securities Act, covering the offer and sale of Common Stock (i), prior to August 22, 2020, at a price per share of Common Stock of not less than $52.40 (appropriately adjusted for stock splits, stock dividends, combinations, recapitalizations and the like), (ii) with respect to which the Company receives aggregate gross proceeds attributable to sales for the account of the Company of not less than $100 million, and (iii) with respect to which such Common Stock is listed for trading on either the New York Stock Exchange or the NASDAQ National Market.

1.31 The term "**register,**" "**registered,**" and "**registration**" refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Securities Act, and the declaration or ordering of effectiveness of such registration statement or document.

1.32 The term "**Registrable Securities**" shall mean (i) the Common Stock issuable or issued upon conversion of the Series A Preferred Stock and (ii) any Common Stock of the Company (A) held by the Permira Investor and the New Investors or (B) that is issued as (or issuable upon the conversion or exercise of any warrant, right or other security which is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of the shares referenced in clause (i) above, excluding in all cases, however, any Registrable Securities sold by a person in a transaction in which his rights under Section 2 hereof are not assigned or any shares for which registration rights have terminated pursuant to Section 2.15 of this Agreement.

1.33 The term "**Registrable Securities then outstanding**" shall mean the number of shares determined by adding the number of shares of Common Stock outstanding which are, and the number of shares of Common Stock issuable pursuant to then exercisable or Convertible Securities which are, Registrable Securities.

1.34 The term "**Requisite Registrations**" shall mean (i) one (1) registration by each of the Demand Investors other than the Permira Investor and (ii) two (2) registrations by the Permira Investor.

1.35 The term "**ROFO Investor**" shall mean each of the Investors, as well as each other holder of shares of Common Stock or Series A Preferred Stock who has signed a signature page to this Agreement or a joinder agreement agreeing to be bound by the terms of this Agreement.

1.36 The term "**SEC**" shall mean the Securities and Exchange Commission.

1.37 The term "**SEC Rule 144**" shall mean Rule 144 promulgated by the SEC under the Securities Act.

1.38 The term "**SEC Rule 145**" shall mean Rule 145 promulgated by the SEC under the Securities Act.

1.39 The term "**Securities Act**" shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

1.40 The term "**Senior Executive Stockholders**" shall mean John Suh, Peter Oey and Frank Monestere; provided, that in the event a Senior Executive Stockholder is no longer employed by the Company or its subsidiaries for any reason, the Senior Executive Stockholder shall no longer be bound by Section 6 upon the later of (i) the one (1) year anniversary of the date hereof and (ii) the date of such termination.

1.41 The term "**Series A Preferred Stock**" shall mean shares of the Series A Convertible Preferred Stock, par value $0.001 per share.

1.42 The term "**TA Associates**" shall mean, collectively, TA XII-A, L.P., TA XII-B, L.P. and TA Investors XII, L.P.

1.43 The term "**TCV**" shall mean, collectively, TCV IX, L.P., TCV IX (A), L.P., TCV IX (B), L.P. and TCV Member Fund, L.P.

1.44 The term "**Transaction Documents**" shall mean, collectively, the Purchase Agreement, the Voting Agreement, the Amended and Restated Right of First Refusal and Co-Sale Agreement, the Certificate of Incorporation, the Side Letter and this Agreement.

1.45 The term "**Violation**" shall mean losses, claims, damages, or liabilities (joint or several) to which a party hereto may become subject under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements,

omissions or violations: (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by any other party hereto, of the Securities Act, the Exchange Act, any state securities law or any rule or regulation promulgated under the Securities Act, the Exchange Act or any state securities law.

1.46 The term "**Voting Agreement**" shall mean the Fourth Amended and Restated Voting Agreement, dated as of October 23, 2018, by and among the Company and the parties thereto.

1.47 The term "**WCP**" shall mean WCP Holdings IV, L.P.

2. Registration Rights. The Company covenants and agrees as follows:

2.1 Request for Registration.

(a) Following a Qualified Public Offering, if the Company shall receive at any time a written request from any Demand Investor covering the registration of all or any portion of their Registrable Securities then outstanding in the manner specified in such request, then the Company shall:

(i) within ten (10) days of the receipt thereof, give written notice of such request to all Holders, who shall then have twenty (20) days to notify the Company in writing of their desire to be included in such registration;

(ii) as soon as practicable, and in any event within sixty (60) days of the receipt of such request (subject to the availability of appropriate audited financial statements provided that the Company is using reasonable best efforts to obtain such financial statements), confidentially submit or file a registration statement under the Securities Act covering all Registrable Securities which the Holders request to be registered, subject to the limitations of subsection 2.1(b), within twenty (20) days of the mailing of such notice by the Company in accordance with Section 6.5; and

(iii) use its reasonable best efforts to cause such registration statement to be declared effective by the SEC as soon as practicable after such request.

(b) If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as a part of their request made pursuant to subsection 2.1(a) and the Company shall include such information in the written notice referred to in subsection 2.1(a). The underwriter will be selected by the Initiating Holders subject only to the reasonable approval of the Company. In such event, the right of any Holder to include such Holder's Registrable Securities in such registration shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable

Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in subsection 2.3(e)) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting. Notwithstanding any other provision of this Section 2.1, if, in good faith, the underwriter advises the Initiating Holders in writing that marketing factors require a limitation of the number of shares to be underwritten, then the Initiating Holders shall so advise all Holders of Registrable Securities which would otherwise be underwritten pursuant hereto, and the number of shares of Registrable Securities that may be included in the underwriting shall be allocated among all Holders of Registrable Securities, including the Initiating Holders, in proportion (as nearly as practicable) to the number of Registrable Securities of the Company owned by each Holder as of the date thereof; provided, however, that the number of shares of Registrable Securities held by the Holders to be included in such underwriting shall not be reduced unless all other securities are first entirely excluded from the underwriting. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest one hundred (100) shares.

(c) The Company shall not be obligated to effect, or to take any action to effect, any registration:

(i) pursuant to this Section 2.1:

(A) In any particular jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such registration, unless the Company is already subject to service in such jurisdiction and except as may be required under the Securities Act;

(B) After the Company has effected the Requisite Registrations pursuant to this Section 2.1 and such registrations have been declared or ordered effective;

(C) If the Initiating Holders propose to dispose of shares of Registrable Securities that may be immediately registered on Form S-3 pursuant to a request made pursuant to Section 2.11 below; or

(D) If the Registrable Securities to be included in the registration statement could then be sold without restriction under SEC Rule 144 (or any similar provision then in effect), including with respect to the volume and timing limitations or other restrictions on transfer thereunder; or

(ii) pursuant to any other provision of this Agreement:

(A) In any particular jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such registration, unless the Company is already subject to service in such jurisdiction and except as may be required under the Securities Act; or

(B) If the Registrable Securities to be included in the registration statement could then be sold without restriction under SEC Rule 144 (or any similar provision then in effect), including with respect to the volume and timing limitations or other restrictions on transfer thereunder.

(d) Notwithstanding the foregoing, if the Company shall furnish to Holders requesting a registration statement pursuant to this Section 2.1 a certificate signed by the Chief Executive Officer of the Company stating that in the good faith judgment of the Board it would be materially detrimental to the Company and its stockholders for such registration statement to become effective or to remain effective as long as such registration statement would otherwise be required to remain effective because such action (x) would materially interfere with a significant acquisition, corporate reorganization or other similar transaction involving the Company, (y) would require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential or (z) would render the Company unable to comply with requirements under the Securities Act or Exchange Act, the Company shall have the right to defer taking action with respect to such filing for a period of not more than sixty (60) days after receipt of the request of the Initiating Holders; provided, however, that the Company may not utilize this right more than two (2) times in any twelve (12)-month period; and provided further that the Company shall not register any securities for the account of itself or any other stockholder during such sixty (60) day period other than a registration statement relating either to the sale of securities to employees of the Company pursuant to a stock option, stock purchase or similar plan or an SEC Rule 145 transaction, a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities, or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered.

A registration statement shall not be counted until such time as such registration statement has been declared effective by the SEC (unless the Initiating Holders withdraw their request for such registration (other than as a result of information concerning the business or financial condition of the Company which is made known to the Investors with Registrable Securities after the date on which such registration was requested) and elect not to pay the registration expenses therefor pursuant to Section 2.5). A registration statement shall not be counted if, as a result of an exercise of the underwriter's cut-back provisions, fewer than fifty percent (50%) of the total number of Registrable Securities that Holders have requested to be included in such registration statement are actually included.

2.2 Company Registration. If the Company proposes to register (including for this purpose a registration effected by the Company for stockholders other than the Holders) any of its stock or other securities under the Securities Act in connection with the public offering of such securities solely for cash (other than a registration statement relating either to the sale of

securities to employees of the Company pursuant to a stock option, stock purchase or similar plan or an SEC Rule 145 transaction, a registration on any form which does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities which are also being registered), the Company shall, at such time, promptly give each Holder written notice of such registration. Upon the written request of each Holder given within twenty (20) days after mailing of such notice by the Company in accordance with Section 6.5, the Company shall, subject to the provisions of Section 2.7, cause to be registered under the Securities Act, all of the Registrable Securities that each such Holder has requested to be registered; provided, however, that the Company shall have no obligation to effect the registration of Registrable Securities held by the Holders to the extent the aggregate number of Registrable Securities sought to be included by the Holders exceeds sixty-seven percent (67%) of the total number of securities proposed to be offered and sold in connection with such registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 2.2 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration. The expenses of such withdrawn registration shall be borne by the Company in accordance with Section 2.6 hereof.

2.3 Obligations of the Company. Whenever required under this Section 2 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible,

(a) prepare and confidentially submit or file with the SEC a registration statement with respect to such Registrable Securities and use its reasonable best efforts to cause such registration statement to become effective, and, upon the request of the Initiating Holders, keep such registration statement effective for a period of up to one hundred twenty (120) days or, if earlier, until the distribution contemplated in the Registration Statement has been completed; provided, however, that (i) such one hundred twenty (120)-day period shall be extended for a period of time equal to the period the Holder refrains from selling any securities included in such registration at the request of an underwriter of Common Stock (or other securities) of the Company; and (ii) in the case of any registration of Registrable Securities on Form S-3 which are intended to be offered on a continuous or delayed basis, subject to compliance with applicable SEC rules, such one hundred twenty (120)-day period shall be extended for up to one hundred eighty (180) days, if necessary, to keep the registration statement effective until all such Registrable Securities are sold;

(b) prepare and confidentially submit or file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement;

(c) furnish to the Holders such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them;

(d) use its reasonable best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions, as shall be reasonably requested by the Holders; provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement;

(f) cause all such Registrable Securities registered pursuant to this Agreement hereunder to be listed on a national securities exchange or trading system and each securities exchange and trading system on which similar securities issued by the Company are then listed;

(g) provide a transfer agent and registrar for all Registrable Securities registered pursuant hereunder and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration; and

(h) use its reasonable best efforts to furnish, at the request of any Holder requesting registration of Registrable Securities pursuant to this Section 2, on the date on which such Registrable Securities are sold to the underwriter, (i) an opinion, dated such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, if any, and (ii) a "comfort" letter dated such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters, if any.

2.4 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 2 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be reasonably required to effect the registration of such Holder's Registrable Securities.

2.5 Expenses of Demand Registration. All expenses other than underwriting discounts and commissions incurred in connection with registrations, filings or qualifications pursuant to Section 2.1, including (without limitation) all registration, filing and qualification fees, printers' and

accounting fees, fees and disbursements of counsel for the Company and the reasonable fees and disbursements of one (1) counsel for the selling Holders shall be borne by the Company; provided, however, that the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 2.1 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all participating Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one (1) demand registration pursuant to Section 2.1; provided further, however, that if at the time of such withdrawal, the Holders have learned of a material adverse change in the condition, business, or prospects of the Company from that known to the Holders at the time of their request and have withdrawn the request with reasonable promptness after learning of such information, then the Holders shall not be required to pay any of such expenses and shall retain their rights pursuant to Section 2.1.

2.6 Expenses of Company Registration. The Company shall bear and pay all expenses incurred in connection with any registration, filing or qualification of Registrable Securities with respect to the registrations pursuant to Section 2.2 hereof for each Holder (which right may be assigned as provided in Section 2.12 hereof), including (without limitation) all registration, filing, and qualification fees, printers and accounting fees relating or apportionable thereto and the fees and disbursements of one (1) counsel for the selling Holders selected by them, but excluding underwriting discounts and commissions relating to Registrable Securities.

2.7 Underwriting Requirements. In connection with any offering involving an underwriting of shares of the Company's capital stock pursuant to Section 2.2, the Company shall not be required to include any of the Holders' securities in such underwriting unless they accept the terms of the underwriting as agreed upon between the Company and its underwriters, and then only in such quantity as the underwriters determine in their sole discretion will not jeopardize the success of the offering by the Company. If the total number of securities, including Registrable Securities, requested by stockholders to be included in such offering exceeds the amount of securities to be sold other than by the Company that the underwriters determine in their reasonable discretion is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters and the Company determine in their sole discretion will not jeopardize the success of the offering. In no event shall any Registrable Securities be excluded from such offering unless all other stockholders' securities have been first excluded. In the event that the underwriters determine that less than all of the Registrable Securities requested to be registered can be included in such offering, then the Registrable Securities that are included in such offering shall be apportioned pro rata among the selling Holders based on the number of Registrable Securities held by all selling Holders or in such other proportions as shall mutually be agreed to by all such selling Holders. Notwithstanding the foregoing, in no event shall the amount of securities of the selling Holders included in the offering be reduced below thirty percent (30%) of the total amount of securities included in such offering, unless such offering is the Company's IPO in which case the selling Holders may be excluded beyond this amount if the underwriters make the determination described above and no other stockholder's securities are included in such offering. For purposes of the preceding sentence concerning apportionment, for any selling stockholder which is a Holder of Registrable

Securities and which is an investment fund, partnership, limited liability company or corporation, the partners, members, retired partners, retired members, stockholders and Affiliates of such Holder, or the estates and family members of any such partners, retired partners, members and retired members and any trusts for the benefit of any of the foregoing persons shall be deemed to be a single "selling Holder", and any pro-rata reduction with respect to such "selling Holder" shall be based upon the aggregate amount of shares carrying registration rights owned by all entities and individuals included in such "selling Holder," as' defined in this sentence.

2.8 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any registration pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

2.9 Indemnification. In the event any Registrable Securities are included in a registration statement under this Section 2:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, the partners, members, officers, directors and stockholders of each Holder, legal counsel and accountants for each Holder, any underwriter (as defined in the Securities Act) for such Holder and each Person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any Violation and the Company will pay to each such Holder, underwriter, controlling person or other aforementioned person, any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability, or action as such expenses are incurred; provided, however, that the indemnity agreement contained in this Section 2.9(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability, or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by any such Holder, underwriter, controlling person or other aforementioned person.

(b) To the extent permitted by law, each selling Holder will severally and not jointly indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the registration statement, each person, if any, who controls the Company within the meaning of the Securities Act, legal counsel and accountants for the Company, any underwriter, any other Holder selling securities in such registration statement and any controlling person of any such underwriter or other Holder, against any losses, claims, damages, or liabilities (joint or several) to which any of the foregoing persons may become subject, under the Securities Act, the Exchange Act or other federal or state law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection with such registration; and each such Holder will pay, any legal or other expenses reasonably

incurred by any person intended to be indemnified pursuant to this Section 2.9(b), in connection with investigating or defending any such loss, claim, damage, liability, or action; provided, however, that the indemnity agreement contained in this Section 2.9(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; provided, further, that, in no event shall any indemnity under this Section 2.9(b) exceed the lesser of (i) that proportion of the total of such losses, claims, damages, liabilities or actions indemnified against equal to the proportion of the total securities sold under such registration statement which is being held by such Holder, or (ii) the amount equal to the net proceeds from the offering received by such Holder, except in the case of fraud or willful misconduct by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 2.9 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 2.9, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties which may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such indemnifying party of any liability to the indemnified party under this Section 2.9, but the omission so to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 2.9.

(d) In order to provide for just and equitable contribution to joint liability under the Securities Act in any case in which either (i) any Holder exercising rights under this Agreement, or any controlling person of any such Holder, makes a claim for indemnification pursuant to this Section 2.9 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that this Section 2.9 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any such selling Holder or any such controlling person in circumstances for which indemnification is provided under this Section 2.9, then, and in each such case, the Company and such Holder will contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of the indemnified party on the other in connection with the statements or

omissions that resulted in such loss, liability, claim, damage, or expense as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission; provided however, that, in any such case, (I) no such Holder will be required to contribute any amount in excess of the public offering price of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement, and (II) no person or entity guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation; provided further, that in no event shall a Holder's liability pursuant to this Section 2.9(d), when combined with the amounts paid or payable by such holder pursuant to Section 2.9(b), exceed the proceeds from the offering (net of any underwriting discounts or commissions) received by such Holder, except in the case of willful fraud by such Holder.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) Unless otherwise superseded by an underwriting agreement entered into in connection with the underwritten public offering, the obligations, of the Company and Holders under this Section 2.9 shall survive the completion of any offering of Registrable Securities in a registration statement under this Section 2, and otherwise and shall survive the termination of this Agreement.

2.10 Reports Under Exchange Act. With a view to making available to the Holders the benefits of SEC Rule 144 promulgated under the Securities Act and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in SEC Rule 144, at all times after the effective date of the first registration statement filed by the Company for the offering of its securities to the general public so long as the Company is subject to the periodic reporting requirements under Sections 13 or 15(d) of the Exchange Act;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144, the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), or

that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC which permits the selling of any such securities without registration or pursuant to such form.

(d) After the occurrence of the first underwritten public offering of Common Stock of the Company pursuant to an offering registered under the Securities Act on Form S-1 or Form SB-1 (or any comparable successor forms), subject to the limitations on transfers imposed by this Agreement, the Company shall use its reasonable best efforts to facilitate and expedite transfers of Registrable Securities pursuant to SEC Rule 144 under the Securities Act, which efforts shall include timely notice to its transfer agent to expedite such transfers of Registrable Securities.

2.11 Form S-3 Registration. In case the Company shall receive from Holders holding Registrable Securities anticipated to have an aggregate sale price (net underwriting discounts and commissions, if any) in excess of $7,500,000 a written request or requests that the Company effect a registration on Form S-3 and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Company will:

(a) promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders; and

(b) as soon as practicable, effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holder's or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within fifteen (15) days after receipt of such written notice from the Company; provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance, pursuant to this Section 2.11: (1) if Form S-3 is not then available for such offering by the Holders; (2) if the Company shall furnish to the Holders a certificate signed by the President of the Company stating that in the good faith judgment of the Board, it would be materially detrimental to the Company and its stockholders for such Form S-3 registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S-3 registration statement for a period of not more than ninety (90) days after receipt of the request of the Holder or Holders under this Section 2.11; provided, however, that the Company shall not utilize this right more than one (1) time in any twelve (12) month period and provided further that the Company shall not register any securities for the account of itself or any other stockholder during such ninety (90) day period (other than a registration relating solely to the sale of securities of participants in a Company stock plan, a registration relating to a corporate reorganization or transaction under SEC Rule 145, a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the

Registrable Securities, or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered); or (3) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(c) Subject to the foregoing, the Company shall file a registration statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the request or requests of the Holders. All expenses incurred in connection with a registration requested pursuant to Section 2.11, including (without limitation) all registration, filing, qualification, printer's and accounting fees and the reasonable fees and disbursements of one (1) counsel for the selling Holder or Holders and counsel for the Company, but excluding any underwriters' discounts or commissions associated with Registrable Securities, shall be borne by the Company. Registrations effected pursuant to this Section 2.11 shall not be counted as demands for registration or registrations effected pursuant to Sections 2.1.

(d) If the Initiating Holders intend to distribute the Registrable Securities covered by their request by means of an underwriting, they shall so advise the Company as part of their request made pursuant to this Section 2.11 and the Company shall include such information in the written notice referred to in Section 2.11(a). The provisions of Section 2.1(b) shall be applicable to such request (with the substitution of Section 2.11 for references to Section 2.1).

2.12 Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to this Section 2 may be assigned (but only with all related obligations) by a Holder to a transferee or assignee of such securities that (i) is a subsidiary, Affiliate, parent, partner, member, limited partner, retired partner, retired member or stockholder of a Holder, (ii) is a Holder's family member or trust for the benefit of an individual Holder, or (iii), after such assignment or transfer, holds at least 381,400 shares of Registrable Securities (subject to appropriate adjustment for stock splits, stock dividends, combinations and other recapitalizations); provided that: (a) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee or assignee and the securities with respect to which such registration rights are being assigned; (b) such transferee or assignee agrees in writing to be bound by and subject to the terms and conditions of this Agreement, including without limitation the provisions of Section 2.14 below; and (c) such assignment shall be effective only if immediately following such transfer the further disposition of such securities by the transferee or assignee is restricted under the Securities Act. For the purposes of determining the number of shares of Registrable Securities held by a transferee or assignee, the holdings of transferee or assignee (i) that is a subsidiary, parent, partner, limited partner, retired partner, member, retired member or stockholder of a Holder; (ii) that is an Affiliate of the Holder, which means with respect to a limited liability company or a limited liability partnership, a fund or entity managed by the same manager or managing member or general partner or management company or by an entity controlling, controlled by, or under common control with such manager or managing member or general partner or management company, (iii) who is a Holder's Immediate Family Member, or (iv) that is a trust for the benefit of an individual Holder or such Holder's Immediate Family Member, shall be aggregated

together and with those of the assigning Holder; provided that all assignees and transferees who would not qualify individually for assignment of registration rights shall have a single attorney-in-fact for the purpose of exercising any rights, receiving notices or taking any action under this Section 2.

2.13 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of a majority of the Registrable Securities then outstanding, enter into any agreement with any holder or prospective holder of any securities of the Company which would allow such holder or prospective holder (a) to include such securities in any registration unless under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such securities will not reduce the amount of the Registrable Securities of the Holders that are included or (b) to demand registration of any securities held by such holder or prospective holder.

2.14 "Market Stand-Off" Agreement. Each Holder hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the Company's IPO and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days) (i) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock held immediately prior to the effectiveness of the Registration Statement for such offering, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash or otherwise. The foregoing provisions of this Section 2.14 shall apply only to the Company's IPO, shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall only be applicable to the Holders if all officers, directors and greater than one percent (1%) stockholders of the Company enter into similar agreements. The underwriters in connection with the Company's IPO are intended third-party beneficiaries of this Section 2.14 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Each Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in the Company's IPO that are consistent with this Section 2.14 or that are necessary to give further effect thereto. Any discretionary waiver or termination of the restrictions of any or all of such agreements by the Company or the underwriters shall apply to all Holders subject to such agreements pro rata based on the number of shares subject to such agreements.

In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Registrable Securities of each Holder (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

2.15 Termination of Registration Rights.

(a) No Holder shall be entitled to exercise any right provided for in this Section 2 after five (5) years following the consummation of the IPO.

(b) The rights set forth in this Section 2 shall terminate (i) upon a Deemed Liquidation Event, as such term is defined in the Company's Certificate of Incorporation and (ii) as to any Holder, when the Registrable Securities held by such Holder (together with any Affiliate of such Holder with whom such Holder must aggregate its sales under SEC Rule 144) could be sold without restriction under SEC Rule 144 (or any similar provision then in effect) , including with respect to the volume and timing limitations or other restrictions on transfer thereunder.

3. Information Rights.

3.1 Delivery of Financial Statements. So long as such Investor is a Major Investor, the Company shall deliver to (i) each of the Permira Investor, IVP, KPCB, GPI and FP and (ii) FT, Neuberger, TCV, TA Associates, WCP, and Cross Creek only with respect to the financial statements in Subsections (a) and (b) of this Section 3.1 (each, an "**Information Rights Party**"):

(a) as soon as practicable, but in any event within one hundred twenty (120) days after the end of each fiscal year of the Company, a balance sheet and income statement as of the last day of such year, a statement of stockholders' equity and cash flows for such year and a comparison between the actual figures for such year, the comparable figures for the prior year and the comparable figures included in the Budget (as defined below) for such year, with an explanation of any material differences between them and a schedule as to the sources and applications of funds for such year, such year-end financial reports to be in reasonable detail, prepared in accordance with GAAP (except that the financial report may (i) be subject to normal year-end audit adjustments and (ii) not contain all notes thereto which may be required in accordance with GAAP), and audited and certified by independent public accountants of nationally recognized standing selected by the Company;

(b) as soon as practicable, but in any event within forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company, an unaudited income statement, schedule as to the sources and application of funds for such fiscal quarter, an unaudited balance sheet and a statement of stockholders' equity and cash flows as of the end of such fiscal quarter;

(c) as soon as practicable, but in any event with forty-five (45) days after the end of each of the first three (3) quarters of each fiscal year of the Company, a statement showing the number of shares of each class and series of capital stock and securities convertible into or exercisable for shares of capital stock outstanding at the end of the period, the number of common shares issuable upon conversion or exercise of any outstanding securities convertible or exercisable for common shares and the exchange ratio or exercise price applicable thereto and number of shares of issued stock options and

stock options not yet issued but reserved for issuance, if any, all in sufficient detail as to permit the Investors with Registrable Securities to calculate its percentage equity ownership in the Company and certified by the Chief Financial Officer or Chief Executive Officer of the Company as being true, complete and correct;

(d) as soon as practicable, but in any event within thirty (30) days following the end of each month, an unaudited income statement, statement of stockholders' equity and cash flows, and an unaudited profit or loss statement;

(e) as soon as practicable, but in any event thirty (30) days prior to the end of each fiscal year, a budget and business plan for the next fiscal year (collectively, the "**Budget**"), prepared on a monthly basis, including balance sheets and sources and applications of funds statements for such months and, as soon as prepared, any other budgets or revised budgets prepared by the Company;

(f) with respect to the financial statements called for in Subsections (a), (b) and (c) of this Section 3.1, an instrument executed by the Chief Financial Officer and President or Chief Executive Officer of the Company and certifying that such financials were prepared in accordance with GAAP consistently applied with prior practice for earlier periods (with the exception of footnotes that may be required by GAAP) and fairly present the financial condition of the Company and its results of operation for the periods specified therein, subject to year-end audit adjustment;

(g) such other information relating to the financial condition, business, prospects or corporate affairs of the Company as an Information Rights Party may from time to time reasonably request, provided, however, that the Company shall not be obligated under this Subsection (g) or any other subsection of Section 3.1 to (i) provide information which the Company reasonably deems in good faith to be a trade secret or similar confidential information (unless covered by an enforceable confidentiality agreement, in form acceptable to the Company) or (ii) would adversely affect the attorney-client privilege between the Company and its counsel;

(h) if for any period the Company shall have any subsidiary whose accounts are consolidated with those of the Company, then in respect of such period the financial statements delivered pursuant to the foregoing sections shall be the consolidated and consolidating financial statements of the Company and all such consolidated subsidiaries;

(i) promptly following receipt by the Company, each audit response letter, accountant's management letter and other written report submitted to the Company by its independent public accountants in connection with an annual or interim audit of the books of the Company or any of its subsidiaries; and

(j) promptly after the commencement thereof, notice of all actions, suits, claims, proceedings, investigations and inquiries that could materially and adversely affect the Company or any of its subsidiaries, if any.

3.2 Inspection. The Company shall permit each Information Rights Party and such persons as each Information Rights Party may designate, at each of such Information Rights Party's expense, to visit and inspect the Company's properties, to examine its books of account and records and to discuss the Company's affairs, finances and accounts with its officers, employees and public accountants (and the Company hereby authorizes said accountants to discuss with each such Information Rights Party and such designees, as applicable, such affairs, finances and accounts) all at such reasonable times as may be reasonably requested by each Information Rights Party; provided, however, that the Company shall not be obligated pursuant to this Section 3.2 to provide access to any information which it reasonably considers to be a trade secret or similar confidential information or would adversely affect the attorney-client privilege between the Company and its counsel.

3.3 Termination of Information and Inspection Covenants. The covenants set forth in Section 3.1 and Section 3.2 shall terminate as to the each Information Rights Party and be of no further force or effect immediately prior to the consummation of the sale of shares of Common Stock in the Company's Qualified Public Offering.

3.4 Confidentiality. Each Investor agrees that such Investor will keep confidential and will not disclose or divulge any confidential information obtained from the Company pursuant to the terms of this Agreement, unless such confidential information (i) is known or becomes known to the public in general (other than as a result of a breach of this Section 3.4 by such Investor), (ii) is or has been independently developed or conceived by the Investor without use of the Company's confidential information or (iii) is or has been made known or disclosed to the Investor by a third party without a breach of any obligation of confidentiality such third party may have to the Company; provided, however, that an Investor may disclose confidential information (a) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with monitoring its investment in the Company, (b) to any prospective investor of any Registrable Securities from such Investor as long as such prospective investor agrees to be bound by the provisions of this Section 3.4, (c) to any Affiliate, partner (including, without limitation, any existing or prospective limited partner), member, stockholder or wholly owned subsidiary of such Investor in the ordinary course of business, or (d) as may otherwise be required by law, provided that the Investor takes reasonable steps to minimize the extent of any such required disclosure. The Company acknowledges that the Investors are in the business of venture capital and other direct investing and therefore review the business plans and related proprietary information of many enterprises, including enterprises which may have products or services which compete directly or indirectly with those of the Company. Nothing in this Agreement shall preclude or in any way restrict the Investors from investing or participating in any particular enterprise whether or not such enterprise has products or services which compete with those of the Company.

4. Right of First Offer.

4.1 Right of First Offer. Subject to the terms and conditions specified in this Section 4.1, and applicable securities laws, in the event the Company proposes to offer, issue or sell any New Securities, the Company shall first make an offering of such New Securities to each ROFO Investor in accordance with the following provisions of this Section 4.1. A ROFO Investor shall be entitled to apportion the right of first offer hereby granted it among itself and its partners, members and Affiliates in such proportions as it deems appropriate.

(a) The Company shall deliver a notice, in accordance with the provisions of Section 6.5 hereof, (the "**Offer Notice**") to each of the ROFO Investors stating (i) its bona fide intention to offer such New Securities, (ii) the number of such New Securities to be offered, and (iii) the price and terms, if any, upon which it proposes to offer such New Securities.

(b) By written notification received by the Company, within ten (10) calendar days after receipt of the Offer Notice by the ROFO Investors, each of the ROFO Investors may elect to purchase or obtain, at the price and on the terms specified in the Offer Notice, up to that portion of such New Securities which equals the proportion that the number of shares of Common Stock issued and held, or issuable upon conversion of the Series A Preferred Stock (and any other securities convertible into, or otherwise exercisable or exchangeable for, shares of Common Stock) then held, if any, by such ROFO Investor bears to the total number of shares of Common Stock of the Company then issued and outstanding (assuming full conversion and exercise of all Convertible Securities and Options). The Company shall promptly, in writing, inform each ROFO Investor that elects to purchase all the shares available to it (each, a "**Fully-Exercising Investor**") of any other ROFO Investor's failure to do likewise. During the five (5) day period commencing after receipt of such information, each Fully-Exercising Investor shall be entitled to obtain that portion of the New Securities for which ROFO Investors were entitled to subscribe but which were not subscribed for by the ROFO Investors which is equal to the proportion that the number of shares of Common Stock issued and held, or issuable upon conversion of Series A Preferred Stock (and any other securities convertible into, or otherwise exercisable or exchangeable for, shares of Common Stock) then held, by such Fully-Exercising Investor bears to the total number of shares of Common Stock issued and held, or issuable upon conversion of the Series A Preferred Stock (and any other securities convertible into, or otherwise exercisable or exchangeable for, shares of Common Stock) then held, by all Fully-Exercising Investors who wish to purchase such unsubscribed shares.

(c) To the extent that the New Securities referred to in the Offer Notice are not elected to be purchased or obtained as provided in Section 4.1(b) hereof, the Company may, during the ninety (90) day period following the expiration of the period provided in Section 4.1(b) hereof, offer the remaining unsubscribed portion of such New Securities (collectively, the "**Refused Securities**") to any person or persons at a price not less than, and upon terms no more favorable to the offeree than, those specified in the Offer Notice. If the Company does not enter into an agreement for the sale of the New Securities within such period, or if such agreement is not consummated within thirty (30) days of the execution thereof, the right provided hereunder shall be deemed to be revived and such New Securities shall not be offered unless first reoffered to the ROFO Investors in accordance with this Section 4.1.

(d) The right of first offer in this Section 4.1 shall not be applicable to: (i) shares of Common Stock issued or deemed issued as a dividend or distribution on Series A Preferred Stock in accordance with the Certificate of Incorporation; (ii) shares of Common Stock issued or issuable by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Article Fourth, Section B.4(e) and Article Fourth, Section B.4(f) of the Company's Certificate of Incorporation; (iii) up to 3,434,829 shares of Common Stock, including Options therefor (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization affecting such shares), issued to employees or directors of, or consultants or advisors to, the Company or any of its subsidiaries pursuant to the Company's 2000 Stock Option Plan, 2007 Stock Option Plan, 2010 Stock Option Plan or the 2016 Stock Incentive Plan, whether issued before or after the date hereof (provided that any Options for such shares that expire or terminate unexercised or any restricted stock repurchased by the Company at cost shall not be counted toward such maximum number); (iv) shares of Common Stock or Convertible Securities actually issued upon the exercise of Options or shares of Common Stock actually issued upon the conversion or exchange of Convertible Securities, in each case provided such issuance is pursuant to the terms of such Option or Convertible Security, (v) shares of Common Stock issued in connection with a "public offering" that is registered under the Securities Act, (vi) shares of Common Stock issued to any Person that is not an Affiliate of any Investor or the Company or any of its subsidiaries in any direct or indirect acquisition, merger or similar transaction duly approved in accordance with the applicable Transaction Documents, or (vii) shares of Common Stock issued to any Person that is not an Affiliate of any Investor or the Company or any of its subsidiaries in a joint venture or any other strategic transaction.

(e) The right of first offer set forth in this Section 4.1 may not be assigned or transferred except that (i) such right is assignable by each ROFO Investor to any Affiliate of such ROFO Investor or (ii) such right is assignable by any ROFO Investor to any other ROFO Investor and (iii) such right in assignable to any transferee of at least 238,547 shares of Common Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or similar recapitalization affecting such shares) held by any ROFO Investor as of the date hereof, duly made in accordance with the Transaction Documents.

4.2 Termination. The provisions of this Section 4 shall terminate immediately prior to the consummation of the Company's Qualified Public Offering.

5. Additional Covenants.

5.1 Insurance. As soon as reasonably practicable following the closing of the transactions contemplated by the Purchase Agreement the Company shall obtain, and thereafter so long as any Series A Preferred Stock remains outstanding maintain or Major Investors continue to hold shares of Common Stock, from financially sound and reputable insurers (i) Directors and Officers Errors and Omissions insurance in coverage amounts satisfactory to the Investors; (ii) property and casualty insurance in coverage amounts satisfactory to the Investors and (iii) unless otherwise determined by the Board, term "key-person" insurance in coverage amounts of at least $1,000,000 on the life of each executive officer designated as an insured executive by the Board and any other executive officer in amounts determined by the Board.

Each “key person” policy shall name the Company as loss payee and neither policy shall be cancelable by the Company without prior approval of the Board, including the Investor Nominees.

5.2 Compensation of Directors. The Company shall promptly reimburse in full each Director of the Company who is not an employee of the Company for all of his reasonable out-of-pocket expenses incurred in attending each meeting of the Board or any Committee thereof.

5.3 Corporate Existence. The Company shall maintain its corporate existence.

5.4 By-laws. The Company shall at all times maintain provisions in its Bylaws indemnifying all directors against liability and absolving all directors from liability to the Company and its stockholders to the maximum extent permitted under the laws of the State of Delaware.

5.5 Restrictive Agreements Prohibited. Neither the Company nor any of its subsidiaries shall become a party to any agreement which by its terms expressly restricts the Company’s performance of this Agreement or any other Transaction Document.

5.6 Affiliated Transactions. Any transaction between or involving the Permira Investor, Permira Advisers LLC, any funds or entities advised by Permira Advisers LLC now or in the future, or any of their respective Affiliates, on the one hand, and the Company, on the other hand, other than (i) securities issuances that are subject to Section 4 of this Agreement, (ii) transactions pursuant to the Monitoring Agreement or (iii) transactions between the Company or any of its subsidiaries, on the one hand, and any portfolio company of Affiliates of the Permira Investor on the other hand, to the extent the Company demonstrates such transaction is on an arms’ length basis and in the ordinary course of business, shall require the consent of the members of the Board appointed by the holders of Common Stock. In addition to any other approval or prior written consent required pursuant to the Transaction Documents, (i) any redemption or purchase of shares of Common Stock or Series A Preferred Stock (excluding purchases of Common Stock from employees of the Company or any subsidiary of the Company from time to time pursuant to applicable employee compensation arrangements with such employees), (ii) any distribution or dividend in respect of shares of Common Stock or Series A Preferred Stock or (iii) any payment of any fee to any holder of shares of Common Stock or Series A Preferred Stock or an affiliated management company of such holder (other than fees paid pursuant to the Monitoring Agreement); in each case of this sentence, other than any such transaction that is effected on a *pro rata* basis in respect of all holders of Common Stock and/or Series A Preferred Stock at such time, shall require consent of a majority of the Registrable Securities held by the “disinterested” holders with respect to such transaction.

5.7 Successor Indemnification. In the event that the Company or any of its successors or assigns (i) consolidates with or merges into any other entity and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or substantially all of its properties and assets to any person or entity, then, and in each such case, to the extent necessary, proper provision shall be made so that the successors and assigns of the Company assume the obligations of the Company with respect to indemnification of members of the Board as in effect immediately prior to such transaction, whether in the Company’s bylaws, Certificate of Incorporation, or elsewhere, as the case may be.

5.8 Certain Consent Rights. So long as such Investor holds at least 50% of the shares of Registrable Securities (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or similar recapitalization affecting such shares) held by such Investor as of the date hereof, without the written consent or affirmative vote of: (i) each of GPI and FP for all of the actions set forth in subsections (a) through (f) below and (ii) each of Neuberger, FT, TCV, TA Associates, WCP, and Cross Creek for the actions set forth in subsections (a), (c) and (d) below, the Company shall not, either directly or by amendment, merger, consolidation or otherwise:

(a) amend, modify, alter or repeal any provision of the Certificate of Incorporation or Bylaws in any manner that materially and adversely affects the rights and obligations of the New Investors disproportionately vis-a-vis any other class of capital stock;

(b) increase or decrease the authorized size of the Board;

(c) issue, sell or exchange, or reserve or set aside for issuance, sale or exchange (or agree to do any of the foregoing) any Equity Securities (i) that rank senior to the Common Stock as to dividends or distributions in accordance with the Certificate of Incorporation or (ii) to which voting rights of more than one vote per share of Common Stock or Common Stock equivalent attached;

(d) pay or declare any dividend or make distributions in respect of Company capital stock unless such transaction is effected on a pro rata basis in respect of all stockholders in accordance with their then-current ownership levels;

(e) enter into, or agree to enter into, any transaction or series of transactions which would constitute a Change of Control other than in accordance with Section 1.6 of the Voting Agreement; or

(f) consummate an initial public offering other than a Qualified Public Offering.

5.9 Termination of Covenants. The covenants set forth in this Section 5 shall terminate and be of no further force or effect upon the consummation of a Qualified Public Offering.

6. General Transfer Restrictions. Other than in connection with an Exempt Transfer or an Approved Liquidity Event (as defined below), without Supermajority Board Approval (as defined below) no Senior Executive Stockholder may transfer any shares of Equity Securities, until the earlier of (i) an IPO or (ii) (x) in the case of shares of Equity Securities held by such Senior Executive Stockholder on the date hereof or Equity Securities acquired by a Senior Executive Stockholder pursuant to the exercise of options or other convertible Equity Securities held by such Senior Executive Stockholder on the date hereof, one (1) year from the date hereof and (y) in the case of any Equity Securities granted to or otherwise acquired by a Holder after the

date hereof other than the foregoing, three (3) years from the date hereof (the "**Lock Up Period**"); provided, that following the Lock Up Period, Holders shall remain subject to the provisions of the A&R Right of First Refusal and Co-Sale Agreement, dated as of January 29, 2014, by and among the Company and the other signatories thereto (the "**Co-Sale Agreement**") (including but not limited to Section 2 and Section 3 thereof) and Section 2.14 hereto. For purposes hereof, "**Approved Liquidity Event**" shall mean a Sale of the Company in accordance with the Voting Agreement or pursuant to Supermajority Board Approval for a liquidity event involving the Company or any Institutional Investor such as a private secondary sale, recapitalization and the like, excluding, in each case, the Second Sale (as defined in the Side Letter), or to the extent the Company receives Supermajority Board Approval for a general liquidity program for all employees. For purposes hereof, **"Supermajority Board Approval**" shall mean the approval of six (6) of nine directors (or 2/3 of the directors if there is a change in the size of the Board). Any transfers not made in compliance with this Section 6 shall be null and void ab initio, shall not be recorded on the books of the Company or its transfer agent and shall not be recognized by the Company. Notwithstanding any of the foregoing, other than in connection with an Exempt Transfer or the Second Sale (as defined in the Side Letter) these transfer restrictions shall no longer be in effect in the event any Institutional Investor sells any Equity Securities outside of an Approved Liquidity Event.

7. Miscellaneous.

7.1 Transfers, Successors and Assigns

The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

7.2 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to its principles of conflicts of laws.

7.3 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may also be executed and delivered by facsimile signature and in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

7.4 Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

7.5 Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then on the next

business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their address as set forth on the signature page or Schedule A hereto, or to such email address, facsimile number or address as subsequently modified by written notice given in accordance with this Section 6.5. If notice is given to the Company, a copy (which shall not constitute notice) shall also be sent to Cooley, LLP, 1333 2nd Street, Suite 400, Santa Monica, CA 90401-4100, Attention: C. Thomas Hopkins, Fax No.: (310) 496-3228, e-mail: thopkins@cooley.com. If notice is given to the Permira Investor, a copy (which shall not constitute notice) shall also be given to Fried, Frank, Harris, Shriver & Jacobson LLP, One New York Plaza, New York, NY 10004, Attention: Robert C. Schwenkel, Esq. Fax No.: (212) 859-4000, email: robert.schwenkel@friedfrank.com and Brian T. Mangino, Esq,. Fax No.: (202) 639-7003, e-mail: brian.mangino@friedfrank.com. If notice is given to GPI, a copy (which shall not constitute notice) shall also be given to Kirkland & Ellis LLP, 601 Lexington Avenue, New York, NY 10022, Attention: Eunu Chun , P.C., Fax No.: (212) 446-4900, email: eunu.chun@kirkland.com and Adi Herman. Fax No.: (212) 446-4900, e-mail: adi.herman@kirkland.com. If notice is given to FP, a copy (which shall not constitute notice) shall also be given to Paul Hastings LLP, 101 California, Forty-Eighth Floor, San Francisco, California 94111, Attention: Mike Kennedy, e-mail: mikekennedy@paulhastings.com and Jeff Wolf, e-mail: jeffwolf@paulhastings.com. If notice is given to a TCV Party, a copy (which shall not constitute notice) shall also be given to Weil, Gotshal & Manges LLP, 100 Federal Street, Boston, Massachusetts, Attention: Kevin J. Sullivan, e-mail: kevin.sullivan@weil.com. If notice is given to TA Associates, a copy (which shall not constitute notice) shall also be given to Kirkland & Ellis LLP, 555 California Street, San Francisco, CA 94104, Attention: Sean Z. Kramer, Fax No.: (312) 862-2200, email: sean.kramer@kirkland.com.

7.6 Costs of Enforcement. If any Party to this Agreement seeks to enforce its rights under this Agreement by legal proceedings, the non-prevailing Party shall pay all costs and expenses incurred by the prevailing Party, including, without limitation, all reasonable attorneys' fees.

7.7 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of (i) the Company, (ii) the holders of a majority of the Registrable Securities then outstanding and (iii) the holders of a majority of the shares of Common Stock issued or issuable upon conversion of the Series A Preferred Stock held by the Investors (voting as a single class and on an as-converted basis); provided, that any amendment or waiver to Section 2 or Section 4 of this Agreement shall require the written consent of (w) the Company and ROFO Investors holding a majority of the shares of Common Stock and Series A Preferred Stock (on an as converted basis) held by all ROFO Investors at such time, (x) holders of at least 81% of the outstanding shares of Series A Preferred Stock, (y) so long as such Investor holds at least 1,192,739 shares of Registrable Securities (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or similar recapitalization affecting such shares), holders of a majority of the Registrable Securities held by GPI and (z) so long as such Investor holds at least 1,789,109 shares of Registrable Securities (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or similar recapitalization affecting such shares), holders

of a majority of the Registrable Securities held by FP; provided, further, that any amendment or waiver to Section 3 or Section 5 of this Agreement shall require the written consent of each of GPI and FP; and provided, further, that any amendment or waiver to Section 1.39 or Section 6 of this Agreement shall require the written consent of the Senior Executive Stockholders. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any Registrable Securities then outstanding (or ROFO Investor, as applicable), each future holder of all such Registrable Securities (or ROFO Investor, as applicable), and the Company. Notwithstanding the foregoing, this Agreement may not be amended or terminated and the observance of any term hereunder may not be waived with respect to any Investor (or ROFO Investor, as applicable) without the written consent of such Investor (or ROFO Investor, as applicable), unless such amendment, termination or waiver applies to all Investors (or ROFO Investor, as applicable), in the same fashion (it being agreed that a waiver of the provisions of Section 4 with respect to a particular transaction shall be deemed to apply to all ROFO Investors in the same fashion if (i) such waiver does so by its terms and (ii) no ROFO Investor by agreement with the Company or otherwise purchases securities in such transaction). The Company shall give prompt written notice of any amendment or termination hereof or waiver hereunder to any party hereto that did not consent in writing to such amendment, termination or waiver. Any amendment, termination or waiver effected in accordance with this Section 6.7 shall be binding on all parties hereto, even if they do not execute such consent. No waivers of or exceptions to any term, condition or provision of this Agreement, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.

7.8 Severability. The invalidity of unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

7.9 Aggregation of Stock. All shares of Registrable Securities held or acquired by Affiliates or by accounts advised by the same investment advisor to such Affiliates at the time of purchase (or other permitted transferees) shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

7.10 Entire Agreement. This Agreement (including the Schedules and Exhibits hereto, if any) constitutes the full and entire understanding and agreement between the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties are expressly canceled.

7.11 Transfers of Rights. Each Investor and ROFO Investor hereto hereby agrees that it will not, and may not assign any of its rights and obligations hereunder, unless such rights and obligations are assigned by (a) such Investor to any person or entity to which Registrable Securities are transferred by such Investor, or (b) such Investor or ROFO Investor to any Affiliate of such Investor or ROFO Investor, as applicable, and, in each case, such transferee shall be deemed an “Investor” or “ROFO Investor”, as applicable, for purposes of this Agreement; provided that such assignment of rights shall be contingent upon the transferee providing a written instrument to the Company notifying the Company of such transfer and assignment and agreeing in writing to be bound by the terms of this Agreement.

7.12 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

7.13 Remedies. It is specifically understood and agreed that any breach of the provisions of this Agreement by any Person subject hereto will result in irreparable injury to the other parties hereto, that the remedy at law alone will be an inadequate remedy for such breach, and that, in addition to any other legal or equitable remedies which they may have, such other parties may seek judicial relief to enforce their respective rights by actions for specific performance (to the extent permitted by law) and the Company may refuse to recognize any unauthorized transferee as one of its stockholders for any purpose, including, without limitation, for purposes of dividend and voting rights, until the relevant party or parties have complied with all applicable provisions of this Agreement.

7.14 Dispute Resolution. Any unresolved controversy or claim arising out of or relating to this Agreement, except as otherwise provided in this Agreement, shall be submitted to arbitration by one arbitrator mutually agreed upon by the parties, and if no agreement can be reached within thirty (30) days after names of potential arbitrators have been proposed by the American Arbitration Association (the "**AAA**"), then by one arbitrator having reasonable experience in corporate finance transactions of the type provided for in this Agreement and who is chosen by the AAA. The arbitration shall take place in the State of California, in accordance with the AAA rules then in effect, and judgment upon any award rendered in such arbitration will be binding and may be entered in any court having jurisdiction thereof. There shall be limited discovery prior to the arbitration hearing as follows: (a) exchange of witness lists and copies of documentary evidence and documents relating to or arising out of the issues to be arbitrated, (b) depositions of all party witnesses and (c) such other depositions as may be allowed by the arbitrators upon a showing of good cause. Depositions shall be conducted in accordance with the rules of civil procedure in the State of California, the arbitrator shall be required to provide in writing to the parties the basis for the award or order of such arbitrator, and a court reporter shall record all hearings, with such record constituting the official transcript of such proceedings. The prevailing party shall be entitled to reasonable attorney's fees, costs, and necessary disbursements in addition to any other relief to which such party may be entitled. Each of the parties to this Agreement consents to personal jurisdiction for any equitable action sought in a U.S. District Court for the Central District of California or any court of the State of California having subject matter jurisdiction.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Third Amended and Restated Investors' Rights Agreement as of the date first above written.

LEGALZOOM.COM, INC.

By: /s/ John Suh
Name: John Suh
Title: Chief Executive Officer

Address: 101 North Brand Boulevard, 11th Floor
Glendale, CA 91203

[Signature Page to Third Amended and Restated Investors' Rights Agreement]

IN WITNESS WHEREOF, the parties have executed this Third Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTOR:

LUCASZOOM, LLC

By: /s/ Dipan Patel
Name: Dipan Patel
Title: VP, CFO and Treasurer

IN WITNESS WHEREOF, the parties have executed this Third Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTOR:

INSTITUTIONAL VENTURE PARTNERS XIII, L.P.

BY: INSTITUTIONAL VENTURE MANAGEMENT XIII, LLC, ITS GENERAL PARTNER

By: /s/ Stephen J. Harrick
Name: Stephen J. Harrick
Title: General Partner

[Signature Page to Third Amended and Restated Investors' Rights Agreement]

IN WITNESS WHEREOF, the parties have executed this Third Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTOR:

GPI CAPITAL GEMINI HOLDCO LP

By: GPI GP LP, its general partner

By: GPI GP Limited, its general partner

By: /s/ William T. Royan
Name: William T. Royan
Title: Director

By: /s/ Khai Ha
Name: Khai Ha
Title: Authorized Person

IN WITNESS WHEREOF, the parties have executed this Third Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

FPLZ I, L.P.

By: Francisco Partners GP V, L.P., its General Partner

By: Francisco Partners GP V Management, LLC, its General Partner

By: /s/ Tom Ludwig
Name: Tom Ludwig
Title: Director

FPLZ II, L.P.

By: Francisco Partners GP V, L.P., its General Partner

By: Francisco Partners GP V Management, LLC, its General Partner

By: /s/ Tom Ludwig
Name: Tom Ludwig
Title: Director

IN WITNESS WHEREOF, the parties have executed this Third Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

FPLZI, L.P.

By: Francisco Partners GP V, L.P., its General Partner

By: Francisco Partners GP V Management, LLC, its General Partner

By: /s/ Tom Ludwig
Name: Tom Ludwig
Title: Director

FPLZ II, L.P.

By: Francisco Partners GP V, L.P., its General Partner

By: Francisco Partners GP V Management, LLC, its General Partner

By: /s/ Tom Ludwig
Name: Tom Ludwig
Title: Director

IN WITNESS WHEREOF, the parties have executed this Third Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

NEUBERGER BERMAN ALTERNATIVE FUNDS,
NEUBERGER BERMAN LONG SHORT FUND

By: Neuberger Berman Investment Advisers LLC, as discretionary investment adviser

By: /s/ Charles Kantor
Name: Charles Kantor
Title: MD and Portfolio Manager

NEUBERGER BERMAN EQUITY FUNDS,
NEUBERGER BERMAN GUARDIAN FUND

By: Neuberger Berman Investment Advisers LLC, as discretionary investment adviser

By: /s/ Charles Kantor
Name: Charles Kantor
Title: MD and Portfolio Manager

NEUBERGER BERMAN EQUITY FUNDS,
NEUBERGER BERMAN FOCUS FUND

By: Neuberger Berman Investment Advisers LLC, as discretionary investment adviser

By: /s/ David Levine
Name: David Levine
Title: MD and Portfolio Manager

NB ALL CAP ALPHA MASTER FUND LTD.

By: Neuberger Berman Investment Advisers LLC,
as discretionary investment adviser

By: /s/ Charles Kantor
Name: Charles Kantor
Title: MD and Portfolio Manager

ASK AMERICA, L.L.C.

By: Neuberger Berman Investment Advisers LLC,
as discretionary investment adviser

By: /s/ Charles Kantor
Name: Charles Kantor
Title: MD and Portfolio Manager

IN WITNESS WHEREOF, the parties have executed this Third Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

FRANKLIN STRATEGIC SERIES – FRANKLIN SMALL CAP GROWTH FUND

BY: FRANKLIN ADVISERS, INC., AS INVESTMENT MANAGER

By: /s/ Evan McCulloch
Name: Evan McCulloch
Title: Vice President

FRANKLIN STRATEGIC SERIES – FRANKLIN GROWTH OPPORTUNITIES FUN D

BY: FRANKLIN ADVISERS, INC., AS INVESTMENT MANAGER

By: /s/ Evan McCulloch
Name: Evan McCulloch
Title: Vice President

FRANKLIN TEMPLETON INVESTMENT FUNDS – FRANKLIN U.S. OPPORTUNITIES FUND

BY: FRANKLIN ADVISERS, INC., AS INVESTMENT MANAGER

By: /s/ Evan McCulloch
Name: Evan McCulloch
Title: Vice President

IN WITNESS WHEREOF, the parties have executed this Third Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTOR:

KPCB HOLDINGS, INC., AS NOMINEE

By: /s/ Susan Biglieri
Name: Susan Biglieri
Title: CFO

[Signature Page to Third Amended and Restated Investors' Rights Agreement]

IN WITNESS WHEREOF, the parties have executed this Third Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

TCV IX, L.P.
a Cayman Islands exempted limited partnership, acting by its general partner

Technology Crossover Management IX, L.P.
a Cayman Islands exempted limited partnership, acting by its general partner

Technology Crossover Management IX, Ltd.
a Cayman Islands exempted company

By: /s/ Frederic D. Fenton
Name: Frederic D. Fenton
Title: Authorized Signatory

TCV IX (A), L.P.
a Cayman Islands exempted limited partnership, acting by its general partner

Technology Crossover Management IX, L.P.
a Cayman Islands exempted limited partnership, acting by its general partner

Technology Crossover Management IX, Ltd.
a Cayman Islands exempted company

By: /s/ Frederic D. Fenton
Name: Frederic D. Fenton
Title: Authorized Signatory

TCV IX (B), L.P.
a Cayman Islands exempted limited partnership, acting by its general partner

Technology Crossover Management IX, L.P.
a Cayman Islands exempted limited partnership, acting by its general partner

Technology Crossover Management IX, Ltd.
a Cayman Islands exempted company

By: /s/ Frederic D. Fenton
Name: Frederic D. Fenton
Title: Authorized Signatory

TCV MEMBER FUND, L.P.
a Cayman Islands exempted limited partnership, acting by its general partner

Technology Crossover Management IX, Ltd.
a Cayman Islands exempted company

By: /s/ Frederic D. Fenton
Name: Frederic D. Fenton
Title: Authorized Signatory

IN WITNESS WHEREOF, the parties have executed this Third Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

TA XII-A, L.P.

By: TA Associates XII GP L.P.
Its: General Partner

By: TA Associates, L.P.
Its: General Partner

By: /s/ Jonathan Meeks
Name: Jonathan Meeks
Title: Managing Director

TA XII-B, L.P.

By: TA Associates XII GP L.P.
Its: General Partner

By: TA Associates, L.P.
Its: General Partner

By: /s/ Jonathan Meeks
Name: Jonathan Meeks
Title: Managing Director

TA INVESTORS XII, L.P.

By: TA Associates, L.P.
Its: General Partner

By: /s/ Jonathan Meeks
Name: Jonathan Meeks
Title: Managing Director

IN WITNESS WHEREOF, the parties have executed this Third Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTOR:

WCP HOLDINGS IV, L.P.

By: WCP GP IV, L.P., its general partner
By: WCP GP IV, LLC, its general partner

By: /s/ Blake Heston
Name: Blake Heston
Title: Member

IN WITNESS WHEREOF, the parties have executed this Third Amended and Restated Investors' Rights Agreement as of the date first above written.

INVESTORS:

CROSS CREEK CAPITAL II, L.P.

By: Cross Creek Capital II GP, LLC
Its Sole General Partner

By: /s/ Tyler Christenson
Name: Tyler Christenson
Title: Managing Director

CROSS CREEK CAPITAL PARTNERS IV, L.P.

By: Cross Creek Capital Partners IV GP, LLC
Its Sole General Partner

By: /s/ Tyler Christenson
Name: Tyler Christenson
Title: Managing Director

CROSS CREEK PARTNERS V, LP

By: Cross Creek Partners V GP, LLC
Its Sole General Partner

By: /s/ Tyler Christenson
Name: Tyler Christenson
Title: Managing Director

IN WITNESS WHEREOF, the parties have executed this Third Amended and Restated Investors' Rights Agreement as of the date first above written.

SENIOR EXECUTIVE STOCKHOLDER:

/s/ John Suh

JOHN SUH

IN WITNESS WHEREOF, the parties have executed this Third Amended and Restated Investors' Rights Agreement as of the date first above written.

SENIOR EXECUTIVE STOCKHOLDER:

/s/ Peter Oey

PETER OEY

IN WITNESS WHEREOF, the parties have executed this Third Amended and Restated Investors' Rights Agreement as of the date first above written.

SENIOR EXECUTIVE STOCKHOLDER:

/s/ Frank Monestere
FRANK MONESTERE

[Signature Page to Third Amended and Restated Investors' Rights Agreement]

SCHEDULE A

INVESTORS

Name	Address
LucasZoom, LLC	
Institutional Venture Partners XIII, L.P.	
Thomas Newby	
Thomas Kelly	
GPI Capital Gemini Holdco, LP	
FPLZ I, L.P.	
FPLZ II, L.P.	
Neuberger Berman Alternative Funds, Neuberger Berman Long Short Fund	
Neuberger Berman Equity Funds, Neuberger Berman Guardian Fund	
Neuberger Berman Equity Funds, Neuberger Berman Focus Fund	
NB All Cap Alpha Master Fund Ltd	
Ask America, LLC	

Name	Address
Franklin Templeton	
KPCB Holdings, Inc., as Nominee	
TCV IX, L.P.	
TCV IX (A), L.P.	
TCV IX (B), L.P.	
TCV Member Fund, L.P.	
TA XII-A, L.P.	
TA XII-B, L.P.	
TA Investors XII, L.P.	
WCP Holdings IV, L.P.	
Cross Creek Partners V, L.P.	
Cross Creek Capital II, L.P.	
Cross Creek Capital Partners IV, L.P.	

Exhibit 4.3

October 2, 2017

Bryant Stibel Group, LLC
27368 Escondido Beach Road
Garden Floor
Malibu, CA 90265

Re: Registration Rights Side Letter

Ladies and Gentlemen:

This letter (this "***Agreement***") will confirm our agreement, made in connection with the proposed award on the date hereof of Common Stock of LegalZoom.com, Inc., a Delaware corporation (the "***Company***") to Bryant Stibel Group, LLC ("***BSG***" and together with the Company, the "***Parties***"), will be entitled to the contractual rights set forth below. Reference is made to the Amended and Restated Investors' Rights Agreement, dated as of January 29, 2014, by and among the Company and the other parties thereto (the "***Rights Agreement***"). Reference is also made to that certain Restricted Stock Award Agreement for the acquisition of 3,850,000 shares of the Company's Common Stock (the "***BSG Shares***"), dated as of the date hereof, by and between the Company and BSG (the "***Stock Award Agreement***"). Unless otherwise noted, capitalized terms without definitions used herein shall have the meanings set forth in the Stock Award Agreement.

1. *Registration Rights*. For good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties hereby agree that, the BSG Shares shall constitute Registrable Securities for purposes of registration rights pursuant to Section 2.2 of the Rights Agreement and, as such, shall be entitled to the rights set forth in Section 2.2 of the Rights Agreement, subject to the terms and conditions thereof (the "***Registration Rights***"); provided, however, that the Registration Rights shall not apply to an IPO (as defined in the Rights Agreement); and provided further that, in the event of any limitation pursuant to Sections 2.2 and 2.7 of the Rights Agreement, the number of shares of securities that are entitled to be included in the registration and underwriting, as applicable, shall be allocated in the following priority: first, the Registrable Securities (excluding for this purpose the BSG Shares) in accordance with the procedures set forth in the Rights Agreement, second, the BSG Shares and third, all other stockholders' securities. The registration rights described herein shall terminate and be of no further force or effect upon the earliest to occur of the events described in Sections 2.15 of the Rights Agreement.

2. *"Market Stand-Off" Agreement*. The BSG Shares shall be subject to the Market Stand-Off Agreement set forth in Section 2.14 of the Rights Agreement.

3. *Termination*. This Agreement shall terminate and be of no further force or effect upon the earliest to occur of (a) the termination events described in the last sentence of Section 1 of this Agreement, (b) the date upon which BSG no longer holds any shares of the Company's capital stock of the Company's capital stock, or (c) mutual written agreement of the Company and BSG. The confidentiality obligations hereunder shall survive any such termination.

4. *Confidentiality*. This Agreement, and any notice and contents thereof given by the Company to BSG pursuant to this Agreement shall be subject to the confidentiality obligations set forth in the Rights Agreement.

5. *Amendment and Waiver*. This Agreement and any provision herein may be amended, waived or terminated at any time by a writing signed by the Company and BSG.

6. *Governing Law*. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without reference to principles of conflicts of law.

7. *Assignment*. No Party may assign this Agreement without the prior written consent of the other party, except that BSG may assign this its rights in Section 2 hereof pursuant to the terms and conditions of Section 2.12 of the Rights Agreement. For the avoidance of doubt, the terms and conditions of this Agreement inure to the benefit of and are binding upon the respective successors and permitted assignees of the parties hereto.

8. *Entire Agreement*. This Agreement represents the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes all prior and contemporaneous negotiations, discussions and agreements (whether written or oral) regarding the subject matter hereof.

9. *Miscellaneous*. This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same agreement. Facsimile copies of signed signature pages will be deemed binding originals.

[***Signature Page Follows***]

Please acknowledge your agreement to the foregoing with a countersignature below.

Very truly yours,

LEGALZOOM.COM, INC.

By: /s/ Peter Oey
Name: Peter Oey
Title: CFO

Agreed and acknowledged:

BRYANT STIBEL GROUP, LLC

By: /s/ Jeff Stibel
Name: Jeff Stibel
Title: Manager

LEGALZOOM.COM, INC.

2016 STOCK INCENTIVE PLAN

TABLE OF CONTENTS

LEGALZOOM.COM, INC. 2016 STOCK INCENTIVE PLAN

1. Purposes of the Plan; History. The purposes of the LegalZoom.com, Inc. 2016 Stock Incentive Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to Employees, Directors and Consultants and to promote the success of the Company's business. Awards granted under the Plan may be Incentive Stock Options or Non-Qualified Stock Options, Stock Awards, Stock Units or Stock Appreciation Rights as determined by the Administrator at the time of grant.

The Board originally adopted the LegalZoom.com, Inc. 2007 Stock Option Plan on February 1, 2007, and such plan was approved by Company stockholders in February, 2007. The LegalZoom.com, Inc. 2007 Stock Option Plan was amended in February 2010 by the Board to increase the number of Shares available for issuance and such amendment was approved by Company stockholders in February, 2010.

The Board amended and restated the LegalZoom.com, Inc. 2007 Stock Option Plan to become the Plan on the Restatement Date and renamed it the "LegalZoom.com, Inc. 2010 Stock Incentive Plan." The LegalZoom.com, Inc. 2010 Stock Incentive Plan was amended by the Board in July 2011 to reflect a stock split; in September 2011 to increase the number of Shares available for issuance; in September 2012 to reflect a reverse stock split and to increase the number of Shares available for issuance; and in December 2013 to increase the number of Shares available for issuance. Each such amendment was approved shortly after each Board approval by Company stockholders. The LegalZoom.com, Inc. 2010 Stock Incentive Plan is due to expire on January 31, 2017.

The Board hereby amends and restates the LegalZoom.com, Inc. 2010 Stock Incentive Plan to become the Plan on the Restatement Date and renames it the "LegalZoom.com, Inc. 2016 Stock Incentive Plan." Such amendment and restatement does not increase the number of Shares available for issuance, but rather serves to provide for a new term ending on the tenth anniversary of the Restatement Date.

The Plan is effective on the Restatement Date subject to approval by the Company's Series A Preferred stockholders as needed to authorize the ability to grant SARs, Stock Awards and/or Stock Units. Prior to the Stockholder Approval Date, SARs may not be exercised or Shares released (or dividends or dividend equivalents paid) to any Participant from the grant of a Stock Award or Stock Units.

2. Definitions. As used herein, the following definitions shall apply:

(a) "Acquisition" or "Change in Control" means (i) any consolidation or merger of the Company with or into any other corporation or other entity or person in which the stockholders of the Company prior to such consolidation or merger own, directly or indirectly, less than Fifty percent (50%) of the continuing or surviving entity's voting power immediately after such consolidation or merger, excluding any consolidation or merger effected exclusively to change the domicile of the Company; or (ii) a sale or other disposition of all or substantially all of the stock or assets of the Company.

(b) "Administrator" means the Board or the Committee, as applicable, responsible for conducting the general administration of the Plan in accordance with Section 4 hereof; *provided*, that in the case of the administration of the Plan with respect to awards granted to Independent Directors, the term "Administrator" shall refer to the Board.

(c) "Affiliate" means any corporation, partnership, joint venture, association, limited liability company, joint-stock company, trust or unincorporated organization whether now or hereafter existing, other than a Subsidiary, that the Company and/or one or more Subsidiaries has the power to direct or cause the direction of management or policies of such entity, directly or indirectly, whether through the ownership of more than fifty percent (50%) of voting securities, by contract or otherwise.

(d) "Applicable Laws" means the requirements relating to the administration of stock option plans under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where Awards are granted under the Plan.

(e) "Award" means any award of an Option or SAR, Stock Award or Stock Unit under the Plan.

(f) "Board" means the Board of Directors of the Company.

(g) "California Participant" means a Participant whose Award was issued in reliance on Section 25102(o) of the California Corporations Code.

(h) "Cause," with respect to any Holder, means "Cause" as defined in such Holder's employment agreement with the Company if such an agreement exists and contains a definition of Cause, or, if no such agreement exists or such agreement does not contain a definition of Cause, then Cause means (i) the Holder's unauthorized use or disclosure of confidential information or trade secrets of the Company or any other material breach of a written agreement between the Holder and the Company, including without limitation a material breach of any employment or confidentiality agreement; (ii) the Holder's commission of a felony or commission of any other crime involving dishonesty or moral turpitude under the laws of the United States or any state thereof; (iii) the Holder's gross negligence or willful misconduct or the Holder's willful or repeated failure or refusal to substantially perform assigned duties; (iv) any act of fraud, embezzlement, misappropriation or dishonesty committed by the Holder against the Company; or (v) any acts, omissions or statements by a Holder which the Company reasonably determines to be detrimental or damaging to the reputation, operations, prospects or business relations of the Company.

(i) "Code" means the Internal Revenue Code of 1986, as amended, or any successor statute or statutes thereto, including any regulations and other official guidance promulgated under any such statute. Reference to any particular section of the Code shall include any successor section.

(j) "Committee" means a committee appointed by the Board in accordance with Section 4 hereof.

(k) "Common Stock" means the common stock of the Company, par value $0.001 per Share.

(l) "Company" means LegalZoom.com, Inc., a Delaware corporation.

(m) "Consultant" means any consultant or advisor if: (i) the consultant or advisor renders bona fide services to the Company, any Parent or any Subsidiary of the Company; (ii) the services rendered by the consultant or advisor are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities; and (iii) the consultant or advisor is a natural person or entity that has contracted directly with the Company, any Parent or any Subsidiary of the Company to render such services.

(n) "Director" means a member of the Board.

(o) "Disability" means that the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months. The Disability of a Participant shall be determined solely by the Administrator on the basis of such medical evidence as the Administrator deems warranted under the circumstances.

(p) "Employee" means any person, including an Officer or Director, who is an employee (as defined in accordance with Section 3401(c) of the Code) of the Company, any Parent or any Subsidiary of the Company. A Service Provider shall not cease to be an Employee in the case of (i) any leave of absence approved by the Company or (ii) transfers between locations of the Company or between the Company, any Parent, any Subsidiary, or any successor. For purposes of Incentive Stock Options, no such leave of absence may exceed ninety (90) days, unless reemployment upon expiration of such leave is guaranteed by statute or contract. Neither service as a Director nor payment of a Director's fee by the Company shall be sufficient, by itself, to constitute "employment" by the Company.

(q) "Exchange Act" means the Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto, including any rules and other official guidance promulgated under any such statute. Reference to any particular section of the Exchange Act shall include any successor section.

(r) "Fair Market Value" means, as of any date, the value of a share of Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or a national market system, the Fair Market Value shall be the closing price of a share of Common Stock as reported in the *Wall Street Journal* (or such other source as the Administrator may deem reliable for such purposes) for such date, or if no sale occurred on such date, the first trading date immediately prior to such date during which a sale occurred;

(ii) If the Common Stock is not traded on an exchange but is quoted on a quotation system, the Fair Market Value shall be the mean between the closing representative

bid and asked prices for the Common Stock on such date, or if no sale occurred on such date, the first date immediately prior to such date on which sales prices or bid and asked prices, as applicable, are reported by such quotation system; or

(iii) In the absence of an established market for the Common Stock, the Fair Market Value shall be determined in good faith by the Administrator using a reasonable application of a reasonable valuation method.

(s) "Holder" or "Participant" means an individual, estate or other entity that holds an Award.

(t) "Incentive Stock Option" or "ISO" means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code and which is designated as an Incentive Stock Option by the Administrator.

(u) "Independent Director" means a Director who is not an Employee of the Company.

(v) "Non-Qualified Stock Option" or "NSO" means an Option (or portion thereof) that is not designated as an Incentive Stock Option by the Administrator, or which is designated as an Incentive Stock Option by the Administrator but fails to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(w) "Officer" means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act and the rules and regulations promulgated thereunder.

(x) "Option" means a stock option granted pursuant to the Plan.

(y) "Option Agreement" means a written agreement between the Company and a Holder evidencing the terms and conditions of an individual Option grant. All Option Agreements are subject to the terms and conditions of the Plan.

(z) "Parent" means any corporation, whether now or hereafter existing (other than the Company), in an unbroken chain of corporations ending with the Company if each of the corporations other than the last corporation in the unbroken chain owns stock possessing more than fifty percent of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(aa) "Plan" means the LegalZoom.com, Inc. 2016 Stock Incentive Plan.

(bb) "Public Trading Date" means the first date upon which (i) Common Stock is listed (or approved for listing) upon notice of issuance on any securities exchange or designated (or approved for designation) upon notice of issuance as a national market security on an interdealer quotation system or (ii) the Company becomes subject to the reporting requirements of the Exchange Act.

(cc) "Re-Price" means that the Company has lowered or reduced the exercise price of outstanding Options and/or outstanding SARs for any Participant(s) in a manner described by SEC Regulation S-K Item 402(d)(2)(viii) (or as described in any successor provision(s) or definition(s)).

(dd) "Restatement Date" means August 17, 2016.

(ee) "Rule 16b-3" means that certain Rule 16b-3 under the Exchange Act, as such Rule may be amended from time to time.

(ff) "SAR Agreement" means a written agreement between a Participant and the Company evidencing the terms and conditions of an individual Award of a Stock Appreciation Right as more fully described in Section 11.

(gg) "Securities Act" means the Securities Act of 1933, as amended, or any successor statute or statutes thereto, including any rules and other official guidance promulgated under any such statute. Reference to any particular section of the Securities Act shall include any successor section.

(hh) "Service Provider" means an Employee, Director or Consultant. The Administrator, in its sole discretion, shall determine the effect of all matters and questions relating to an individual's status as a Service Provider for purposes of the Plan and any Award agreement, including without limitation, the question of whether and when an individual ceases to be a Service Provider, whether an individual ceases to be a Service Provider where the Service Provider changes classification between Employee, Director and/or Consultant, or where there is a simultaneous reemployment or continuing employment, directorship or consultancy of such individual by the Company or any Subsidiary or Parent, and whether any particular leave of absence constitutes a termination of an individual's status as a Service Provider.

(ii) "Share" means a share of Common Stock, as may be adjusted in accordance with Section 16 hereof.

(jj) "Stock Appreciation Right" or "SAR" means a stock appreciation right awarded under the Plan.

(kk) "Stock Award" means an award of Shares under the Plan.

(ll) "Stock Award Agreement" means a written agreement between a Participant and the Company evidencing the terms and conditions of an individual Stock Award as more fully described in Section 12.

(mm) "Stock Unit" means a bookkeeping entry representing the equivalent of one Share, as awarded under the Plan.

(nn) "Stock Unit Agreement" means a written agreement between a Participant and the Company evidencing the terms and conditions of an individual Award of Stock Unit(s) as more fully described in Section 13.

(oo) "Stockholders Agreement" means any applicable agreement between the Company's stockholders and/or investors that provides certain rights and obligations for all stockholders.

(pp) "Stockholder Approval Date" means the date, if any, that the Company's Series A Preferred stockholders approve this Plan.

(qq) "Subsidiary" means any corporation, whether now or hereafter existing (other than the Company), in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain owns stock possessing more than fifty percent of the total combined voting power of all classes of stock in one of the other corporations in such chain.

(rr) "Termination Date" means the date on which a Participant ceases to be a Service Provider as determined by the Administrator.

3. Stock Subject to the Plan. Subject to the provisions of Section 16, the maximum aggregate number of Shares which may be issued under this Plan is 11,934,692 Shares. The aggregate number of Shares that may be issued pursuant to the exercise of ISOs under the Plan shall not exceed 11,934,692 Shares on a fully diluted basis, subject to adjustment pursuant to Section 16.

Shares issued under this Plan may be authorized but unissued, or reacquired Common Stock. Subject to the limitations of this Section 3, if an Award expires or becomes unexercisable without having been exercised in full, the forfeited (or repurchased) Shares which were subject thereto shall become available for future grant or sale under the Plan (unless the Plan has terminated). Notwithstanding the provisions of this Section 3, no Shares may again be optioned, granted or awarded if such action would cause an Incentive Stock Option to fail to qualify as an Incentive Stock Option under Section 422 of the Code.

4. Administration of the Plan.

(a) Administrator. Unless and until the Board delegates administration to a Committee as set forth below, the Plan shall be administered by the Board, The Board may delegate administration of the Plan to a Committee or Committees of one or more members of the Board, and the term "Committee" shall refer to any person or persons to whom such authority has been delegated. If administration is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board, including the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board shall thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. Notwithstanding the foregoing, however, from and after the Public Trading Date, a Committee of the Board shall administer the Plan and the Committee shall consist solely of two or more Independent Directors each of whom is both an "outside director," within the meaning of Section 162(m) of the Code, and a "non-employee director" within the meaning of Rule 16b-3, and qualifies as "independent" within the meaning of any applicable stock exchange listing requirements. Members of the

Committee shall also satisfy any other legal requirements applicable to membership on the Committee, including without limitation, requirements under the Sarbanes-Oxley Act of 2002 and other Applicable Laws.

Within the scope of its authority, the Board or the Committee may (i) delegate to a committee of one or more members of the Board who are not Independent Directors the authority to grant awards under the Plan to Service Providers who are either (1) not then "covered employees," within the meaning of Section 162(m) of the Code and are not expected to be "covered employees" at the time of recognition of income resulting from such award or (2) not Service Providers with respect to whom the Company wishes to comply with Section 162(m) of the Code and/or (ii) delegate to a committee of one or more members of the Board who are not "non-employee directors," within the meaning of Rule 16b-3, the authority to grant awards under the Plan to Service Providers who are not then subject to Section 16 of the Exchange Act. The Board may abolish the Committee at any time and revest in the Board the administration of the Plan. The governance of the Committee shall be subject to the charter of the Committee, if any, as approved by the Board. Any action taken by the Committee shall be valid and effective, whether or not members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership set forth in this Section 4(a) or otherwise provided in the charter of the Committee. Notwithstanding the foregoing, the full Board, acting by a majority of its members in office, shall conduct the general administration of the Plan with respect to Awards granted to Independent Directors.

(b) Powers of the Administrator. Subject to the provisions of the Plan and the specific duties delegated by the Board to such Committee, and subject to the approval of any relevant authorities, the Administrator shall have the authority in its sole discretion:

(i) to determine the Fair Market Value;

(ii) to select the Service Providers to whom Awards may from time to time be granted hereunder;

(iii) to issue and administer Awards granted under the Plan;

(iv) to approve forms of agreement for use under the Plan;

(v) to determine the terms and conditions of any Award granted hereunder (such terms and conditions include, but are not limited to, the exercise price, the time or times when Awards may vest or be exercised (which may be based on performance criteria), any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Award or the Common Stock relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine);

(vi) to determine whether to offer to buyout a previously granted Award and to determine the terms and conditions of such offer and buyout (including whether payment is to be made in cash or Shares) and to Re-Price outstanding Options or SARs on terms and conditions that it determines;

(vii) to prescribe, amend and rescind rules and regulations relating to the Plan, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred tax treatment under foreign tax laws;

(viii) to allow Holders to satisfy withholding tax obligations by electing to have the Company withhold from the Award that number of Shares having a Fair Market Value equal to the minimum amount required to be withheld based on the statutory withholding rates for federal and state tax purposes that apply to supplemental taxable income. The Fair Market Value of the Shares to be withheld shall be determined on the date that the amount of tax to be withheld is to be determined. All elections by Holders to have Shares withheld for this purpose shall be made in such form and under such conditions as the Administrator may deem necessary or advisable;

(ix) to amend the Plan or any Award granted under the Plan as provided in Section 18 hereof; and

(x) to construe and interpret the terms of the Plan and Awards granted pursuant to the Plan and to exercise such powers and perform such acts as the Administrator deems necessary or desirable to promote the best interests of the Company which are not in conflict with the provisions of the Plan.

(c) Effect of Administrator's Decision. All decisions, determinations and interpretations of the Administrator shall be final and binding on all Holders and afforded the maximum deference permitted by Applicable Laws.

(d) Successor Provisions. Any reference to a statute, rule or regulation, or to a section of a statute, rule or regulation, is a reference to that statute, rule, regulation, or section as amended from time to time, and including any successor provisions.

5. Eligibility.

(a) Awards may be granted to Service Providers. Incentive Stock Options may be granted only to Employees of the Company or of a "parent corporation" or "subsidiary corporation" thereof within the meaning of Section 424(e) and 424(f), respectively, of the Code.

(b) In order to assure the viability of Awards granted to Service Providers in foreign countries, the Administrator may provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy, or custom. Moreover, the Administrator may approve such supplements to, or amendments, restatements, or alternative versions of, the Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Plan as in effect for any other purpose; *provided*, that no such supplements, amendments, restatements, or alternative versions shall increase the share limitations contained in Section 3 of the Plan.

6. Limitations.

(a) Each Option shall be designated by the Administrator in the Option Agreement as either an Incentive Stock Option or a Non-Qualified Stock Option. However,

notwithstanding such designations, to the extent that the aggregate Fair Market Value of Shares subject to a Holder's Incentive Stock Options and other incentive stock options granted by the Company or any parent corporation" or "subsidiary corporation" thereof within the meaning of Section 424(e) and 424(f), respectively, of the Code, which become exercisable for the first time during any calendar year (under all plans of the Company or any "parent corporation" or "subsidiary corporation" thereof within the meaning of Section 424(c) and 424(0, respectively, of the Code) exceeds $100,000, such excess Options or other options shall be treated as Non-Qualified Stock Options. For purposes of this Section 6(a), Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the Shares shall be determined as of the time of grant.

(b) Neither the Plan nor any Award shall confer upon a Holder any right with respect to continuing the Holder's employment, directorship or consulting relationship with the Company, nor shall they interfere in any way with the Holder's right or the Company's right to terminate such employment, directorship or consulting relationship at any time, with or without Cause.

7. Term of Plan. The Plan is effective upon the Restatement Date and shall continue in effect until it is terminated under Section 18 hereof. No Awards may be issued under the Plan after August 17, 2026.

8. Term of Option. The term of each Option shall be stated in the Option Agreement; *provided*, that the term shall be no more than ten (10) years from the date of grant thereof. In the case of an Incentive Stock Option granted to a Holder who, at the time the Option is granted, owns (or is treated as owning under Section 424 of the Code) stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any "parent corporation" or "subsidiary corporation" thereof within the meaning of Section 424(e) and 424(f), respectively, of the Code, the term of the Option shall be no more than five (5) years from the date of grant or such shorter term as may be provided in the Option Agreement.

9. Option Exercise Price and Consideration.

(a) Exercise Price. The per share exercise price for the Shares to be issued upon exercise of an Option shall not be less than 100% of the Fair Market Value on the date of grant (or, with respect to Incentive Stock Options or to the extent required to comply with Applicable Laws, in the case of an Option granted to a Service Provider who, at the time of grant of such Option, owns stock representing more than 10% of the voting power of all classes of stock of the Company or any "parent corporation" or "subsidiary corporation" thereof within the meaning of Section 424(e) and 424(f), respectively, of the Code, the per share exercise price shall not be less than 110% of the Fair Market Value on the date of grant). Notwithstanding the foregoing, Options may be granted with a per share exercise price other than as required by this Section 9(a) pursuant to a merger or other corporate transaction, *provided*, that no such alternative exercise price shall be substituted to the extent that any such substitution would cause (i) any Options to constitute "nonqualified deferred compensation" within the meaning of Code Section 409A, or (ii) any Incentive Stock Options to cease to qualify as Incentive Stock Options.

(b) Consideration. The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Administrator. Such consideration may consist of (1) cash, (2) check or (3) with the consent of the Administrator, (A) a full recourse promissory note bearing interest (at no less than such rate as is a market rate of interest and which then precludes the imputation of interest under the Code), payable upon such terms as may be prescribed by the Administrator, and structured to comply with Applicable Laws, (B) other Shares which have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option shall be exercised, (C) surrendered Shares then issuable upon exercise of the Option having a Fair Market Value on the date of exercise equal to the aggregate exercise price of the Option or exercised portion thereof, (D) property of any kind which constitutes good and valuable consideration, (E) delivery of a notice that the Holder has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the Options and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price, *provided*, that payment of such proceeds is then made to the Company upon settlement of such sale, or (F) any combination of the foregoing methods of payment. Notwithstanding any other provision of the Plan to the contrary, after the Public Trading Date, no Participant who is a Director or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to pay the exercise or purchase price of any Award, or continue any extension of credit with respect to the exercise price of an Award, with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act.

10. Exercise of Option.

(a) Vesting; Fractional Exercises. Options granted hereunder shall become vested and exercisable according to the terms hereof at such times and under such conditions as determined by the Administrator and set forth in the Option Agreement. An Option may not be exercised for a fraction of a Share.

(b) Deliveries upon Exercise. All or a portion of an exercisable Option shall be deemed exercised upon delivery of all of the following to the Secretary of the Company or his or her office:

(i) A written or electronic notice complying with the applicable rules established by the Administrator stating that the Option, or a portion thereof, is exercised. The notice shall be signed by the Holder or other person then entitled to exercise the Option or such portion of the Option;

(ii) Such representations and documents as the Administrator, in its sole discretion, deems necessary or advisable to effect compliance with Applicable Laws. The Administrator may, in its sole discretion, also take whatever additional actions it deems appropriate to effect such compliance, including, without limitation, placing legends on share certificates and issuing stop transfer notices to agents and registrars; and

(iii) In the event that the Option shall be exercised pursuant to Section 10(g) below by any person or persons other than the Holder, appropriate proof of the right of such person or persons to exercise the Option, as determined in the sole discretion of the Administrator.

(c) Conditions to Delivery of Share Certificates. The Company shall not be required to issue or deliver any certificate or certificates for Shares acquired under any Award prior to fulfillment of all of the following conditions:

(i) The completion of any registration or other qualification of such Shares under any state or federal law, or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body which the Administrator shall, in its sole discretion, deem necessary or advisable;

(ii) The obtaining of any approval or other clearance from any domestic or foreign governmental agency which the Administrator shall, in its sole discretion, determine to be necessary or advisable;

(iii) The lapse of such reasonable period of time following the exercise or vesting of an Award that the Administrator may establish from time to time for reasons of administrative convenience;

(iv) The receipt by the Company of full payment for such Shares, including payment of any applicable withholding tax, which in the sole discretion of the Administrator may be in the form of consideration used by the Holder to pay for such Shares under Section 9(b) hereof, subject to Section 4(b)(viii) hereof; and

(v) The Holder's consent to such terms and conditions and execution of any agreements as the Administrator may require pursuant to the terms herein.

(d) Termination of Relationship as a Service Provider. If a Holder ceases to be a Service Provider other than by reason of a termination by the Company for Cause or the Holder's Disability or death, such Holder may exercise his or her Option within such period of time as is specified in the Option Agreement to the extent that the Option is vested on the date of termination (taking into consideration any vesting that may occur in connection with such termination); *provided*, that prior to the Public Trading Date with respect to California Participants, such period of time shall not be less than thirty (30) days (but in no event later than the expiration of the term of the Option as set forth in the Option Agreement), In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for thirty (30) days following the date of the Holder's termination other than by reason of a termination by the Company for Cause or the Holder's Disability or death. If, on the date of termination, the Holder is not vested as to his or her entire Option (taking into consideration any vesting that may occur in connection with such termination), the Shares covered by the unvested portion of the Option shall immediately cease to be issuable under the Option and shall again become available for issuance under the Plan. If, after termination, the Holder does not exercise his or her Option within the time period specified herein, the Option shall terminate, and the Shares covered by such Option shall again become available for issuance under the Plan.

(e) Termination for Cause. If a Holder ceases to be a Service Provider by reason of a termination by the Company for Cause, as determined in the sole discretion of the

Administrator, the Option shall terminate upon the date of the Holder's termination by the Company for Cause, regardless of whether the Option is then vested and/or exercisable with respect to any Shares.

(f) Disability of Holder. If a Holder ceases to be a Service Provider as a result of the Holder's Disability, as determined in the sole discretion of the Administrator, the Holder may exercise his or her Option within such period of time as is specified in the Option Agreement to the extent that the Option is vested on the date of termination (taking into consideration any vesting that may occur in connection with such termination); *provided that*, with respect to California Participants, prior to the Public Trading Date, such period of time shall not be less than six (6) months (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for twelve (12) months following the Holder's termination as a Service Provider due to Disability. In the case of an Incentive Stock Option, if such Disability is not a "permanent and total disability" as such term is defined in Section 22(e)(3) of the Code, such Incentive Stock Option shall automatically cease to be treated as an Incentive Stock Option and shall be treated for tax purposes as a Non-Qualified Stock Option from and after the date which is three (3) months and one (1) day following the date of such termination. If, on the date of termination, the Holder is not vested as to his or her entire Option (taking into consideration any vesting that may occur in connection with such termination), the Shares covered by the unvested portion of the Option shall immediately cease to be issuable under the Option and shall again become available for issuance under the Plan. If, after termination, the Holder does not exercise his or her Option within the timeframe specified herein, the Option shall terminate, and the Shares covered by such Option shall again become available for issuance under the Plan.

(g) Death of Holder. If a Holder dies while a Service Provider, the Option may be exercised within such period of time as is specified in the Option Agreement to the extent that the Option is vested as of the date of death (taking into consideration any vesting that may occur in connection with such termination); *provided*, that prior to the Public Trading Date with respect to California Participants, such period of time shall not be less than six (6) months (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement), by the Holder's estate or by a person who acquires the right to exercise the Option by bequest or inheritance, but only to the extent that the Option is vested on the date of death (taking into consideration any vesting that may occur in connection with such termination). In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for twelve (12) months following the date of the Holder's termination.

If at the time of death, the Holder is not vested as to his or her entire Option, the Shares covered by the unvested portion of the Option shall immediately cease to be issuable under the Option and shall again become available for issuance under the Plan. The Option may be exercised by the executor or administrator of the Holder's estate or, if none, by the person(s) entitled to exercise the Option under the Holder's will or the laws of descent or distribution. If the Option is not so exercised within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall again become available for issuance under the Plan.

(h) Extension of Exercisability. The Administrator may provide in a Holder's Option Agreement that if the exercise of the Option following the termination of the Holder's status as a Service Provider or the Holder's tender of already-owned Shares or the sale of Shares pursuant to a "cashless exercise" in connection with such exercise would violate applicable federal or state securities laws, then the Option shall not terminate until the earlier to occur of (i) the expiration of the term of the Option or (ii) the expiration of a period of three (3) months immediately following the first date on which the exercise of the Option (or such tender of already-owned Shares or sale of Shares pursuant to a "cashless exercise") would not be in violation of such securities laws, as determined by the Administrator.

(i) Early Exercisability. The Administrator may provide in the terms of a Holder's Option Agreement that the Holder may, at any time before the Holder's status as a Service Provider terminates, exercise the Option in whole or in part prior to the full vesting of the Option; *provided*, that subject to Section 21 hereof, Shares acquired upon exercise of an Option which has not fully vested may be subject to any forfeiture, transfer or other restrictions as the Administrator may determine in its sole discretion.

11. Terms and Conditions for Stock Appreciation Rights.

(a) SAR Agreement. Each grant of a SAR shall be evidenced by a SAR Agreement between the Participant and the Company which (i) shall be subject to all applicable terms and conditions of the Plan and (ii) may include other terms and conditions the Administrator deems appropriate which are not inconsistent with the Plan. A SAR Agreement may provide for a maximum limit on the amount of any payout notwithstanding the Fair Market Value of a Share on the date of exercise. The provisions of the various SAR Agreements need not be identical. SARs may be granted in consideration of a reduction in the Participant's other compensation.

(b) Number of Shares. Each SAR Agreement shall specify the number of Shares to which the SAR pertains. Such number shall be subject to adjustment in accordance with Section 16.

(c) Exercise Price. Each SAR Agreement shall specify the exercise price. A SAR Agreement may specify an exercise price that varies in accordance with a predetermined formula while the SAR is outstanding. Except with respect to outstanding stock appreciation rights being assumed or SARs being granted in exchange for cancellation of stock appreciation rights granted by another issuer as provided under Section 11(f), the exercise price of a SAR shall not be less than 100% of the Fair Market Value on the date of grant.

(d) Exercisability and Term. Each SAR Agreement shall specify the date all or any installment of the SAR will be exercisable and the term of the SAR which shall not exceed ten (10) years from the grant thereof. A SAR Agreement may provide (i) that a SAR will be exercisable only in the event of a Change in Control, (ii) accelerated exercisability of the SAR in the event of the Participant's death, Disability or other events, and/or (iii) expiration prior to the end of its term in the event the Participant's status as a Service Provider is terminated. SARs may be awarded in combination with Options or other Awards, and any such Award may require the forfeiture of related Options or other Awards in order to exercise the SAR. A SAR may be

included in (i) an ISO only at the time the Award is granted or (ii) an NSO at the time the Award is granted or at any time thereafter, *provided that*, such inclusion occurs no later than six (6) months prior to the expiration of the term of such NSO.

(e) Exercise of SARs. If, on the date when a SAR expires, the exercise price under such SAR is less than the Fair Market Value on such date but any portion of such SAR has not been exercised or surrendered, then such SAR may automatically be deemed to be exercised as of such date with respect to such portion to the extent so provided in the applicable SAR Agreement. Upon exercise of a SAR, the Participant (or any person having the right to exercise the SAR after Participant's death) shall receive from the Company (i) Shares, (ii) cash or (iii) any combination of Shares and cash, as the Administrator shall determine. The amount of cash and/or the Fair Market Value of Shares received upon exercise of SARs shall, in the aggregate, be equal to the amount by which the Fair Market Value (on the date of surrender) of the Shares subject to the SARs exceeds the exercise price of the Shares.

(f) Modification and Assumption of SARs. Within the limitations of the Plan, the Administrator may modify, extend or assume outstanding stock appreciation rights or may accept the cancellation of outstanding stock appreciation rights (including stock appreciation rights granted by another issuer) in return for the grant of new SARs for the same or a different number of Shares and at the same or a different exercise price. No modification of a SAR shall, without the consent of the Participant, alter or impair his or her rights or obligations under the applicable SAR Agreement.

(g) Assignment or Transfer of SARs. Except as otherwise provided in the applicable SAR Agreement and then only to the extent permitted by Applicable Laws, no SAR or interest therein may be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner by the Participant other than by will or by the laws of descent and distribution. Except as otherwise provided in the applicable SAR Agreement, a SAR may be exercised during the lifetime of the Participant, only by the Participant or in the event of the death or Disability, by the guardian or legal representative of the Participant. No SAR or interest therein may be made subject to execution, attachment or similar process.

12. Terms and Conditions for Stock Awards.

(a) Stock Award Agreement. Each Stock Award shall be evidenced by a Stock Award Agreement between the Participant and the Company which (i) shall be subject to all applicable terms and conditions of the Plan and (ii) may include other terms and conditions the Administrator deems appropriate which are not inconsistent with the Plan. The provisions of the various Stock Awards Agreements entered into under the Plan need not be identical.

(b) Payment for Stock Award. Stock Awards may be issued with or without consideration under the Plan. If and to the extent required, such consideration may be in the form of cash or other forms of consideration approved by the Administrator.

(c) Vesting Conditions. Each Stock Award shall become vested, in full or in installments, upon satisfaction of the conditions specified in the Stock Award Agreement. A

Stock Award Agreement may provide for accelerated vesting in the event of the Participant's death, Disability, retirement or other events.

(d) Assignment or Transfer of Stock Award. Except as provided in a Stock Award Agreement or as required by Applicable Laws, Stock Awards shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily, involuntarily or by operation of law. Any act in violation of this Section 12(d) shall be void. However, this Section 12(d) shall neither preclude a Participant from designating a beneficiary who will receive any outstanding Stock Award in the event of the Participant's death, nor preclude a transfer of a Stock Award by will or by the laws of descent and distribution.

(e) Trusts. Neither this Section 12 nor any other provision of the Plan shall preclude a Participant from transferring or assigning a Stock Award to (a) the trustee of a trust, *provided that*, such transfer or assignment is fully revocable by the Participant acting alone at any time prior to such Participant's death, or (b) the trustee of any other trust to the extent the Administrator provides its prior written consent. The Stock Award held by any such trustee (i) shall be subject to all of the conditions and restrictions set forth in the Plan and in the applicable Stock Award Agreement, as if such trustee was the Participant and (ii) may be transferred or assigned to any person other than the Participant to the extent the Administrator provides its prior written consent.

(f) Voting and Dividend Rights. Holders of a Stock Award (irrespective of whether the Shares subject to the Stock Award are vested or unvested) shall have the same voting, dividend and other rights as the Company's other stockholders. However, a Stock Award Agreement may require that the Holders of a Stock Award invest any cash dividends the Holder receives pursuant to a Stock Award in additional Shares. Such additional Shares shall be subject to the same conditions and restrictions as the Stock Award with respect to which the dividends were paid. Such additional Shares shall not reduce the number of Shares available under Section 3.

(g) Modification or Assumption of Stock Awards. Within the limitations of the Plan, the Administrator may modify or assume outstanding stock awards or may accept the cancellation of outstanding stock awards (including stock granted by another issuer) in return for the grant of new Stock Awards for the same or a different number of Shares. No modification of a Stock Award shall, without the consent of the Participant, alter or impair his or her rights or obligations under such Stock Award.

13. Terms and Conditions for Stock Units.

(a) Stock Unit Agreement. Each grant of Stock Units under the Plan shall be evidenced by a Stock Unit Agreement between the Participant and the Company. Such Stock Units shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan and that the Administrator deems appropriate for inclusion in a Stock Unit Agreement. The provisions of the various Stock Unit Agreements entered into under the Plan need not be identical. Stock Units may be granted in consideration of a reduction in the Participant's other compensation.

(b) Number of Shares. Each Stock Unit Agreement shall specify the number of Shares to which the Stock Unit Award pertains and is subject to adjustment of such number in accordance with Section 16.

(c) Payment for Awards. To the extent that an Award is granted in the form of Stock Units, no consideration shall be required of the Award recipients.

(d) Vesting Conditions. Each Award of Stock Units may or may not be subject to vesting. Vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the Stock Unit Agreement. A Stock Unit Agreement may provide for accelerated vesting in the event of the Participant's death, or Disability or other events.

(e) Voting and Dividend Rights. Stock Units shall have no voting rights. At the Administrator's discretion and based on terms and conditions established by the Administrator, a Stock Unit may include a right to receive dividend equivalents prior to settlement or forfeiture which entitles the Holder to be credited with an amount equal to all cash dividends paid on one Share per Stock Unit while the Stock Unit is outstanding. At the Administrator's discretion, dividend equivalents may be converted into additional Stock Units. At the Administrator's discretion, settlement of dividend equivalents may be made in the form of cash, in the form of Shares, or in a combination of both.

(f) Form and Time of Settlement of Stock Units. Settlement of vested Stock Units may be made in the form of cash, Shares or any combination of both, as determined by the Administrator. The actual number of Stock Units eligible for settlement may be larger or smaller than the number included in the original Award. Methods of converting Stock Units into cash may include (without limitation) a method based on the average Fair Market Value of Shares over a series of trading days. Vested Stock Units shall generally be settled in a lump sum as soon as reasonably practicable, but no later than thirty (30) days, after vesting. The distribution may occur or commence when all vesting conditions applicable to the Stock Units have been satisfied or have lapsed. However, this distribution may be deferred, in accordance with Applicable Laws including but not limited to Code Section 409A, to a later specified date. The amount of a deferred distribution may be increased by an interest factor or by dividend equivalents. Until an Award of Stock Units is settled, the number of such Stock Units shall be subject to adjustment pursuant to Section 16.

(g) Creditors' Rights. A Holder of Stock Units shall have no rights other than those of a general creditor of the Company. Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Stock Unit Agreement.

(h) Modification or Assumption of Stock Units. Within the limitations of the Plan, the Administrator may modify or assume outstanding stock units or may accept the cancellation of outstanding stock units (including stock units granted by another issuer) in return for the grant of new Stock Units for the same or a different number of Shares. No modification of a Stock Unit shall, without the consent of the Participant, alter or impair his or her rights or obligations under the applicable Stock Unit Agreement.

(i) Assignment or Transfer of Stock Units. Except as provided in a Stock Unit Agreement, or as required by Applicable Laws, Stock Units shall not be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily, involuntarily or by operation of law. Any act in violation of this Section 13(i) shall be void. However, this Section 13(i) shall not preclude a Participant from designating a beneficiary who will receive any outstanding vested Stock Units in the event of the Participant's death, nor shall it preclude a transfer of vested Stock Units by will or by the laws of descent and distribution.

14. Non-Transferability of Awards. Except as otherwise provided in the applicable Award Agreement and then only to the extent permitted by the Administrator and in accordance with Applicable Laws, Awards may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Holder, only by the Holder.

15. No Rights as Stockholders. Holders shall not be, nor have any of the rights or privileges of, stockholders of the Company in respect of any shares provided under an Award unless and until certificates representing such shares have been issued by the Company to such Holders.

16. Adjustments upon Changes in Capitalization, Merger or Asset Sale.

(a) In the event that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, reclassification, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or exchange or other disposition of Common Stock or other securities of the Company, issuance of warrants or other rights to purchase Common Stock or other securities of the Company, or other similar corporate transaction or event affects the Common Stock such that an adjustment becomes appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any Award, then the Administrator shall make adjustments to the Plan and any Award, including without limitation, equitable and proportionate adjustment to:

(i) the number and kind of shares of Common Stock (or other securities or property) with respect to which Awards may be granted or awarded (including, but not limited to, adjustments of the limitations in Section 3 hereof on the maximum number and kind of shares which may be issued under this Plan and as ISOs);

(ii) the number and kind of shares of Common Stock (or other securities or property) subject to outstanding Awards;

(iii) the grant or exercise price with respect to any Option or SAR; and

(iv) the number and kind of outstanding securities issued under the Plan.

(b) In the event of any transaction or event described in subsection (a) above, the Administrator, either by the terms of the Award or by action taken prior to the occurrence of such transaction or event and either automatically or upon the Holder's request, shall take any one or more of the following actions whenever the Administrator determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended by the Company to be made available under the Plan or with respect to any Award granted or issued under the Plan or to facilitate such transaction or event:

(i) To provide for either (A) the purchase of all or any portion of such Award for an amount of cash equal to the amount that could have been obtained upon the exercise or conversion of such Award (or portion thereof) or realization of the Holder's rights had such Award (or portion thereof) been currently exercisable or payable or fully vested or (B) the replacement of such Award (or portion thereof) with other awards, rights or property, including without limitation cash awards, selected by the Administrator in its sole discretion, which replacement awards may be subject to vesting or the lapsing of restrictions, as applicable, on terms no less favorable to the affected Holder than the terms of any Award for which such replacement award is substituted;

(ii) To provide that such Award shall be exercisable as to all or any portion of the shares covered thereby and that some or all shares of such Award shall cease to be subject to restrictions, notwithstanding anything to the contrary in the Plan or the provisions of such Award;

(iii) To provide that all or any portion of such Award be assumed by the successor or survivor corporation or entity, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor or survivor corporation or entity, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(iv) To make adjustments in the number and type of shares of Common Stock (or other securities or property) subject to outstanding Awards, and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding Awards which may be granted in the future; and

(v) To provide that immediately upon the consummation of such event, such Award shall not be exercisable and shall terminate; *provided*, that for a period of time prior to such event specified in the sole discretion of the Administrator, such Award shall be exercisable as to all Shares covered thereby, and the restrictions imposed under an Award Agreement upon some or all Shares may be terminated and, some or all shares of such Award may cease to be subject to repurchase, notwithstanding anything to the contrary in the Plan or the provisions of such Award Agreement.

(c) Subject to Section 3 hereof, the Administrator may, in its sole discretion, include such further provisions and limitations in any Award as it may deem equitable and in the best interests of the Company.

(d) If the Company undergoes an Acquisition, then any surviving corporation or entity or acquiring corporation or entity, or affiliate of such corporation or entity, may assume any Awards outstanding under the Plan or may substitute similar stock awards (including an award to acquire the same consideration paid to the stockholders in the transaction described in this subsection (d)) for those outstanding under the Plan. In the event any surviving corporation or entity or acquiring corporation or entity in an Acquisition, or affiliate of such corporation or entity, does not assume such Awards and does not substitute similar stock awards for those outstanding under the Plan, then with respect to (i) Awards held by participants in the Plan whose status as a Service Provider has not terminated prior to such event, the vesting of such Awards (and, if applicable, the time during which such awards may be exercised) shall be accelerated and made fully exercisable and all restrictions thereon shall lapse not later than immediately prior to the closing of the Acquisition (and the Awards shall be terminated if not exercised prior to the closing of such Acquisition), and (ii) any other Awards outstanding under the Plan, such Awards shall be terminated if not exercised prior to the closing of the Acquisition.

(e) The existence of the Plan, any Award Agreement and the Awards granted hereunder shall not affect or restrict in any way the right or power of the Company or the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of stock or of options, warrants or rights to purchase stock or of bonds, debentures, preferred or prior preference stocks whose rights are superior to or affect the Common Stock or the rights thereof or which are convertible into or exchangeable for Common Stock, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

17. Time of Granting Awards. The date of grant of an Award shall, for all purposes, be the date on which the Administrator makes the determination granting such Award, or such other date as is determined by the Administrator. Notice of the determination shall be given to each Service Provider to whom an Award is so granted within a reasonable time after the date of such grant.

18. Amendment and Termination of the Plan.

(a) Amendment and Termination. The Board may at any time wholly or partially amend, alter, suspend or terminate the Plan. However, without approval of the Company's stockholders given within twelve (12) months before or after the action by the Board, no action of the Board may, except as provided in Section 16 hereof, increase the limits imposed in Section 3 hereof on the maximum number of Shares which may be issued under the Plan or extend the term of the Plan under Section 7 hereof.

(b) Stockholder Approval. The Board shall obtain stockholder approval of any Plan amendment to the extent necessary to comply with Applicable Laws.

(c) Effect of Amendment or Termination. No amendment, alteration, suspension or termination of the Plan shall impair the rights of any Holder, unless mutually agreed otherwise between the Holder and the Administrator, which agreement must be in writing

and signed by the Holder and the Company. Termination of the Plan shall not affect the Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted or awarded under the Plan prior to the date of such termination.

19. Inability to Obtain Authority. The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

20. Reservation of Shares. The Company, during the term of this Plan, shall at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

21. Repurchase Provisions. The Administrator in its sole discretion may provide that the Company may repurchase Shares acquired from an Award upon the occurrence of certain specified events, including, without limitation, a Holder's termination as a Service Provider, divorce, bankruptcy or insolvency.

22. Participant Representations. The Company may require a Plan participant, as a condition to the grant or exercise of or acquisition of Shares under, any Award, (i) to give written representations satisfactory to the Company as to the participant's knowledge and experience in financial and business matters, and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters, and to give written representations satisfactory to the Company that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of the Award; (ii) to give written representations satisfactory to the Company stating that the Participant is acquiring the Common Stock subject to the Award for the Participant's own account and not with any present intention of selling or otherwise distributing the stock; and (iii) to give such other written representations as are deemed necessary or appropriate by the Company and its counsel. The foregoing requirements, and any representations given pursuant to such requirements, shall be inoperative if (A) the issuance of the shares upon the exercise or acquisition of stock under the applicable Award has been registered under a then currently effective registration statement under the Securities Act or (B) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the stock.

23. Code Section 409A. To the extent applicable, the Plan and all award agreements shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder. Notwithstanding any provision of the Plan to the contrary, in the event that the Administrator determines that any Award may be subject to Section 409A of the Code and related Department of Treasury guidance, the Administrator may adopt such amendments to the Plan and the applicable Award agreement or adopt other policies and procedures (including amendments, policies and procedures with

retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (a) exempt the award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the award, or (b) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance. If upon a Participant's "separation from service" within the meaning of Code Section 409A, he/she is then a "specified employee" (as defined in Code Section 409A), then solely to the extent necessary to comply with Code Section 409A and avoid the imposition of taxes under Code Section 409A, the Company shall defer payment of "nonqualified deferred compensation" subject to Code Section 409A payable as a result of and within six (6) months following such separation from service under this Plan until the earlier of (i) the first business day of the seventh month following the Participant's separation from service, or (ii) ten (10) days after the Company receives written confirmation of the Participant's death. Any such delayed payments shall be made without interest.

24. Governing Law. The validity and enforceability of this Plan shall be governed by and construed in accordance with the laws of the State of California without regard to otherwise governing principles of conflicts of law.

25. Restrictions on Shares. Shares acquired under an Award shall be subject to such terms and conditions as the Administrator shall determine in its sole discretion, including, without limitation, transferability restrictions, repurchase rights, requirements that Shares be transferred in the event of certain transactions, rights of first refusal with respect to permitted transfers of Shares, voting agreements, tag-along rights and bring-along rights. Such terms and conditions may, in the Administrator's sole discretion, be contained in the applicable award agreement, exercise notice or in such other agreement as the Administrator shall determine, in each case in a form determined by the Administrator in its sole discretion. The issuance of such Shares shall be conditioned on the Holder's consent to such terms and conditions or the Holder's entering into such agreement or agreements.

26. Lock-Up Agreement. Each Holder shall agree, if so requested by the Company and an underwriter of shares of Common Stock in connection with any public offering of the Company, not to directly or indirectly offer, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant for the sale of or otherwise dispose of or transfer any shares held by it for such period, not to exceed one hundred eighty (180) days following the effective date of the relevant registration statement filed under the Securities Act in connection with the Company's initial public offering of Common Stock or ninety (90) days following the effective date of the relevant registration statement filed under the Securities Act in connection with any other public offering of Common Stock, in each case as such underwriter shall specify reasonably and in good faith. The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such 180-day period.

27. Severability. If any provision of this Plan shall be held to be illegal, invalid or unenforceable under any applicable law, then such contravention or invalidity shall not invalidate the entire Plan and the remainder of the provisions shall remain in full force and effect and in no way shall be affected, impaired or invalidated. Such defective provision shall be deemed to be modified to the extent necessary to render it legal, valid and enforceable, and if no

such modification shall render it legal, valid and enforceable, then this Plan shall be construed as if not containing the provision held to be invalid.

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I hereby certify that the Plan was duly adopted by the Board of Directors of LegalZoom.com, Inc. on August 17, 2016.

Executed at Los Angeles, California on this day of August 24, 2016

/s/ John Suh
John Suh
Chief Executive Officer

I hereby certify that the Plan was duly adopted by the Board of Directors of LegalZoom.com, Inc. on August 17, 2016.

Executed at Los Angeles, California on this day of August 24, 2016.

/s/ Chas Rampenthal
Chas Rampenthal
Secretary, General Counsel

LEGALZOOM.COM, INC.
2016 STOCK INCENTIVE PLAN

STOCK UNIT AGREEMENT

LegalZoom.com, Inc., a Delaware corporation (the "Company"), hereby awards Stock Units to the Participant named below. The terms and conditions of the Award are set forth in this cover sheet, in the attached Stock Unit Agreement and in the LegalZoom.com, Inc. 2016 Stock Incentive Plan (the "Plan").

Date of Award:

Vesting Commencement Date:

Liquidity Event Deadline:

Name of Participant:

Number of Stock Units Awarded:

By signing this cover sheet, you agree to all of the terms and conditions described in the attached Stock Unit Agreement and in the Plan. You are also acknowledging receipt of this Agreement and a copy of the Plan.

Participant:

Company:_____

Name: Nicole Miller
Title: General Counsel

Attachment

STOCK UNIT AGREEMENT

The Plan and Other Agreements

The text of the Plan is incorporated in this Agreement by this reference. You and the Company agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement. Unless otherwise defined in this Agreement, certain capitalized terms used in this Agreement are defined in the Plan.

This Agreement and the Plan constitute the entire understanding between you and the Company regarding this Award of Stock Units. Any prior agreements, commitments or negotiations are superseded.

Award of Stock Units

The Company awards you the number of Stock Units shown on the cover sheet of this Agreement. The Award is subject to the terms and conditions of this Agreement and the Plan.

Vesting

To vest, a Stock Unit must meet both a service-based requirement and a liquidity event requirement prior to the Expiration Date (as defined below). Stock Units that have met both requirements are "**Vested Stock Units**."

Service-Based Requirement: The Stock Units shall meet the service-based requirement over the course of four years, with 25% of the Award meeting the service-based requirement on the first anniversary of the Vesting Commencement Date, and the remainder of the Award meeting the service-based requirement in 12 equal quarterly installments thereafter, subject to your continued status as a Service Provider through each vesting date.

Liquidity Event Requirement: The liquidity event requirement will be deemed to have been met as of the occurrence of a Liquidity Event. For the avoidance of doubt, if the liquidity event requirement is satisfied before the completion of the service-based requirement, the Stock Units shall continue to vest in accordance with the original service-based vesting schedule. For the further avoidance of doubt, if your status as a Service Provider terminates for any reason other than for cause, you shall retain any service-vested Stock Units until the Expiration Date or the earlier settlement of the service-vested Stock Units upon satisfaction of the liquidity event requirement. A "**Liquidity Event**" shall be deemed to occur on the first to occur of (i) a Change in Control (as defined herein), or (ii) a Public Trading Date.

The "**Expiration Date**" of the Award is as follows:

- For Stock Units for which the service-based requirement has been met, the Liquidity Event Deadline.

- For Stock Units for which the service-based requirement has not been met, the earlier of: (i) the Liquidity Event Deadline or (ii) the date of termination of your status as a Service Provider.

All Stock Units that do not become Vested Stock Units on or before the applicable Expiration Date will be immediately forfeited to the Company upon expiration at no cost to the Company.

A "**Change in Control**" shall mean shall mean any one or more of the following:

(i) any "person" (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than a trustee or other fiduciary holding securities of the Company under an employee benefit plan of the Company, becomes the "beneficial owner" (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of (A) the outstanding shares of common stock of the Company or (B) the combined voting power of the Company's then-outstanding securities;

(ii) the Company is party to a merger or consolidation, or series of related transactions, which results in the voting securities of the Company outstanding immediately prior thereto failing to continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; and

(iii) the sale or disposition of all or substantially all of the Company's assets (or consummation of any transaction, or series of related transactions, having similar effect).

Notwithstanding the foregoing, to the extent required for compliance with Section 409A, in no event will a Change in Control be deemed to have occurred if such transaction is not also a "change in the ownership or effective control of" the Company or "a change in the ownership of a substantial portion of the assets of" the Company, as determined under Treasury Regulations Section 1.409A-3(i)(5). In addition, a transfer of ownership or control of the Company between and among affiliated funds of Francisco Partners shall not be a Change in Control.

Settlement	To the extent Stock Units become vested and subject to your satisfaction of any tax withholding obligations as discussed below, such Vested Stock Units will entitle you to receive Shares which will be distributed to you within thirty (30) days of the applicable vesting date(s) (or, if it is determined that it is permissible under Section 409A of the Code, by a date that is no later than March 15 of the year following the year in which a Stock Unit becomes a Vested Stock Unit) in exchange for such Vested Stock Units. Issuance of Shares shall be in complete satisfaction of such vested Stock Units. Such Stock Units shall be immediately cancelled and no longer outstanding and you shall have no further rights or entitlements related to those settled Stock Units.
Acquisition	Notwithstanding Section 16(d) of the Plan, the vesting of the Stock Units subject to this Agreement will not automatically accelerate upon an Acquisition involving the Company.
Non-Transferability	Stock Units may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by laws of descent or distribution. This Award may be exercised during your lifetime by you only. The terms of this Award shall be binding upon your executors, administrators, heirs, successors and assigns.
Investment Representation	The Shares that you receive as payment pursuant to the exercise of this Award, and such Shares have not been registered under the Securities Act or any applicable state laws at the time this Award is exercised, you shall, if required by the Company, prior to the receipt of such Shares, deliver to the Company an "Investment Representation Statement" in the form attached hereto and shall make such other written representations as are deemed necessary or appropriate by the Company and/or its counsel.
The Company's Right of First Refusal	In the event that you propose to sell, pledge, assign, hypothecate, transfer, or otherwise dispose of (including transfer by gift or operation of law and, collectively, "Transfer") to a third party any Shares acquired under this Agreement, or any interest in such Shares, the Company or its assignee(s) shall have a right of first refusal to purchase the Shares on the terms and conditions set forth herein (the "Right of First Refusal"). If you desire to transfer Shares acquired under this Agreement, you must deliver to the Company a written notice (the "Transfer Notice") stating: (A) your bona fide intention to sell or otherwise Transfer such Shares; (B) the name of each proposed purchaser or other transferee ("Proposed Transferee"); (C) the number of Shares to be Transferred to each Proposed Transferee; and (D) the bona fide cash price or other consideration for which you propose to Transfer the Shares (the "Offered Price"), and you shall offer the Shares at the Offered Price to the Company or its assignee(s). Within thirty (30) days after receipt of the Notice, the Company and/or its assignee(s) may elect in writing to purchase all, but not less than all, of the Shares proposed to be Transferred to any one or more of the Proposed Transferees.

The purchase price (the "Purchase Price") for the Shares repurchased under this Section shall be the Offered Price. If the Offered Price includes consideration other than cash, the cash equivalent value of the non-cash consideration shall be determined by the Administrator in good faith. Payment of the Purchase Price shall be made, at the option of the Company or its assignee(s), in cash (by check), by cancellation of all or a portion of any outstanding indebtedness of you to the Company (or, in the case of repurchase by an assignee, to the assignee), or by any combination thereof within thirty (30) days after receipt of the Transfer Notice or in the manner and at the times set forth in the Transfer Notice.

If all of the Shares proposed in the Transfer Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided herein, then you may sell or otherwise Transfer such Shares to that Proposed Transferee at the Offered Price or at a higher price, provided that such sale or other Transfer is consummated within one hundred twenty (120) days after the date of the Transfer Notice and provided further that any such sale or other Transfer is effected in accordance with any applicable securities laws and the Proposed Transferee agrees in writing that the provisions of this Section shall continue to apply to the Shares in the hands of such Proposed Transferee. If the Shares described in the Notice are not Transferred to the Proposed Transferee within such period, a new Transfer Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal as provided herein before any Shares held by you may be sold or otherwise Transferred.

Anything to the contrary contained in the paragraphs above notwithstanding, the Transfer of any or all of the Shares during your lifetime or upon your death by will or intestacy to your Immediate Family (as defined below) or a trust for the benefit of your Immediate Family shall be exempt from the Right of First Refusal. As used herein, "Immediate Family" shall mean spouse, lineal descendant or antecedent, father, mother, brother or sister or stepchild (whether or not adopted). In such case, the transferee or other recipient shall receive and hold the Shares so Transferred subject to the provisions of this Section (including the Right of First Refusal) and there shall be no further Transfer of such Shares except in accordance with the terms of this Section.

The Right of First Refusal shall terminate as to all Shares upon the Public Trading Date.

Right of Repurchase

If your status as a Service Provider is terminated for any reason, the Company shall have the right (but not the obligation) to purchase from you, or your personal representative, as the case may be, any or all of the Shares that you have or will acquire under this Award (and any or all Shares acquired upon exercise of the Award after the date on which you cease to be a Service Provider) at a per Share price equal to the Fair Market Value of a Share on the date on which you cease to be a Service Provider (the "Call Right").

The Company may exercise the Call Right by delivering to you (or your transferee or legal representative, as the case may be) personally or by registered mail within ninety (90) days after the date on which you cease to be a Service Provider (or, in the case of Shares which are acquired after the date on which you cease to be a Service Provider, then within ninety (90) days after the date on which such Shares are acquired), a notice in writing indicating the Company's intention to exercise the Call Right and setting forth a date for closing not later than thirty (30) days from the mailing of such notice. The closing shall take place at the Company's office. At the closing, the holder of the certificates for the Shares being transferred shall deliver the stock certificate or certificates evidencing the Shares, and the Company shall deliver the purchase price therefor.

At its option, the Company may elect to make payment for the Shares to a bank selected by the Company. The Company shall avail itself of this option by a notice in writing to you stating the name and address of the bank, date of closing, and waiving the closing at the Company's office.

If the Company does not elect to exercise the Call Right conferred above by giving the requisite notice within the time provided herein, the Call Right shall terminate.

The Call Right shall terminate as to all Shares upon the Public Trading Date.

Drag-Along Sales

Notwithstanding any other provision of this Award, if the Company or its stockholders receive a bona fide arms' length offer in writing from a third person or third persons who are not affiliates of the Company (a "Third Party") (i) to purchase all or substantially all of the Shares of Common Stock of the Company, (ii) to effect a business combination of the Company with such Third Party or a subsidiary of such Third Party, or (iii) to purchase or otherwise acquire all or substantially all the assets of the Company (any of the transactions described in clauses (i), (ii) or (iii), an "Acquisition Proposal"), and the Company or such stockholders desire to accept or cause the Company to accept such Acquisition Proposal, then, upon the demand of the Company (the "Drag-Along Right"), you shall be required, as the case may be (x) to sell to such Third Party a number of Shares of Common Stock owned by you, if any, equal to the number of Shares specified in the applicable Drag-Along Notice (as defined below) (it being expressly agreed and understood that in connection with any Acquisition Proposal for less than 100% of the total outstanding Shares of the Company's Common Stock, you shall be required to sell that percentage of your Shares of Common Stock equal to the percentage of Shares of Common Stock of the Company

being sold in connection with such Acquisition Proposal), for the same consideration and on the same purchase terms and conditions as the Company or such stockholders, as applicable, and such Third Party have agreed with respect to the Company's Common Stock generally in such transaction, and (y) to vote all of the capital stock beneficially owned by you in favor of such Acquisition Proposal and take all other necessary or desirable actions within your control (including, without limitation, by attending meetings in person or by proxy for the purpose of obtaining a quorum, executing written consents in lieu of meetings and refraining from exercising appraisal rights with respect to any such Acquisition Proposal), to cause the approval of such Acquisition Proposal; provided, that notwithstanding the foregoing, the liability for any indemnity obligations of you under such document shall be several and not joint and several, and, with respect to representations and warranties, shall not apply to any representations or warranties other than representations and warranties relating solely to you.

Prior to consummating any Acquisition Proposal, if the Company elects to exercise the Drag-Along Right, the Company shall provide you with written notice (the "Drag-Along Notice") not more than thirty (30) nor less than ten (10) days prior to the proposed closing date (the "Drag-Along Sale Date") therefor. The Drag-Along Notice shall be accompanied by a copy of any written agreement relating to the Acquisition Proposal and shall set forth, if applicable: (i) the proposed amount and form of consideration to be paid per Share of Common Stock of the Company and the terms and conditions of payment offered by the Third Party; (ii) the aggregate number of Shares of Common Stock outstanding as of the close of business on the day prior to the date of the Drag-Along Notice; (iii) the Drag-Along Sale Date; and (iv) confirmation that the Third Party has agreed to purchase your Shares of Common Stock in accordance with the terms hereof.

On the Drag-Along Sale Date, you, if a participant in the applicable Drag-Along Sale, (a) shall authorize the Company (or the Company's transfer agent, if any) to record in the Company's books and records the transfer of all of your Shares of Common Stock included in such Drag-Along Sale which are not represented by one or more certificates, from you to the purchaser in the Drag-Along Sale and (b) shall deliver all certificates, if any, which represent Shares of Common Stock owned by you included in such Drag-Along Sale, duly endorsed for transfer with signatures guaranteed, to the purchaser in the Drag-Along Sale, in the manner and at the address indicated in the Drag-Along Notice, in each case against delivery of the purchase price for such Shares of Common Stock. In addition, you, if a participant in the applicable Drag-Along Sale, shall take all action as the Company or the purchaser in the Drag-Along Sale shall reasonably request as necessary to vest in the purchaser in the Drag-Along Sale all Shares of Common Stock owned by you included in such Drag Along Sale, whether in certificated or uncertificated form, free and clear of all liens, charges and encumbrances of any kind.

You shall cooperate in good faith with the Company in connection with the consummation of the Drag-Along Sale, including, without limitation, by executing a document containing customary representations, warranties, indemnities and agreements as requested by any Third Party in connection with the Drag-Along Sale.

These Drag-Along Sale provisions shall terminate as to all Shares of Common Stock owned by you upon the Public Trading Date.

Leaves of Absence

For purposes of this Agreement, while you are a common-law employee, your status as a Service Provider does not terminate when you go on a *bona fide* leave of absence that was approved by the Company (or its Parent, Subsidiary or Affiliate) in writing, if the terms of the leave provide for continued service crediting, or when continued service crediting is required by applicable law. Your status as a Service Provider terminates in any event when the approved leave ends, unless you immediately return to active work.

The Company determines which leaves count for this purpose, and when your status as a Service Provider terminates for all purposes under the Plan.

Voting and Other Rights

A Holder of Stock Units shall have no rights other than those of a general creditor of the Company. Subject to the terms of this Agreement, a Holder of outstanding Stock Units subject to this Agreement have none of the rights and privileges of a stockholder of the Company including, but not limited to, the right to vote or to receive dividends. Subject to the terms and conditions of this Agreement, Stock Units create no fiduciary duty of the Company to you and only represent an unfunded and unsecured contractual obligation of the Company. The Stock Units shall not be treated as property or as a trust fund of any kind.

You, or your estate or heirs, have no rights as a stockholder of the Company until a certificate for your Shares has been issued. No adjustments are made for dividends or other rights if the applicable record date occurs before your stock certificate is issued, except as described in the Plan.

Restrictions on Issuance

The Company will not issue any Shares if the issuance of such Shares at that time would violate any law or regulation.

Taxes and Withholding

You will be solely responsible for payment of any and all applicable taxes associated with this Award.

The delivery to you of any Shares underlying vested Stock Units will not be permitted unless and until you have satisfied any withholding or other taxes that may be due. Any such tax withholding obligations may be settled in the Company's discretion by the Company withholding and retaining a portion of the Shares from the Shares that would otherwise be deliverable to you

under the vesting Stock Units. Such withheld Shares will be applied to pay the withholding obligation by using the aggregate Fair Market Value of the withheld Shares as of the date of vesting. You will be delivered the net amount of vested Shares after the Share withholding has been effected and you will not receive the withheld Shares. Any such tax withholding obligations may also be settled, in the Company's discretion, by any other withholding methodology permitted under the terms of the Plan with respect to Stock Units or other types of Awards.

Code Section 409A

This Award will be administered and interpreted to comply with Code Section 409A. Without limitation, Section 23 of the Plan will apply to this Award.

Restrictions on Resale

By signing this Agreement, you agree not to sell any Shares acquired under this Award at a time when applicable laws, regulations or Company or underwriter trading policies or agreements prohibit the sale or issuance of Shares. The Company shall have the right to designate one or more periods of time, each of which shall not exceed one hundred eighty (180) days in length, during which any Shares acquired under this Award shall not be sold, if the Company determines (in its sole discretion) that such limitation on sale could in any way facilitate a lessening of any restriction on transfer pursuant to the Securities Act or any state securities laws with respect to any issuance of securities by the Company, facilitate the registration or qualification of any securities by the Company under the Securities Act or any state securities laws, or facilitate the perfection of any exemption from the registration or qualification requirements of the Securities Act or any applicable state securities laws for the issuance or transfer of any securities.

If the sale of Shares acquired under this Award is not registered under the Securities Act, but an exemption is available which requires an investment representation or other representation and warranty, you shall represent and agree that the Shares being acquired are being acquired for investment, and not with a view to the sale or distribution thereof, and shall make such other representations and warranties as are deemed necessary or appropriate by the Company and its counsel.

You may also be required, as a condition of this Award, to enter into any Stockholders Agreement or other agreements that are applicable to stockholders.

No Retention Rights

This Agreement is not an employment agreement and does not give you the right to be retained in any capacity by the Company (or its Parent, Subsidiaries or Affiliates). The Company (or its Parent, Subsidiaries or Affiliates) reserves the right to terminate your status as a Service Provider at any time and for any reason.

Adjustments	In the event of a stock split, a stock dividend or a similar change in the Company stock, the number of outstanding Stock Units covered by this Award may be adjusted (and rounded down to the nearest whole number) pursuant to the Plan.
Legends	All certificates representing the Common Stock issued under this Award may, where applicable, have endorsed thereon the following legend and any other legend the Company determines appropriate: "THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND OPTIONS TO PURCHASE SUCH SHARES SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE REGISTERED HOLDER, OR HIS OR HER PREDECESSOR IN INTEREST. A COPY OF SUCH AGREEMENT IS ON FILE AT THE PRINCIPAL OFFICE OF THE COMPANY AND WILL BE FURNISHED UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY BY THE HOLDER OF RECORD OF THE SHARES REPRESENTED BY THIS CERTIFICATE." "THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED."
Notice	Any notice to be given or delivered to the Company relating to this Agreement shall be in writing and addressed to the Company at its principal corporate offices. Any notice to be given or delivered to you relating to this Agreement shall be in writing and addressed to you at such address of which you advise the Company in writing. All notices shall be deemed effective upon personal delivery or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.
Applicable Law	This Agreement will be interpreted and enforced under the laws of the State of California.

By signing the cover sheet of this Agreement, you agree to all of the terms and conditions described above and in the Plan.

[Remainder Intentionally Left Blank.]

LEGALZOOM.COM, INC.
INVESTMENT REPRESENTATION STATEMENT

PARTICIPANT : _____

COMPANY : LEGALZOOM.COM, INC.

SECURITY : COMMON STOCK

AMOUNT : _____

DATE : _____

In connection with the purchase of the above-listed shares of Common Stock (the "Securities") of LegalZoom.com, Inc. (the "Company"), I represent to the Company the following:

1. I am aware of the Company's business affairs and financial condition and have acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. I am acquiring these Securities for investment for my own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

2. I acknowledge and understand that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of my investment intent as expressed herein. I understand that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. I further acknowledge and understand that the Company is under no obligation to register the Securities. I understand that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company and any other legend required under applicable state securities laws.

3. I am familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Securities to me, the exercise will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144, including: (1) the resale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (2) the availability of certain public information about the Company, (3) the amount of Securities being sold during any three (3) month period not exceeding the limitations specified in Rule 144(e), and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Securities, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which generally requires (i) if the Company has not been subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for at least ninety (90) days then the resale must occur not less than one (1) year after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144, or (ii) if the Company has been subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for at least ninety (90) days then the resale must occur not less than six (6) months after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144; and, depending on whether Securities being sold are by an affiliate or non-affiliate of the Company along with other facts, the satisfaction of some or all of the conditions set forth in Sections (1), (2), (3) and (4) of the paragraph immediately above.

4. I further understand that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. I understand that no assurances can be given that any such other registration exemption will be available in such event.

5. I understand and acknowledge that the Company will rely upon the accuracy and truth of the foregoing representations and I hereby consent to such reliance.

Signature of Participant:

_____

Date: _____

LEGALZOOM.COM, INC.
2016 STOCK INCENTIVE PLAN

STOCK UNIT AGREEMENT

LegalZoom.com, Inc., a Delaware corporation (the "Company"), hereby awards Stock Units to the Participant named below. The terms and conditions of the Award are set forth in this cover sheet, in the attached Stock Unit Agreement and in the LegalZoom.com, Inc. 2016 Stock Incentive Plan (the "Plan").

Date of Award:

Vesting Commencement Date:

Liquidity Event Deadline:

Name of Participant:

Number of Stock Units Awarded:

By signing this cover sheet, you agree to all of the terms and conditions described in the attached Stock Unit Agreement and in the Plan. You are also acknowledging receipt of this Agreement and a copy of the Plan.

Participant:

Company:_____
Name: Nicole Miller
Title: General Counsel

Attachment

LEGALZOOM.COM, INC.
2016 STOCK INCENTIVE PLAN

STOCK UNIT AGREEMENT

The Plan and Other Agreements

The text of the Plan is incorporated in this Agreement by this reference. You and the Company agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement. Unless otherwise defined in this Agreement, certain capitalized terms used in this Agreement are defined in the Plan.

This Agreement and the Plan constitute the entire understanding between you and the Company regarding this Award of Stock Units. Any prior agreements, commitments or negotiations are superseded.

Award of Stock Units

The Company awards you the number of Stock Units shown on the cover sheet of this Agreement. The Award is subject to the terms and conditions of this Agreement and the Plan.

Vesting

To vest, a Stock Unit must meet both a service-based requirement and a liquidity event requirement prior to the Expiration Date (as defined below). Stock Units that have met both requirements are "**Vested Stock Units**." **Service-Based Requirement**: The Stock Units shall meet the service-based requirement over the course of four years, with 25% of the Award meeting the service-based requirement on the first anniversary of the Vesting Commencement Date, and the remainder of the Award meeting the service based requirement in 12 equal quarterly installments thereafter, subject to your continued status as a Service Provider through each vesting date. In the event that your status as a Service Provider is terminated without Cause by the Company or by you for Good Reason (each as defined in your offer letter with the Company, dated _____ the "**Offer Letter**")), then 100% of the Stock Units shall be deemed to have met the service-based requirement.

Liquidity Event Requirement: The liquidity event requirement will be deemed to have been met as of the occurrence of a Liquidity Event. For the avoidance of doubt, if the liquidity event requirement is satisfied before the completion of the service-based requirement, the Stock Units shall continue to vest in accordance with the original service-based vesting schedule. For the further avoidance of doubt, if your status as a Service Provider terminates for any reason other than for cause as defined in your Offer Letter, you shall retain any service-vested Stock Units until the Expiration Date or the earlier settlement of the service-vested Stock Units upon satisfaction of the liquidity event requirement. A "**Liquidity Event**" shall be deemed to occur on the first to occur of (i) a Change in Control (as defined in the Offer Letter), or

(ii) a Public Trading Date.

The "**Expiration Date**" of the Award is as follows:

- For Stock Units for which the service-based requirement has been met, the Liquidity Event Deadline.
- For Stock Units for which the service-based requirement has not been met, the earlier of: (i) the Liquidity Event Deadline or (ii) the date of termination of your status as a Service Provider.

All Stock Units that do not become Vested Stock Units on or before the applicable Expiration Date will be immediately forfeited to the Company upon expiration at no cost to the Company.

Settlement To the extent Stock Units become vested and subject to your satisfaction of any tax withholding obligations as discussed below, such Vested Stock Units will entitle you to receive Shares which will be distributed to you within thirty (30) days of the applicable vesting date(s) (or, if it is determined that it is permissible under Section 409A of the Code, by a date that is no later than March 15 of the year following the year in which a Stock Unit becomes a Vested Stock Unit) in exchange for such Vested Stock Units. Issuance of Shares shall be in complete satisfaction of such vested Stock Units. Such Stock Units shall be immediately cancelled and no longer outstanding and you shall have no further rights or entitlements related to those settled Stock Units.

Acquisition Other than as set forth in Section 16(d) of the Plan, the vesting of the Stock Units subject to this Agreement will not automatically accelerate upon an Acquisition involving the Company.

Non-Transferability Stock Units may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by laws of descent or distribution. This Award may be exercised during your lifetime by you only. The terms of this Award shall be binding upon your executors, administrators, heirs, successors and assigns.

Investment Representation The Shares that you receive as payment pursuant to the exercise of this Award, and such Shares have not been registered under the Securities Act or any applicable state laws at the time this Award is exercised, you shall, if required by the Company, prior to the receipt of such Shares, deliver to the Company an "Investment Representation Statement" in the form attached hereto and shall make such other written representations as are deemed necessary or appropriate by the Company and/or its counsel.

The Company's Right of First Refusal In the event that you propose to sell, pledge, assign, hypothecate, transfer, or otherwise dispose of (including transfer by gift or operation of law and, collectively, "Transfer") to a third party any Shares acquired under this Agreement, or any interest in such Shares, the Company or its assignee(s) shall have a right of first refusal to purchase the Shares on the terms and conditions set forth herein (the "Right of First Refusal").

If you desire to transfer Shares acquired under this Agreement, you must deliver to the Company a written notice (the "Transfer Notice") stating: (A) your bona fide intention to sell or otherwise Transfer such Shares; (B) the name of each proposed purchaser or other transferee ("Proposed Transferee"); (C) the number of Shares to be Transferred to each Proposed Transferee; and (D) the bona fide cash price or other consideration for which you propose to Transfer the Shares (the "Offered Price"), and you shall offer the Shares at the Offered Price to the Company or its assignee(s).

Within thirty (30) days after receipt of the Notice, the Company and/or its assignee(s) may elect in writing to purchase all, but not less than all, of the Shares proposed to be Transferred to any one or more of the Proposed Transferees.

The purchase price (the "Purchase Price") for the Shares repurchased under this Section shall be the Offered Price. If the Offered Price includes consideration other than cash, the cash equivalent value of the non-cash consideration shall be determined by the Administrator in good faith. Payment of the Purchase Price shall be made, at the option of the Company or its assignee(s), in cash (by check), by cancellation of all or a portion of any outstanding indebtedness of you to the Company (or, in the case of repurchase by an assignee, to the assignee), or by any combination thereof within thirty (30) days after receipt of the Transfer Notice or in the manner and at the times set forth in the Transfer Notice.

If all of the Shares proposed in the Transfer Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided herein, then you may sell or otherwise Transfer such Shares to that Proposed Transferee at the Offered Price or at a higher price, provided that such sale or other Transfer is consummated within one hundred twenty (120)

days after the date of the Transfer Notice and provided further that any such sale or other Transfer is effected in accordance with any applicable securities laws and the Proposed Transferee agrees in writing that the provisions of this Section shall continue to apply to the Shares in the hands of such Proposed Transferee. If the Shares described in the Notice are not Transferred to the Proposed Transferee within such period, a new Transfer Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal as provided herein before any Shares held by you may be sold or otherwise Transferred.

Anything to the contrary contained in the paragraphs above notwithstanding, the Transfer of any or all of the Shares during your lifetime or upon your death by will or intestacy to your Immediate Family (as defined below) or a trust for the benefit of your Immediate Family shall be exempt from the Right of First Refusal. As used herein, "Immediate Family" shall mean spouse, lineal descendant or antecedent, father, mother, brother or sister or stepchild (whether or not adopted). In such case, the transferee or other recipient shall receive and hold the Shares so Transferred subject to the provisions of this Section (including the Right of First Refusal) and there shall be no further Transfer of such Shares except in accordance with the terms of this Section.

The Right of First Refusal shall terminate as to all Shares upon the Public Trading Date.

Right of Repurchase

If your status as a Service Provider is terminated for any reason, the Company shall have the right (but not the obligation) to purchase from you, or your personal representative, as the case may be, any or all of the Shares that you have or will acquire under this Award (and any or all Shares acquired upon exercise of the Award after the date on which you cease to be a Service Provider) at a per Share price equal to the Fair Market Value of a Share on the date on which you cease to be a Service Provider (the "Call Right").

The Company may exercise the Call Right by delivering to you (or your transferee or legal representative, as the case may be) personally or by registered mail within ninety (90) days after the date on which you cease to be a Service Provider (or, in the case of Shares which are acquired after the date on which you cease to be a Service Provider, then within ninety (90) days after the date on which such Shares are acquired), a notice in writing indicating the Company's intention to exercise the Call Right and setting forth a date for closing not later than thirty (30) days from the mailing of such notice. The closing shall take place at the Company's office. At the closing, the holder of the certificates for the Shares being transferred shall deliver the stock certificate or certificates evidencing the Shares, and the Company shall deliver the purchase price therefor.

At its option, the Company may elect to make payment for the Shares to a bank selected by the Company. The Company shall avail itself of this option by a notice in writing to you stating the name and address of the bank, date of closing, and waiving the closing at the Company's office.

If the Company does not elect to exercise the Call Right conferred above by giving the requisite notice within the time provided herein, the Call Right shall terminate.

The Call Right shall terminate as to all Shares upon the Public Trading Date.

Drag-Along Sales

Notwithstanding any other provision of this Award, if the Company or its stockholders receive a bona fide arms' length offer in writing from a third person or third persons who are not affiliates of the Company (a "Third Party") (i) to purchase all or substantially all of the Shares of Common Stock of the Company, (ii) to effect a business combination of the Company with such Third Party or a subsidiary of such Third Party, or (iii) to purchase or otherwise acquire all or substantially all the assets of the Company (any of the transactions described in clauses (i), (ii) or (iii), an "Acquisition Proposal"), and the Company or such stockholders desire to accept or cause the Company to accept such Acquisition Proposal, then, upon the demand of the Company (the "Drag-Along Right"), you shall be required, as the case may be (x) to sell to such Third Party a number of Shares of Common Stock owned by you, if any, equal to the number of Shares specified in the

applicable Drag-Along Notice (as defined below) (it being expressly agreed and understood that in connection with any Acquisition Proposal for less than 100% of the total outstanding Shares of the Company's Common Stock, you shall be required to sell that percentage of your Shares of Common Stock equal to the percentage of Shares of Common Stock of the Company being sold in connection with such Acquisition Proposal), for the same consideration and on the same purchase terms and conditions as the Company or such stockholders, as applicable, and such Third Party have agreed with respect to the Company's Common Stock generally in such transaction, and (y) to vote all of the capital stock beneficially owned by you in favor of such Acquisition Proposal and take all other necessary or desirable actions within your control (including, without limitation, by attending meetings in person or by proxy for the purpose of obtaining a quorum, executing written consents in lieu of meetings and refraining from exercising appraisal rights with respect to any such Acquisition Proposal), to cause the approval of such Acquisition Proposal; provided, that notwithstanding the foregoing, the liability for any indemnity obligations of you under such document shall be several and not joint and several, and, with respect to representations and warranties, shall not apply to any representations or warranties other than representations and warranties relating solely to you.

Prior to consummating any Acquisition Proposal, if the Company elects to exercise the Drag-Along Right, the Company shall provide you with written notice (the "Drag-Along Notice") not more than thirty (30) nor less than ten (10) days prior to the proposed closing date (the "Drag-Along Sale Date") therefor. The Drag-Along Notice shall be accompanied by a copy of any written agreement relating to the Acquisition Proposal and shall set forth, if applicable: (i) the proposed amount and form of consideration to be paid per Share of Common Stock of the Company and the terms and conditions of payment offered by the Third Party; (ii) the aggregate number of Shares of Common Stock outstanding as of the close of business on the day prior to the date of the Drag-Along Notice; (iii) the Drag-Along Sale Date; and (iv) confirmation that the Third Party has agreed to purchase your Shares of Common Stock in accordance with the terms hereof.

On the Drag-Along Sale Date, you, if a participant in the applicable DragAlong Sale, (a) shall authorize the Company (or the Company's transfer agent, if any) to record in the Company's books and records the transfer of all of your Shares of Common Stock included in such Drag-Along Sale which are not represented by one or more certificates, from you to the purchaser in the Drag-Along Sale and (b) shall deliver all certificates, if any, which represent Shares of Common Stock owned by you included in such Drag-Along Sale, duly endorsed for transfer with signatures guaranteed, to the purchaser in the Drag-Along Sale, in the manner and at the address

indicated in the Drag-Along Notice, in each case against delivery of the purchase price for such Shares of Common Stock. In addition, you, if a participant in the applicable Drag-Along Sale, shall take all action as the Company or the purchaser in the Drag-Along Sale shall reasonably request as necessary to vest in the purchaser in the Drag-Along Sale all Shares of Common Stock owned by you included in such Drag Along Sale, whether in certificated or uncertificated form, free and clear of all liens, charges and encumbrances of any kind.

You shall cooperate in good faith with the Company in connection with the consummation of the Drag-Along Sale, including, without limitation, by executing a document containing customary representations, warranties, indemnities and agreements as requested by any Third Party in connection with the Drag-Along Sale.

These Drag-Along Sale provisions shall terminate as to all Shares of Common Stock owned by you upon the Public Trading Date.

Leaves of Absence

For purposes of this Agreement, while you are a common-law employee, your status as a Service Provider does not terminate when you go on a *bona fide* leave of absence that was approved by the Company (or its Parent, Subsidiary or Affiliate) in writing, if the terms of the leave provide for continued service crediting, or when continued service crediting is required by applicable law. Your status as a Service Provider terminates in any event when the approved leave ends, unless you immediately return to active work.

The Company determines which leaves count for this purpose, and when your status as a Service Provider terminates for all purposes under the Plan.

Voting and Other Rights

A Holder of Stock Units shall have no rights other than those of a general creditor of the Company. Subject to the terms of this Agreement, a Holder of outstanding Stock Units subject to this Agreement have none of the rights and privileges of a stockholder of the Company including, but not limited to, the right to vote or to receive dividends. Subject to the terms and conditions of this Agreement, Stock Units create no fiduciary duty of the Company to you and only represent an unfunded and unsecured contractual obligation of the Company. The Stock Units shall not be treated as property or as a trust fund of any kind.

You, or your estate or heirs, have no rights as a stockholder of the Company until a certificate for your Shares has been issued. No adjustments are made for dividends or other rights if the applicable record date occurs before your stock certificate is issued, except as described in the Plan.

Restrictions on Issuance

The Company will not issue any Shares if the issuance of such Shares at that time would violate any law or regulation.

Taxes and Withholding	You will be solely responsible for payment of any and all applicable taxes associated with this Award. The delivery to you of any Shares underlying vested Stock Units will not be permitted unless and until you have satisfied any withholding or other taxes that may be due. Any such tax withholding obligations may be settled in the Company's discretion by the Company withholding and retaining a portion of the Shares from the Shares that would otherwise be deliverable to you under the vesting Stock Units. Such withheld Shares will be applied to pay the withholding obligation by using the aggregate Fair Market Value of the withheld Shares as of the date of vesting. You will be delivered the net amount of vested Shares after the Share withholding has been effected and you will not receive the withheld Shares. Any such tax withholding obligations may also be settled, in the Company's discretion, by any other withholding methodology permitted under the terms of the Plan with respect to Stock Units or other types of Awards.
Code Section 409A	This Award will be administered and interpreted to comply with Code Section 409A. Without limitation, Section 23 of the Plan will apply to this Award.
Restrictions on Resale	By signing this Agreement, you agree not to sell any Shares acquired under this Award at a time when applicable laws, regulations or Company or underwriter trading policies or agreements prohibit the sale or issuance of Shares. The Company shall have the right to designate one or more periods of time, each of which shall not exceed one hundred eighty (180) days in length, during which any Shares acquired under this Award shall not be sold, if the Company determines (in its sole discretion) that such limitation on sale could in any way facilitate a lessening of any restriction on transfer pursuant to the Securities Act or any state securities laws with respect to any issuance of securities by the Company, facilitate the registration or qualification of any securities by the Company under the Securities Act or any state securities laws, or facilitate the perfection of any exemption from the registration or qualification requirements of the Securities Act or any applicable state securities laws for the issuance or transfer of any securities. If the sale of Shares acquired under this Award is not registered under the Securities Act, but an exemption is available which requires an investment representation or other representation and warranty, you shall represent and agree that the Shares being acquired are being acquired for investment, and not with a view to the sale or distribution thereof, and shall make such other representations and warranties as are deemed necessary or appropriate by the Company and its counsel. You may also be required, as a condition of this Award, to enter into any Stockholders Agreement or other agreements that are applicable to stockholders.

No Retention Rights	This Agreement is not an employment agreement and does not give you the right to be retained in any capacity by the Company (or its Parent, Subsidiaries or Affiliates). The Company (or its Parent, Subsidiaries or Affiliates) reserves the right to terminate your status as a Service Provider at any time and for any reason.
Adjustments	In the event of a stock split, a stock dividend or a similar change in the Company stock, the number of outstanding Stock Units covered by this Award may be adjusted (and rounded down to the nearest whole number) pursuant to the Plan.
Legends	All certificates representing the Common Stock issued under this Award may, where applicable, have endorsed thereon the following legend and any other legend the Company determines appropriate: "THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND OPTIONS TO PURCHASE SUCH SHARES SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE REGISTERED HOLDER, OR HIS OR HER PREDECESSOR IN INTEREST. A COPY OF SUCH AGREEMENT IS ON FILE AT THE PRINCIPAL OFFICE OF THE COMPANY AND WILL BE FURNISHED UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY BY THE HOLDER OF RECORD OF THE SHARES REPRESENTED BY THIS CERTIFICATE." "THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED."
Notice	Any notice to be given or delivered to the Company relating to this Agreement shall be in writing and addressed to the Company at its principal corporate offices. Any notice to be given or delivered to you relating to this Agreement shall be in writing and addressed to you at such address of which you advise the Company in writing. All notices shall be deemed effective upon personal delivery or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.
Applicable Law	This Agreement will be interpreted and enforced under the laws of the State of California.

By signing the cover sheet of this Agreement, you agree to all of the terms and conditions described above and in the Plan.

[Remainder Intentionally Left Blank.]

LEGALZOOM.COM, INC.
INVESTMENT REPRESENTATION STATEMENT

PARTICIPANT	:	_____
COMPANY	:	LEGALZOOM.COM, INC.
SECURITY	:	COMMON STOCK
AMOUNT	:	_____
DATE	:	_____

In connection with the purchase of the above-listed shares of Common Stock (the "Securities") of LegalZoom.com, Inc. (the "Company"), I represent to the Company the following:

1. I am aware of the Company's business affairs and financial condition and have acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. I am acquiring these Securities for investment for my own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

2. I acknowledge and understand that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of my investment intent as expressed herein. I understand that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. I further acknowledge and understand that the Company is under no obligation to register the Securities. I understand that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company and any other legend required under applicable state securities laws.

3. I am familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Securities to me, the exercise will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144, including: (1) the resale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (2) the availability of certain public information about the Company, (3) the amount of Securities being sold during any three (3) month period not exceeding the limitations specified in Rule 144(e), and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Securities, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which generally requires (i) if the Company has not been subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for at least ninety (90) days then the resale must occur not less than one (1) year after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144, or (ii) if the Company has been subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for at least ninety (90) days then the resale must occur not less than six (6) months after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144; and, depending on whether Securities being sold are by an affiliate or non-affiliate of the Company along with other facts, the satisfaction of some or all of the conditions set forth in Sections (1), (2), (3) and (4) of the paragraph immediately above.

4. I further understand that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. I understand that no assurances can be given that any such other registration exemption will be available in such event.

5. I understand and acknowledge that the Company will rely upon the accuracy and truth of the foregoing representations and I hereby consent to such reliance.

Signature of Participant:

_____

Date: _____

LEGALZOOM.COM, INC.

2016 STOCK INCENTIVE PLAN

STOCK OPTION AGREEMENT

Pursuant to the LegalZoom.com, Inc. 2016 Stock Incentive Plan (the "Plan"), LegalZoom.com, Inc. (the "Company") hereby grants to the Optionee listed below ("Optionee"), an option (the "Option") to purchase the number of shares of the Company's Common Stock set forth below (the "Shares"), subject to the terms and conditions of the Plan and this Stock Option Agreement. All capitalized terms used in this Stock Option Agreement without definition shall have the meanings ascribed to such terms in the Plan.

I. NOTICE OF STOCK OPTION GRANT

Optionee:

Date of Grant:

Exercise Price per Share:

Total Number of Shares Granted:

Total Exercise Price:

Term/Expiration Date:

Type of Option: ☐ Incentive Stock Option ☒ Non-Qualified Stock Option

Vesting Schedule: This Option shall vest according to the following schedule:

Subject to Optionee's continuous service as of the vesting date, award shall vest immediately prior to, but conditioned on, a Liquidity Event, on an interpolated linear basis starting at 0% at a per share common stock valuation equal to $19.64 per share and ending at 100% of the options vested at a per share common stock valuation equal to or greater than $29.46 per share (i.e., the valuation implied by the transaction in the case of a Change in Control, and the underwriters' price in the case of a Public Trading Date, as such capitalized terms are defined in Optionee's employment agreement).

Termination Period:

Except in the event of a termination of Optionee's service by the Company for Cause, this Option may be exercised, to the extent vested, for thirty (30) days after Optionee ceases to be a Service Provider, or such longer period as may be applicable upon the death or disability of Optionee as provided herein, but in no event later than the Term/Expiration Date stated above. In the event that Optionee's service with the Company is terminated by the Company for Cause, the Option shall terminate without consideration with respect to all Shares subject thereto (whether vested or unvested) as of the start of business on the date of such termination. For purposes herein, the term "Service Provider" means that the Optionee (i) is an employee of the Company, or (ii) provides certain services to the Company as an independent contractor, consultant, joint venture or other similar arrangement, where the continuing provision of such service is a contingency upon which continued vesting of the Option is dependent.

II. AGREEMENT

1. Grant of Option. The Company hereby grants to Optionee an Option to purchase the number of Shares set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the "Exercise Price"). Notwithstanding anything to the contrary anywhere else in this Stock Option Agreement, the Option is subject to the terms, definitions and provisions of the Plan adopted by the Company, which is incorporated herein by reference.

If designated in the Notice of Grant as an Incentive Stock Option, this Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code; *provided*, that to the extent that the aggregate Fair Market Value of stock with respect to which incentive stock options (within the meaning of Code Section 422, but without regard to Code Section 422(d)), including this Option, become exercisable for the first time by Optionee during any calendar year (under the Plan and all other incentive stock option plans of the Company or any "parent corporation" or "subsidiary corporation" thereof within the meaning of Section 424(e) and 424(f), respectively, of the Code) exceeds $100,000, such options shall not be treated as qualifying under Code Section 422, but rather shall be treated as Non-Qualified Stock Options to the extent required by Code Section 422. The rule set forth in the preceding sentence shall be applied by taking options into account in the order in which they were granted. For purposes of these rules, the Fair Market Value of stock shall be determined as of the time the option with respect to such stock is granted.

2. Exercise of Option. This Option is exercisable as follows:

(a) Right to Exercise.

(i) This Option shall be exercisable cumulatively according to the vesting schedule set forth in the Notice of Grant. For purposes of this Stock Option Agreement, Shares subject to this Option shall vest based on Optionee's continued status as a Service Provider.

(ii) This Option may not be exercised for a fraction of a Share.

(iii) In the event of Optionee's death, disability or other termination of Optionee's status as a Service Provider, the exercisability of the Option shall be governed by Sections 7, 8, 9 and 10 below.

(iv) In no event may this Option be exercised after the date of expiration of the term of this Option as set forth in the Notice of Grant.

(b) Method of Exercise. This Option shall be exercisable by written notice (substantially in the form attached hereto as Exhibit A). Such notice must state the number of Shares for which the Option is being exercised and contain such other representations and agreements with respect to such Shares as may be required by the Company pursuant to the

provisions of the Plan. The notice must be signed by Optionee and shall be delivered in person or by certified mail to the Secretary of the Company. The notice must be accompanied by payment of the Exercise Price plus payment of any applicable withholding tax. This Option shall be deemed to be exercised upon receipt by the Company of such written notice accompanied by the Exercise Price and payment of any applicable withholding tax.

No Shares shall be issued pursuant to the exercise of this Option unless such issuance and such exercise comply with all relevant provisions of law and the requirements of any stock exchange upon which the Shares may then be listed. Assuming such compliance, for income tax purposes, the Shares shall be considered transferred to Optionee on the date on which the Option is exercised with respect to such Shares.

3. Optionee's Representations. If the Shares purchasable pursuant to the exercise of this Option have not been registered under the Securities Act or any applicable state laws at the time this Option is exercised, Optionee shall, if required by the Company, concurrently with the exercise of all or any portion of this Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit B and shall make such other written representations as are deemed necessary or appropriate by the Company and/or its counsel.

4. Lock-Up Period. Optionee hereby agrees that, if so requested by the Company or any representative of the underwriters (the "Managing Underwriter") in connection with any registration of the offering of any securities of the Company under the Securities Act or any applicable state laws, Optionee shall not sell or otherwise transfer any Shares or other securities of the Company during (a) the 180-day period (or such longer period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) following the effective date of a registration statement of the Company filed under the Securities Act in connection with the Company's initial public offering of Common Stock, or (b) the 90-day period following the effective date of a registration statement filed by the Company under the Securities Act in connection with any other public offering of Common Stock (in either case, the "Market Standoff Period"). The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period and these restrictions shall be binding on any transferee of such Shares.

5. Method of Payment. Payment of the Exercise Price shall be by (a) cash, (b) check or (c) with the consent of the Administrator, (i) a full recourse promissory note bearing interest (at no less than such rate as is a market rate of interest and which then precludes the imputation of interest under the Code), payable upon such terms as may be prescribed by the Administrator, and structured to comply with Applicable Laws, (ii) other Shares which have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option shall be exercised, (iii) surrendered Shares then issuable upon exercise of the Option having a Fair Market Value on the date of exercise equal to the aggregate exercise price of the Option or exercised portion thereof, (iv) property of any kind which constitutes good and valuable consideration, (v) delivery of a notice that Optionee has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the Option and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price, *provided*, that payment of such proceeds is then made to the Company upon settlement of such sale, or (vi) any combination of the foregoing methods of payment.

6. Restrictions on Exercise. This Option may not be exercised until the Plan has been approved by the stockholders of the Company. If the issuance of Shares upon such exercise or if the method of payment for such shares would constitute a violation of any applicable federal or state securities or other law or regulation, then the Option may also not be exercised. The Company may require Optionee to make any representation and warranty to the Company as may be required by any applicable law or regulation before allowing the Option to be exercised.

7. Termination of Relationship. If Optionee ceases to be a Service Provider (other than by reason of a termination by the Company for Cause or Optionee's death or the total and permanent disability of Optionee as defined in Code Section 22(e)(3)), to the extent vested as of the date on which Optionee ceases to be a Service Provider (taking into account any vesting that may occur in connection with such termination), the Option shall remain exercisable for a period of thirty (30) days immediately following such date of termination (but in no event later than the expiration date of the term of the Option as set forth in the Notice of Grant). Except as set forth in Section I (Termination Period) above, to the extent that the Option is not vested as of the date on which Optionee ceases to be a Service Provider, or if Optionee does not exercise the Option within the time specified herein, the Option shall terminate.

8. Termination for Cause. If Optionee ceases to be a Service Provider by reason of a termination by the Company for Cause, the Option shall terminate as of the start of business on the date of Optionee's termination, regardless of whether the Option is then vested and/or exercisable with respect to any Shares.

9. Disability of Optionee. If Optionee ceases to be a Service Provider as a result of his or her total and permanent disability as defined in Code Section 22(e)(3), the Option, to the extent vested as of the date on which Optionee ceases to be a Service Provider, shall remain exercisable for twelve (12) months from such date (but in no event later than the expiration date of the term of the Option as set forth in the Notice of Grant). To the extent that the Option is not vested as of the date on which Optionee ceases to be a Service Provider, or if Optionee does not exercise such Option within the time specified herein, the Option shall terminate.

10. Death of Optionee. If Optionee ceases to be a Service Provider as a result of Optionee's death, the Option, to the extent vested as of the date of death, shall remain exercisable for twelve (12) months following the date of death (but in no event later than the expiration date of the term of the Option as set forth in the Notice of Grant) by Optionee's estate or by a person who acquires the right to exercise the Option by bequest or inheritance. To the extent that the Option is not vested as of the date of death, or if the Option is not exercised within the time specified herein, the Option shall terminate.

11. Non-Transferability of Option. This Option may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by laws of descent or distribution. It may be exercised during the lifetime of Optionee only by Optionee. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of Optionee.

12. Term of Option. This Option may be exercised only within the term set forth in the Notice of Grant.

13. Restrictions on Shares. Optionee hereby agrees that Shares purchased upon the exercise of the Option shall be subject to such terms and conditions as the Administrator shall determine in its sole discretion, including, without limitation, restrictions on the transferability of Shares, the right of the Company to repurchase Shares, the right of the Company to require that Shares be transferred in the event of certain transactions, a right of first refusal in favor of the Company with respect to permitted transfers of Shares, tag-along rights and bring-along rights. Such terms and conditions may, in the Administrator's sole discretion, be contained in the Exercise Notice with respect to the Option or in such other agreement as the Administrator shall determine and which Optionee hereby agrees to enter into at the request of the Company.

14. Code Section 409A. Without limiting the generality of any other provision of this Agreement, Section 23 of the Plan pertaining to Code Section 409A is hereby explicitly incorporated into this Agreement.

15. No Right to Employment. Nothing in the Plan or in this Stock Option Agreement shall confer upon Optionee any right to continue as an Employee, Director or Consultant of the Company or any Parent or Subsidiary, or shall interfere with or restrict in any way the rights of the Company or any Parent or Subsidiary, which are hereby expressly reserved, to discharge Optionee at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written employment agreement between Optionee and the Company or any Parent or Subsidiary.

16. Electronic Signatures; Electronic Records. The parties agree that (i) signatures on this Stock Option Agreement communicated by facsimile or other similar electronic transmission or a digital signature provided through DocuSign (or some other similar service) shall be considered an original signature, and (ii) the use of electronic signatures and the keeping of records in electronic form be granted the same legal effect, validity, or enforceability as a signature affixed by hand or the use of a paper-based record keeping system to the extent and as provided for in any applicable law including the Federal Electronic Signatures in Global and National Commerce Act, California digital signature regulations, or any other similar state laws based on the Uniform Electronic Transactions Act.

(Signature Page Follows)

This Stock Option Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which shall constitute one document.

LEGALZOOM.COM, INC.

By: _____
Name: Nicole Miller
Title: General Counsel

OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE OPTION HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS STOCK OPTION AGREEMENT, NOR IN THE COMPANY'S 2016 STOCK INCENTIVE PLAN WHICH IS INCORPORATED HEREIN BY REFERENCE, SHALL CONFER UPON OPTIONEE ANY RIGHT WITH RESPECT TO CONTINUATION AS A SERVICE PROVIDER OF THE COMPANY OR ANY PARENT OR SUBSIDIARY, NOR SHALL IT INTERFERE IN ANY WAY WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE AND WITH OR WITHOUT PRIOR NOTICE.

Optionee acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof. Optionee hereby accepts this Option subject to all of the terms and provisions hereof. Optionee has reviewed the Plan and this Option in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option and fully understands all provisions of the Option. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Option. Optionee further agrees to notify the Company upon any change in the residence address indicated below.

Dated:

By: _____
Name:

EXHIBIT A

LEGALZOOM.COM, INC.

2016 STOCK INCENTIVE PLAN

EXERCISE NOTICE

LegalZoom.com, Inc.
Attention: Stock Administration

17. Exercise of Option. Effective as of today, _____, _____, the undersigned ("Optionee") hereby elects to exercise Optionee's option to purchase _____ shares of the Common Stock (the "Shares") of LegalZoom.com, Inc. (the "Company") under and pursuant to the LegalZoom.com, Inc. 2016 Stock Incentive Plan (the "Plan") and the Stock Option Agreement dated _____ (the "Option Agreement"). Capitalized terms used herein without definition shall have the meanings given in the Option Agreement.

Date of Grant:	[DATE]
Number of Shares Exercised:	
Exercise Price per Share:	$[_____]
Total Exercise Price:	$[_____]
Certificate to be issued in name of:	[NAME]

Type of Option: ☐ Incentive Stock Option ☒ Non-Qualified Stock Option

18. Representations of Optionee. Optionee acknowledges that Optionee has received, read and understood the Plan and the Option Agreement. Optionee agrees to abide by and be bound by their terms and conditions.

19. Rights as Stockholder. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to Shares subject to the Option, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate within a reasonable time after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date on which the stock certificate is issued, except as provided in Section 16 of the Plan. Optionee shall enjoy rights as a stockholder until such time as Optionee disposes of the Shares or the Company and/or its assignee(s) exercises the Right of First Refusal, Call Right or Drag-Along Right hereunder (each as defined below). Upon such disposal or exercise, Optionee shall have no further rights as a holder of the Shares so purchased except the right to receive payment for the Shares so purchased in accordance with the provisions of this Agreement, and Optionee shall forthwith cause the certificate(s) evidencing the Shares so purchased to be surrendered to the Company for transfer or cancellation.

20. Optionee's Rights to Transfer Shares.

(a) Company's Right of First Refusal. Before any Shares held by Optionee or any permitted transferee (each, a "Holder") may be sold, pledged, assigned, hypothecated, transferred, or otherwise disposed of (including transfer by gift or operation of law and, collectively, "Transfer" or "Transferred"), the Company or its assignee(s) shall have a right of first refusal to purchase the Shares on the terms and conditions set forth in this Section (the "Right of First Refusal").

(i) *Notice of Proposed Transfer*. The Holder of the Shares shall deliver to the Company a written notice (the "Notice") stating: (A) the Holder's bona fide intention to sell or otherwise Transfer such Shares; (B) the name of each proposed purchaser or other transferee ("Proposed Transferee"); (C) the number of Shares to be Transferred to each Proposed Transferee; and (D) the bona fide cash price or other consideration for which the Holder proposes to Transfer the Shares (the "Offered Price"), and the Holder shall offer the Shares at the Offered Price to the Company or its assignee(s).

(ii) *Exercise of Right of First Refusal*. Within thirty (30) days after receipt of the Notice, the Company and/or its assignee(s) may elect in writing to purchase all, but not less than all, of the Shares proposed to be Transferred to any one or more of the Proposed Transferees. The purchase price will be determined in accordance with paragraph (iii) below.

(iii) *Purchase Price*. The purchase price (the "Purchase Price") for the Shares repurchased under this Section shall be the Offered Price. If the Offered Price includes consideration other than cash, the cash equivalent value of the non-cash consideration shall be determined by the Administrator in good faith.

(iv) *Payment*. Payment of the Purchase Price shall be made, at the option of the Company or its assignee(s), in cash (by check), by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Company (or, in the case of repurchase by an assignee, to the assignee), or by any combination thereof within thirty (30) days after receipt of the Notice or in the manner and at the times set forth in the Notice.

(v) *Holder's Right to Transfer*. If all of the Shares proposed in the Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided in this Section, then the Holder may sell or otherwise Transfer such Shares to that Proposed Transferee at the Offered Price or at a higher price, provided that such sale or other Transfer is consummated within one hundred twenty (120) days after the date of the Notice and provided further that any such sale or other Transfer is effected in accordance with any applicable securities laws and the Proposed Transferee agrees in writing that the provisions of this Section shall continue to apply to the Shares in the hands of such Proposed Transferee. If the Shares described in the Notice are not Transferred to the Proposed Transferee within such period, a new Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal as provided herein before any Shares held by the Holder may be sold or otherwise Transferred.

(b) Exception for Certain Family Transfers. Anything to the contrary contained in this Section notwithstanding, the Transfer of any or all of the Shares during the Optionee's lifetime or on the Optionee's death by will or intestacy to the Optionee's Immediate Family (as defined below) or a trust for the benefit of the Optionee's Immediate Family shall be exempt from the Right of First Refusal. As used herein, "Immediate Family" shall mean spouse, lineal descendant or antecedent, father, mother, brother or sister or stepchild (whether or not adopted). In such case, the transferee or other recipient shall receive and hold the Shares so Transferred subject to the provisions of this Section (including the Right of First Refusal) and there shall be no further Transfer of such Shares except in accordance with the terms of this Section.

(c) Termination of Right of First Refusal. The Right of First Refusal shall terminate as to all Shares upon the date of the initial sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act (an "Initial Public Offering").

21. Company Call Right.

(a) If Optionee ceases to be a Service Provider for any reason, the Company shall have the right (but not the obligation) to purchase from Optionee, or Optionee's personal representative, as the case may be, any or all of the Shares then owned by the Optionee (and any or all Shares acquired upon exercise of the Option after the date on which the Optionee ceases to be a Service Provider) at a per Share price equal to the Fair Market Value of a Share on the date on which the Optionee ceases to be a Service Provider (the "Call Right").

(b) The Company may exercise the Call Right by delivering personally or by registered mail to Optionee (or his or her transferee or legal representative, as the case may be), within ninety (90) days after the date on which Optionee ceases to be a Service Provider (or, in the case of Shares which are acquired after the date on which Optionee ceases to be a Service Provider, then within ninety (90) days after the date on which such Shares are acquired), a notice in writing indicating the Company's intention to exercise the Call Right and setting forth a date for closing not later than thirty (30) days from the mailing of such notice. The closing shall take place at the Company's office. At the closing, the holder of the certificates for the Shares being transferred shall deliver the stock certificate or certificates evidencing the Shares, and the Company shall deliver the purchase price therefor.

(c) At its option, the Company may elect to make payment for the Shares to a bank selected by the Company. The Company shall avail itself of this option by a notice in writing to Optionee stating the name and address of the bank, date of closing, and waiving the closing at the Company's office.

(d) If the Company does not elect to exercise the Call Right conferred above by giving the requisite notice within the time provided in Subsection (b) above, the Call Right shall terminate.

(e) The Call Right shall terminate as to all Shares upon the date of an Initial Public Offering.

22. Drag-Along Sales.

(a) Notwithstanding any other provision of this Agreement, if the Company or its stockholders receive a bona fide arms' length offer in writing from a third person or third persons who are not affiliates of the Company (a "Third Party") (i) to purchase all or substantially all of the shares of Common Stock of the Company, (ii) to effect a business combination of the Company with such Third Party or a subsidiary of such Third Party, or (iii) to purchase or otherwise acquire all or substantially all the assets of the Company (any of the transactions described in clauses (i), (ii) or (iii), an "Acquisition Proposal"), and the Company or such stockholders desire to accept or cause the Company to accept such Acquisition Proposal, then, upon the demand of the Company (the "Drag-Along Right"), Optionee shall be required, as the case may be (x) to sell to such Third Party a number of shares of Common Stock owned by Optionee, if any, equal to the number of shares specified in the applicable Drag-Along Notice (as defined below) (it being expressly agreed and understood that in connection with any Acquisition Proposal for less than 100% of the total outstanding shares of the Company's Common Stock, Optionee shall be required to sell that percentage of his or her shares of Common Stock equal to the percentage of shares of Common Stock of the Company being sold in connection with such Acquisition Proposal), for the same consideration and on the same purchase terms and conditions as the Company or such stockholders, as applicable, and such Third Party have agreed with respect to the Company's Common Stock generally in such transaction, and (y) to vote all of the capital stock beneficially owned by Optionee in favor of such Acquisition Proposal and take all other necessary or desirable actions within Optionee's control (including, without limitation, by attending meetings in person or by proxy for the purpose of obtaining a quorum, executing written consents in lieu of meetings and refraining from exercising appraisal rights with respect to any such Acquisition Proposal), to cause the approval of such Acquisition Proposal; provided, that notwithstanding the foregoing, the liability for any indemnity obligations of Optionee under such document shall be several and not joint and several, and, with respect to representations and warranties, shall not apply to any representations or warranties other than representations and warranties relating solely to Optionee.

(b) Prior to consummating any Acquisition Proposal, if the Company elects to exercise the Drag-Along Right, the Company shall provide Optionee with written notice (the "Drag-Along Notice") not more than thirty (30) nor less than ten (10) days prior to the proposed closing date (the "Drag-Along Sale Date") therefor. The Drag-Along Notice shall be accompanied by a copy of any written agreement relating to the Acquisition Proposal and shall set forth, if applicable: (i) the proposed amount and form of consideration to be paid per share of Common Stock of the Company and the terms and conditions of payment offered by the Third Party; (ii) the aggregate number of shares of Common Stock outstanding as of the close of business on the day prior to the date of the Drag-Along Notice; (iii) the Drag-Along Sale Date; and (iv) confirmation that the Third Party has agreed to purchase Optionee's shares of Common Stock in accordance with the terms hereof.

(c) On the Drag-Along Sale Date, the Optionee, if a participant in the applicable Drag-Along Sale, (a) authorizes the Company (or the Company's transfer agent, if any) to record in the Company's books and records the transfer of all of Optionee's shares of Common Stock included in such Drag-Along Sale which are not represented by one or more

certificates, from Optionee to the purchaser in the Drag-Along Sale and (b) shall deliver all certificates, if any, which represent shares of Common Stock owned by Optionee included in such Drag-Along Sale, duly endorsed for transfer with signatures guaranteed, to the purchaser in the Drag-Along Sale, in the manner and at the address indicated in the Drag-Along Notice, in each case against delivery of the purchase price for such shares of Common Stock. In addition, the Optionee, if a participant in the applicable Drag-Along Sale, shall take all action as the Company or the purchaser in the Drag-Along Sale shall reasonably request as necessary to vest in the purchaser in the Drag-Along Sale all shares of Common Stock owned by Optionee included in such Drag Along Sale, whether in certificated or uncertificated form, free and clear of all liens, charges and encumbrances of any kind.

(d) Optionee shall cooperate in good faith with the Company in connection with the consummation of the Drag-Along Sale, including, without limitation, by executing a document containing customary representations, warranties, indemnities and agreements as requested by any Third Party in connection with the Drag-Along Sale.

(e) The provisions of this Section 6 shall terminate as to all shares of Common Stock owned by Optionee upon the date of an Initial Public Offering.

23. Tax Consultation. Optionee understands that Optionee may suffer adverse tax consequences as a result of Optionee's purchase or disposition of the Shares. Optionee represents that Optionee has consulted with any tax consultants Optionee deems advisable in connection with the purchase or disposition of the Shares and that Optionee is not relying on the Company for any tax advice.

24. Lock-Up Period. Optionee hereby agrees that if so requested by the Company or any representative of the underwriters (the "Managing Underwriter") in connection with any registration of the offering of any securities of the Company under the Securities Act or any applicable state laws, Optionee shall not sell or otherwise transfer any Shares or other securities of the Company during (a) the 180-day period (or such longer period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) following the effective date of a registration statement of the Company filed under the Securities Act in connection with the Company's initial public offering of Common Stock, or (b) the 90-day period following the effective date of a registration statement filed by the Company under the Securities Act in connection with any other public offering of Common Stock (in either case, the "Market Standoff Period"). The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period and these restrictions shall be binding on any transferee of such Shares.

25. Restrictive Legends and Stop-Transfer Orders.

(a) Legends. Optionee understands and agrees that the Company shall cause the legends set forth below or legends substantially similar thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by state or federal securities laws:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR ANY APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT AND SUCH LAWS OR, IN THE OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND RIGHT OF FIRST REFUSAL OPTIONS HELD BY THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN THE EXERCISE NOTICE BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS AND RIGHT OF FIRST REFUSAL ARE BINDING ON TRANSFEREES OF THESE SHARES.

(b) Stop-Transfer Notices. Optionee agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

26. Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement shall be binding upon Optionee and his or her heirs, executors, administrators, successors and assigns.

27. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by Optionee or by the Company forthwith to the Administrator, which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Administrator shall be final and binding on the Company and on Optionee.

28. Governing Law; Severability. This Agreement shall be governed by and construed in accordance with the laws of the State of California excluding that body of law pertaining to conflicts of law. Should any provision of this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

29. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail, with postage and fees prepaid, addressed to the other party at its address as shown below beneath its signature, or to such other address as such party may designate in writing from time to time to the other party.

30. Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Agreement.

31. Delivery of Payment. Optionee herewith delivers to the Company the full Exercise Price for the Shares, as well as any applicable withholding tax.

32. Entire Agreement. The Plan and Option Agreement are incorporated herein by reference. This Agreement, the Plan, the Option Agreement and the Investment Representation Statement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof.

Accepted by:	Submitted by:
LEGALZOOM.COM, INC.	**OPTIONEE**
By: _____	By: _____
Name: Nicole Miller	Name: [NAME]
Title: General Counsel	Address: _____
	_____
	Phone: _____
	Email: _____
Date: _____	Date: _____

EXHIBIT B

INVESTMENT REPRESENTATION STATEMENT

OPTIONEE : [NAME]

COMPANY : LEGALZOOM.COM, INC.

SECURITY : COMMON STOCK

AMOUNT : _____

DATE : _____

In connection with the purchase of the above-listed shares of Common Stock (the "Securities") of LegalZoom.com, Inc. (the "Company"), the undersigned (the "Optionee") represents to the Company the following:

(a) Optionee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Optionee is acquiring these Securities for investment for Optionee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(b) Optionee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Optionee's investment intent as expressed herein. Optionee understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Optionee further acknowledges and understands that the Company is under no obligation to register the Securities. Optionee understands that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company and any other legend required under applicable state securities laws.

(c) Optionee is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Option to Optionee, the exercise will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the

conditions specified by Rule 144, including: (1) the resale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (2) the availability of certain public information about the Company, (3) the amount of Securities being sold during any three (3) month period not exceeding the limitations specified in Rule 144(e), and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Option, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which generally requires (i) if the Company has not been subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for at least ninety (90) days then the resale must occur not less than one (1) year after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144, or (ii) if the Company has been subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for at least ninety (90) days then the resale must occur not less than (6) six months after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144; and, depending on whether Securities being sold are by an affiliate or non-affiliate of the Company along with other facts, the satisfaction of some or all of the conditions set forth in Sections (1), (2), (3) and (4) of the paragraph immediately above.

(d) Optionee further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Optionee understands that no assurances can be given that any such other registration exemption will be available in such event.

(e) Optionee understands and acknowledges that the Company will rely upon the accuracy and truth of the foregoing representations and Optionee hereby consents to such reliance.

Signature of Optionee:

_____

[NAME]

Date: _____

LEGALZOOM.COM, INC.

2016 STOCK INCENTIVE PLAN

STOCK OPTION AGREEMENT

Pursuant to the LegalZoom.com, Inc. 2016 Stock Incentive Plan (the "Plan"), LegalZoom.com, Inc. (the "Company") hereby grants to the Optionee listed below ("Optionee"), an option (the "Option") to purchase the number of shares of the Company's Common Stock set forth below (the "Shares"), subject to the terms and conditions of the Plan and this Stock Option Agreement. All capitalized terms used in this Stock Option Agreement without definition shall have the meanings ascribed to such terms in the Plan.

I. NOTICE OF STOCK OPTION GRANT

Optionee:

Date of Grant:

First Vest Date:

Exercise Price per Share:

Total Number of Shares Granted:

Total Exercise Price:

Term/Expiration Date:

Type of Option: ☐ Incentive Stock Option ☒ Non-Qualified Stock Option

Vesting Schedule: This Option shall vest according to the following schedule:

Subject to your continued employment, 25% vests on FVD, remaining 75% vests quarterly over next 3 years thereafter. Immediately prior to, but contingent on, a Change in Control, the options shall vest to the extent necessary such that the options are vested with respect to 50% of the then unvested covered shares. Any then remaining unvested options (after taking into account the above mentioned vesting acceleration) shall continue to vest in accordance with the original vesting schedule, provided that if during the twenty-four (24) month period following a Change in Control, employment is terminated without Cause by the Company or by employee for Good Reason, then 100% of the options shall be fully vested upon such termination (as such capitalized terms are defined in employee's employment agreement.) In the event of a Qualified Termination, 12 months of vesting credit and a post-termination exercise window equal to the earlier of (a) the expiration of the original term of such options and (b) one year from the termination date.

Termination Period:	Except in the event of a termination of Optionee's service by the Company for Cause, this Option may be exercised, to the extent vested, for thirty (30) days after Optionee ceases to be a Service Provider, or such longer period as may be applicable upon the death or disability of Optionee as provided herein, but in no event later than the Term/Expiration Date stated above. In the event that Optionee's service with the Company is terminated by the Company for Cause, the Option shall terminate without consideration with respect to all Shares subject thereto (whether vested or unvested) as of the start of business on the date of such termination. For purposes herein, the term "Service Provider" means that the Optionee (i) is an employee of the Company, or (ii) provides certain services to the Company as an independent contractor, consultant, joint venture or other similar arrangement, where the continuing provision of such service is a contingency upon which continued vesting of the Option is dependent.

II. AGREEMENT

1. Grant of Option. The Company hereby grants to Optionee an Option to purchase the number of Shares set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the "Exercise Price"). Notwithstanding anything to the contrary anywhere else in this Stock Option Agreement, the Option is subject to the terms, definitions and provisions of the Plan adopted by the Company, which is incorporated herein by reference.

If designated in the Notice of Grant as an Incentive Stock Option, this Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code; *provided*, that to the extent that the aggregate Fair Market Value of stock with respect to which incentive stock options (within the meaning of Code Section 422, but without regard to Code Section 422(d)), including this Option, become exercisable for the first time by Optionee during any calendar year (under the Plan and all other incentive stock option plans of the Company or any "parent corporation" or "subsidiary corporation" thereof within the meaning of Section 424(e) and 424(f), respectively, of the Code) exceeds $100,000, such options shall not be treated as qualifying under Code Section 422, but rather shall be treated as Non-Qualified Stock Options to the extent required by Code Section 422. The rule set forth in the preceding sentence shall be applied by taking options into account in the order in which they were granted. For purposes of these rules, the Fair Market Value of stock shall be determined as of the time the option with respect to such stock is granted.

2. Exercise of Option. This Option is exercisable as follows:

(a) Right to Exercise.

(i) This Option shall be exercisable cumulatively according to the vesting schedule set forth in the Notice of Grant. For purposes of this Stock Option Agreement, Shares subject to this Option shall vest based on Optionee's continued status as a Service Provider.

(ii) This Option may not be exercised for a fraction of a Share.

(iii) In the event of Optionee's death, disability or other termination of Optionee's status as a Service Provider, the exercisability of the Option shall be governed by Sections 7, 8, 9 and 10 below.

(iv) In no event may this Option be exercised after the date of expiration of the term of this Option as set forth in the Notice of Grant.

(b) Method of Exercise. This Option shall be exercisable by written notice (substantially in the form attached hereto as Exhibit A). Such notice must state the number of Shares for which the Option is being exercised and contain such other representations and agreements with respect to such Shares as may be required by the Company pursuant to the provisions of the Plan. The notice must be signed by Optionee and shall be delivered in person or by certified mail to the Secretary of the Company. The notice must be accompanied by payment of the Exercise Price plus payment of any applicable withholding tax. This Option shall be deemed to be exercised upon receipt by the Company of such written notice accompanied by the Exercise Price and payment of any applicable withholding tax.

No Shares shall be issued pursuant to the exercise of this Option unless such issuance and such exercise comply with all relevant provisions of law and the requirements of any stock exchange upon which the Shares may then be listed. Assuming such compliance, for income tax purposes, the Shares shall be considered transferred to Optionee on the date on which the Option is exercised with respect to such Shares.

3. Optionee's Representations. If the Shares purchasable pursuant to the exercise of this Option have not been registered under the Securities Act or any applicable state laws at the time this Option is exercised, Optionee shall, if required by the Company, concurrently with the exercise of all or any portion of this Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit B and shall make such other written representations as are deemed necessary or appropriate by the Company and/or its counsel.

4. Lock-Up Period. Optionee hereby agrees that, if so requested by the Company or any representative of the underwriters (the "Managing Underwriter") in connection with any registration of the offering of any securities of the Company under the Securities Act or any applicable state laws, Optionee shall not sell or otherwise transfer any Shares or other securities of the Company during (a) the 180-day period (or such longer period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) following the effective date of a registration statement of the Company filed under the Securities Act in connection with the Company's initial public offering of Common Stock, or (b) the 90-day period following the effective date of a registration statement filed by the Company under the Securities Act in connection with any other public offering of Common Stock (in either case, the "Market Standoff Period"). The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period and these restrictions shall be binding on any transferee of such Shares.

5. Method of Payment. Payment of the Exercise Price shall be by (a) cash, (b) check or (c) with the consent of the Administrator, (i) a full recourse promissory note bearing interest (at no less than such rate as is a market rate of interest and which then precludes the imputation of interest under the Code), payable upon such terms as may be prescribed by the Administrator, and structured to comply with Applicable Laws, (ii) other Shares which have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option shall be exercised, (iii) surrendered Shares then issuable upon exercise of the Option having a Fair Market Value on the date of exercise equal to the aggregate exercise price of the Option or exercised portion thereof, (iv) property of any kind which constitutes good and valuable consideration, (v) delivery of a notice that Optionee has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the Option and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price, *provided*, that payment of such proceeds is then made to the Company upon settlement of such sale, or (vi) any combination of the foregoing methods of payment.

6. Restrictions on Exercise. This Option may not be exercised until the Plan has been approved by the stockholders of the Company. If the issuance of Shares upon such exercise or if the method of payment for such shares would constitute a violation of any applicable federal or state securities or other law or regulation, then the Option may also not be exercised. The Company may require Optionee to make any representation and warranty to the Company as may be required by any applicable law or regulation before allowing the Option to be exercised.

7. Termination of Relationship. If Optionee ceases to be a Service Provider (other than by reason of a termination by the Company for Cause or Optionee's death or the total and permanent disability of Optionee as defined in Code Section 22(e)(3)), to the extent vested as of the date on which Optionee ceases to be a Service Provider (taking into account any vesting that may occur in connection with such termination), the Option shall remain exercisable for a period of thirty (30) days immediately following such date of termination (but in no event later than the expiration date of the term of the Option as set forth in the Notice of Grant). To the extent that the Option is not vested as of the date on which Optionee ceases to be a Service Provider, or if Optionee does not exercise the Option within the time specified herein, the Option shall terminate.

8. Termination for Cause. If Optionee ceases to be a Service Provider by reason of a termination by the Company for Cause, the Option shall terminate as of the start of business on the date of Optionee's termination, regardless of whether the Option is then vested and/or exercisable with respect to any Shares.

9. Disability of Optionee. If Optionee ceases to be a Service Provider as a result of his or her total and permanent disability as defined in Code Section 22(e)(3), the Option, to the extent vested as of the date on which Optionee ceases to be a Service Provider, shall remain exercisable for twelve (12) months from such date (but in no event later than the expiration date of the term of the Option as set forth in the Notice of Grant). To the extent that the Option is not vested as of the date on which Optionee ceases to be a Service Provider, or if Optionee does not exercise such Option within the time specified herein, the Option shall terminate.

10. Death of Optionee. If Optionee ceases to be a Service Provider as a result of Optionee's death, the Option, to the extent vested as of the date of death, shall remain exercisable for twelve (12) months following the date of death (but in no event later than the expiration date of the term of the Option as set forth in the Notice of Grant) by Optionee's estate or by a person who acquires the right to exercise the Option by bequest or inheritance. To the extent that the Option is not vested as of the date of death, or if the Option is not exercised within the time specified herein, the Option shall terminate.

11. Non-Transferability of Option. This Option may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by laws of descent or distribution. It may be exercised during the lifetime of Optionee only by Optionee. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of Optionee.

12. Term of Option. This Option may be exercised only within the term set forth in the Notice of Grant.

13. Restrictions on Shares. Optionee hereby agrees that Shares purchased upon the exercise of the Option shall be subject to such terms and conditions as the Administrator shall determine in its sole discretion, including, without limitation, restrictions on the transferability of Shares, the right of the Company to repurchase Shares, the right of the Company to require that Shares be transferred in the event of certain transactions, a right of first refusal in favor of the Company with respect to permitted transfers of Shares, tag-along rights and bring-along rights. Such terms and conditions may, in the Administrator's sole discretion, be contained in the Exercise Notice with respect to the Option or in such other agreement as the Administrator shall determine and which Optionee hereby agrees to enter into at the request of the Company.

14. Code Section 409A. Without limiting the generality of any other provision of this Agreement, Section 23 of the Plan pertaining to Code Section 409A is hereby explicitly incorporated into this Agreement.

15. No Right to Employment. Nothing in the Plan or in this Stock Option Agreement shall confer upon Optionee any right to continue as an Employee, Director or Consultant of the Company or any Parent or Subsidiary, or shall interfere with or restrict in any way the rights of the Company or any Parent or Subsidiary, which are hereby expressly reserved, to discharge Optionee at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written employment agreement between Optionee and the Company or any Parent or Subsidiary.

16. Electronic Signatures; Electronic Records. The parties agree that (i) signatures on this Stock Option Agreement communicated by facsimile or other similar electronic transmission or a digital signature provided through DocuSign (or some other similar service) shall be considered an original signature, and (ii) the use of electronic signatures and the keeping of records in electronic form be granted the same legal effect, validity, or enforceability as a signature affixed by hand or the use of a paper-based record keeping system to the extent and as provided for in any applicable law including the Federal Electronic Signatures in Global and National Commerce Act, California digital signature regulations, or any other similar state laws based on the Uniform Electronic Transactions Act.

(Signature Page Follows)

This Stock Option Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which shall constitute one document.

LEGALZOOM.COM, INC.

By: _____
Name: Nicole Miller
Title: General Counsel

OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE OPTION HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS STOCK OPTION AGREEMENT, NOR IN THE COMPANY'S 2016 STOCK INCENTIVE PLAN WHICH IS INCORPORATED HEREIN BY REFERENCE, SHALL CONFER UPON OPTIONEE ANY RIGHT WITH RESPECT TO CONTINUATION AS A SERVICE PROVIDER OF THE COMPANY OR ANY PARENT OR SUBSIDIARY, NOR SHALL IT INTERFERE IN ANY WAY WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE AND WITH OR WITHOUT PRIOR NOTICE.

Optionee acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof. Optionee hereby accepts this Option subject to all of the terms and provisions hereof. Optionee has reviewed the Plan and this Option in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option and fully understands all provisions of the Option. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Option. Optionee further agrees to notify the Company upon any change in the residence address indicated below.

By:
Dated: Name:

EXHIBIT A

LEGALZOOM.COM, INC.

2016 STOCK INCENTIVE PLAN

EXERCISE NOTICE

LegalZoom.com, Inc.
Attention: Stock Administration

17. Exercise of Option. Effective as of today,_____, , the undersigned ("Optionee") hereby elects to exercise Optionee's option to purchase_____ shares of the Common Stock (the "Shares") of LegalZoom.com, Inc. (the "Company") under and pursuant to the LegalZoom.com, Inc. 2016 Stock Incentive Plan (the "Plan") and the Stock Option Agreement dated_____(the "Option Agreement"). Capitalized terms used herein without definition shall have the meanings given in the Option Agreement.

Date of Grant:

Number of Shares Exercised:

Exercise Price per Share:

Total Exercise Price:

Certificate to be issued in name of:

Type of Option: ☐ Incentive Stock Option ☒ Non-Qualified Stock Option

18. Representations of Optionee. Optionee acknowledges that Optionee has received, read and understood the Plan and the Option Agreement. Optionee agrees to abide by and be bound by their terms and conditions.

19. Rights as Stockholder. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to Shares subject to the Option, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate within a reasonable time after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date on which the stock certificate is issued, except as provided in Section 16 of the Plan. Optionee shall enjoy rights as a stockholder until such time as Optionee disposes of the Shares or the Company and/or its assignee(s) exercises the Right of First Refusal, Call Right or Drag-Along Right hereunder (each as defined below). Upon such disposal or exercise, Optionee shall have no further rights as a holder of the Shares so purchased except the right to receive payment for the Shares so purchased in accordance with the provisions of this Agreement, and Optionee shall forthwith cause the certificate(s) evidencing the Shares so purchased to be surrendered to the Company for transfer or cancellation.

20. Optionee's Rights to Transfer Shares.

(a) Company's Right of First Refusal. Before any Shares held by Optionee or any permitted transferee (each, a "Holder") may be sold, pledged, assigned, hypothecated, transferred, or otherwise disposed of (including transfer by gift or operation of law and, collectively, "Transfer" or "Transferred"), the Company or its assignee(s) shall have a right of first refusal to purchase the Shares on the terms and conditions set forth in this Section (the "Right of First Refusal").

(i) *Notice of Proposed Transfer*. The Holder of the Shares shall deliver to the Company a written notice (the "Notice") stating: (A) the Holder's bona fide intention to sell or otherwise Transfer such Shares; (B) the name of each proposed purchaser or other transferee ("Proposed Transferee"); (C) the number of Shares to be Transferred to each Proposed Transferee; and (D) the bona fide cash price or other consideration for which the Holder proposes to Transfer the Shares (the "Offered Price"), and the Holder shall offer the Shares at the Offered Price to the Company or its assignee(s).

(ii) *Exercise of Right of First Refusal*. Within thirty (30) days after receipt of the Notice, the Company and/or its assignee(s) may elect in writing to purchase all, but not less than all, of the Shares proposed to be Transferred to any one or more of the Proposed Transferees. The purchase price will be determined in accordance with paragraph (iii) below.

(iii) *Purchase Price*. The purchase price (the "Purchase Price") for the Shares repurchased under this Section shall be the Offered Price. If the Offered Price includes consideration other than cash, the cash equivalent value of the non-cash consideration shall be determined by the Administrator in good faith.

(iv) *Payment*. Payment of the Purchase Price shall be made, at the option of the Company or its assignee(s), in cash (by check), by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Company (or, in the case of repurchase by an assignee, to the assignee), or by any combination thereof within thirty (30) days after receipt of the Notice or in the manner and at the times set forth in the Notice.

(v) *Holder's Right to Transfer*. If all of the Shares proposed in the Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided in this Section, then the Holder may sell or otherwise Transfer such Shares to that Proposed Transferee at the Offered Price or at a higher price, provided that such sale or other Transfer is consummated within one hundred twenty (120) days after the date of the Notice and provided further that any such sale or other Transfer is effected in accordance with any applicable securities laws and the Proposed Transferee agrees in writing that the provisions of this Section shall continue to apply to the Shares in the hands of such Proposed Transferee. If the Shares described in the Notice are not Transferred to the Proposed Transferee within such period, a new Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal as provided herein before any Shares held by the Holder may be sold or otherwise Transferred.

(b) Exception for Certain Family Transfers. Anything to the contrary contained in this Section notwithstanding, the Transfer of any or all of the Shares during the Optionee's lifetime or on the Optionee's death by will or intestacy to the Optionee's Immediate Family (as defined below) or a trust for the benefit of the Optionee's Immediate Family shall be exempt from the Right of First Refusal. As used herein, "Immediate Family" shall mean spouse, lineal descendant or antecedent, father, mother, brother or sister or stepchild (whether or not adopted). In such case, the transferee or other recipient shall receive and hold the Shares so Transferred subject to the provisions of this Section (including the Right of First Refusal) and there shall be no further Transfer of such Shares except in accordance with the terms of this Section.

(c) Termination of Right of First Refusal. The Right of First Refusal shall terminate as to all Shares upon the date of the initial sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act (an "Initial Public Offering").

21. Company Call Right.

(a) If Optionee ceases to be a Service Provider for any reason, the Company shall have the right (but not the obligation) to purchase from Optionee, or Optionee's personal representative, as the case may be, any or all of the Shares then owned by the Optionee (and any or all Shares acquired upon exercise of the Option after the date on which the Optionee ceases to be a Service Provider) at a per Share price equal to the Fair Market Value of a Share on the date on which the Optionee ceases to be a Service Provider (the "Call Right").

(b) The Company may exercise the Call Right by delivering personally or by registered mail to Optionee (or his or her transferee or legal representative, as the case may be), within ninety (90) days after the date on which Optionee ceases to be a Service Provider (or, in the case of Shares which are acquired after the date on which Optionee ceases to be a Service Provider, then within ninety (90) days after the date on which such Shares are acquired), a notice in writing indicating the Company's intention to exercise the Call Right and setting forth a date for closing not later than thirty (30) days from the mailing of such notice. The closing shall take place at the Company's office. At the closing, the holder of the certificates for the Shares being transferred shall deliver the stock certificate or certificates evidencing the Shares, and the Company shall deliver the purchase price therefor.

(c) At its option, the Company may elect to make payment for the Shares to a bank selected by the Company. The Company shall avail itself of this option by a notice in writing to Optionee stating the name and address of the bank, date of closing, and waiving the closing at the Company's office.

(d) If the Company does not elect to exercise the Call Right conferred above by giving the requisite notice within the time provided in Subsection (b) above, the Call Right shall terminate.

(e) The Call Right shall terminate as to all Shares upon the date of an Initial Public Offering.

22. Drag-Along Sales.

(a) Notwithstanding any other provision of this Agreement, if the Company or its stockholders receive a bona fide arms' length offer in writing from a third person or third persons who are not affiliates of the Company (a "Third Party") (i) to purchase all or substantially all of the shares of Common Stock of the Company, (ii) to effect a business combination of the Company with such Third Party or a subsidiary of such Third Party, or (iii) to purchase or otherwise acquire all or substantially all the assets of the Company (any of the transactions described in clauses (i), (ii) or (iii), an "Acquisition Proposal"), and the Company or such stockholders desire to accept or cause the Company to accept such Acquisition Proposal, then, upon the demand of the Company (the "Drag-Along Right"), Optionee shall be required, as the case may be (x) to sell to such Third Party a number of shares of Common Stock owned by Optionee, if any, equal to the number of shares specified in the applicable Drag-Along Notice (as defined below) (it being expressly agreed and understood that in connection with any Acquisition Proposal for less than 100% of the total outstanding shares of the Company's Common Stock, Optionee shall be required to sell that percentage of his or her shares of Common Stock equal to the percentage of shares of Common Stock of the Company being sold in connection with such Acquisition Proposal), for the same consideration and on the same purchase terms and conditions as the Company or such stockholders, as applicable, and such Third Party have agreed with respect to the Company's Common Stock generally in such transaction, and (y) to vote all of the capital stock beneficially owned by Optionee in favor of such Acquisition Proposal and take all other necessary or desirable actions within Optionee's control (including, without limitation, by attending meetings in person or by proxy for the purpose of obtaining a quorum, executing written consents in lieu of meetings and refraining from exercising appraisal rights with respect to any such Acquisition Proposal), to cause the approval of such Acquisition Proposal; provided, that notwithstanding the foregoing, the liability for any indemnity obligations of Optionee under such document shall be several and not joint and several, and, with respect to representations and warranties, shall not apply to any representations or warranties other than representations and warranties relating solely to Optionee.

(b) Prior to consummating any Acquisition Proposal, if the Company elects to exercise the Drag-Along Right, the Company shall provide Optionee with written notice (the "Drag-Along Notice") not more than thirty (30) nor less than ten (10) days prior to the proposed closing date (the "Drag-Along Sale Date") therefor. The Drag-Along Notice shall be accompanied by a copy of any written agreement relating to the Acquisition Proposal and shall set forth, if applicable: (i) the proposed amount and form of consideration to be paid per share of Common Stock of the Company and the terms and conditions of payment offered by the Third Party; (ii) the aggregate number of shares of Common Stock outstanding as of the close of business on the day prior to the date of the Drag-Along Notice; (iii) the Drag-Along Sale Date; and (iv) confirmation that the Third Party has agreed to purchase Optionee's shares of Common Stock in accordance with the terms hereof.

(c) On the Drag-Along Sale Date, the Optionee, if a participant in the applicable Drag-Along Sale, (a) authorizes the Company (or the Company's transfer agent, if any) to record in the Company's books and records the transfer of all of Optionee's shares of Common Stock included in such Drag-Along Sale which are not represented by one or more

certificates, from Optionee to the purchaser in the Drag-Along Sale and (b) shall deliver all certificates, if any, which represent shares of Common Stock owned by Optionee included in such Drag-Along Sale, duly endorsed for transfer with signatures guaranteed, to the purchaser in the Drag-Along Sale, in the manner and at the address indicated in the Drag-Along Notice, in each case against delivery of the purchase price for such shares of Common Stock. In addition, the Optionee, if a participant in the applicable Drag-Along Sale, shall take all action as the Company or the purchaser in the Drag-Along Sale shall reasonably request as necessary to vest in the purchaser in the Drag-Along Sale all shares of Common Stock owned by Optionee included in such Drag Along Sale, whether in certificated or uncertificated form, free and clear of all liens, charges and encumbrances of any kind.

(d) Optionee shall cooperate in good faith with the Company in connection with the consummation of the Drag-Along Sale, including, without limitation, by executing a document containing customary representations, warranties, indemnities and agreements as requested by any Third Party in connection with the Drag-Along Sale.

(e) The provisions of this Section 6 shall terminate as to all shares of Common Stock owned by Optionee upon the date of an Initial Public Offering.

23. Tax Consultation. Optionee understands that Optionee may suffer adverse tax consequences as a result of Optionee's purchase or disposition of the Shares. Optionee represents that Optionee has consulted with any tax consultants Optionee deems advisable in connection with the purchase or disposition of the Shares and that Optionee is not relying on the Company for any tax advice.

24. Lock-Up Period. Optionee hereby agrees that if so requested by the Company or any representative of the underwriters (the "Managing Underwriter") in connection with any registration of the offering of any securities of the Company under the Securities Act or any applicable state laws, Optionee shall not sell or otherwise transfer any Shares or other securities of the Company during (a) the 180-day period (or such longer period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) following the effective date of a registration statement of the Company filed under the Securities Act in connection with the Company's initial public offering of Common Stock, or (b) the 90-day period following the effective date of a registration statement filed by the Company under the Securities Act in connection with any other public offering of Common Stock (in either case, the "Market Standoff Period"). The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period and these restrictions shall be binding on any transferee of such Shares.

25. Restrictive Legends and Stop-Transfer Orders.

(a) Legends. Optionee understands and agrees that the Company shall cause the legends set forth below or legends substantially similar thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by state or federal securities laws:

> THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR ANY APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT AND SUCH LAWS OR, IN THE OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.
>
> THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND RIGHT OF FIRST REFUSAL OPTIONS HELD BY THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN THE EXERCISE NOTICE BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS AND RIGHT OF FIRST REFUSAL ARE BINDING ON TRANSFEREES OF THESE SHARES.

(b) Stop-Transfer Notices. Optionee agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

26. Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement shall be binding upon Optionee and his or her heirs, executors, administrators, successors and assigns.

27. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by Optionee or by the Company forthwith to the Administrator, which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Administrator shall be final and binding on the Company and on Optionee.

28. Governing Law; Severability. This Agreement shall be governed by and construed in accordance with the laws of the State of California excluding that body of law pertaining to conflicts of law. Should any provision of this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

29. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail, with postage and fees prepaid, addressed to the other party at its address as shown below beneath its signature, or to such other address as such party may designate in writing from time to time to the other party.

30. Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Agreement.

31. Delivery of Payment. Optionee herewith delivers to the Company the full Exercise Price for the Shares, as well as any applicable withholding tax.

32. Entire Agreement. The Plan and Option Agreement are incorporated herein by reference. This Agreement, the Plan, the Option Agreement and the Investment Representation Statement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof.

Accepted by:	Submitted by:
LEGALZOOM.COM, INC.	**OPTIONEE**
By: _____	By: _____
Name: Nicole Miller	Name: _____
Title: General Counsel	Address: _____
	Phone: _____
	Email: _____
Date: _____	Date: _____

EXHIBIT B

INVESTMENT REPRESENTATION STATEMENT

OPTIONEE :

COMPANY : LEGALZOOM.COM, INC.

SECURITY : COMMON STOCK

AMOUNT : _____

DATE : _____

In connection with the purchase of the above-listed shares of Common Stock (the "Securities") of LegalZoom.com, Inc. (the "Company"), the undersigned (the "Optionee") represents to the Company the following:

(a) Optionee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Optionee is acquiring these Securities for investment for Optionee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(b) Optionee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Optionee's investment intent as expressed herein. Optionee understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Optionee further acknowledges and understands that the Company is under no obligation to register the Securities. Optionee understands that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company and any other legend required under applicable state securities laws.

(c) Optionee is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Option to Optionee, the exercise will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the

conditions specified by Rule 144, including: (1) the resale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (2) the availability of certain public information about the Company, (3) the amount of Securities being sold during any three (3) month period not exceeding the limitations specified in Rule 144(e), and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Option, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which generally requires (i) if the Company has not been subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for at least ninety (90) days then the resale must occur not less than one (1) year after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144, or (ii) if the Company has been subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for at least ninety (90) days then the resale must occur not less than (6) six months after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144; and, depending on whether Securities being sold are by an affiliate or non-affiliate of the Company along with other facts, the satisfaction of some or all of the conditions set forth in Sections (1), (2), (3) and (4) of the paragraph immediately above.

(d) Optionee further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Optionee understands that no assurances can be given that any such other registration exemption will be available in such event.

(e) Optionee understands and acknowledges that the Company will rely upon the accuracy and truth of the foregoing representations and Optionee hereby consents to such reliance.

Signature of Optionee:

_____

Date: _____

LEGALZOOM.COM, INC.
2016 STOCK INCENTIVE PLAN

STOCK UNIT AGREEMENT

LegalZoom.com, Inc., a Delaware corporation (the "Company"), hereby awards Stock Units to the Participant named below. The terms and conditions of the Award are set forth in this cover sheet, in the attached Stock Unit Agreement and in the LegalZoom.com, Inc. 2016 Stock Incentive Plan (the "Plan").

Date of Award:

Name of Participant:

Number of Stock Units Awarded:

By signing this cover sheet, you agree to all of the terms and conditions described in the attached Stock Unit Agreement and in the Plan. You are also acknowledging receipt of this Agreement and a copy of the Plan.

Participant:

Company:_____

Name: Nicole Miller
Title: General Counsel

Attachment

LEGALZOOM.COM, INC.
2016 STOCK INCENTIVE PLAN

STOCK UNIT AGREEMENT

The Plan and Other Agreements

The text of the Plan is incorporated in this Agreement by this reference. You and the Company agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement. Unless otherwise defined in this Agreement, certain capitalized terms used in this Agreement are defined in the Plan.

This Agreement and the Plan constitute the entire understanding between you and the Company regarding this Award of Stock Units. Any prior agreements, commitments or negotiations are superseded.

Award of Stock Units

The Company awards you the number of Stock Units shown on the cover sheet of this Agreement. The Award is subject to the terms and conditions of this Agreement and the Plan.

Vesting

The Stock Units shall vest (and become "**Vested Stock Units**") immediately prior to, but conditioned on, a Liquidity Event (as defined below) on an interpolated linear basis starting at starting at 0% of the Stock Units vesting at a Company enterprise value of [_____] and ending at 100% of the Stock Units vesting at an enterprise value of [_____], subject to you continuing to be a Service Provider through immediately prior to the Liquidity Event. To the extent any of the Stock Units do not vest as of the occurrence of a Liquidity Event, such Stock Units shall expire and you will have no further rights with respect thereto.

A "**Liquidity Event**" shall be deemed to occur on the first to occur of (a) a Change in Control (as defined below), or (b) a Public Trading Date (as defined in the Plan).

A "**Change in Control**" shall mean any one or more of the following: (i) any "person" (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**")), other than a trustee or other fiduciary holding securities of the Company under an employee benefit plan of the Company, becomes the "beneficial owner" (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of (A) the outstanding shares of common stock of the Company or (B) the combined voting power of the Company's then-outstanding securities; (ii) the Company is party to a merger or consolidation, or series of related transactions, which results in the voting securities of the Company outstanding immediately prior thereto failing to continue to represent (either by remaining outstanding or by being converted into voting securities of the

surviving entity) at least fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; (iii) the sale or disposition of all or substantially all of the Company's assets (or consummation of any transaction, or series of related transactions, having similar effect); (iv) the dissolution or liquidation of the Company; or (v) any transaction or series of related transactions that has the substantial effect of any one or more of the foregoing.

The "**Expiration Date**" of the Award is the tenth anniversary of the date of grant. All Stock Units that do not become Vested Stock Units on or before the applicable Expiration Date will be immediately forfeited to the Company upon expiration at no cost to the Company.

Settlement

To the extent Stock Units become vested and subject to your satisfaction of any tax withholding obligations as discussed below, such Vested Stock Units will entitle you to receive Shares which will be distributed to you within thirty (30) days of the applicable vesting date(s) (or, if it is determined that it is permissible under Section 409A of the Code, by a date that is no later than March 15 of the year following the year in which a Stock Unit becomes a Vested Stock Unit) in exchange for such Vested Stock Units. Issuance of Shares shall be in complete satisfaction of such Vested Stock Units. Such Stock Units shall be immediately cancelled and no longer outstanding and you shall have no further rights or entitlements related to those settled Stock Units.

Acquisition

Notwithstanding Section 16(d) of the Plan, the vesting of the Stock Units subject to this Agreement will not automatically accelerate upon an Acquisition involving the Company.

Non-Transferability

Stock Units may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by laws of descent or distribution. This Award may be exercised during your lifetime by you only. The terms of this Award shall be binding upon your executors, administrators, heirs, successors and assigns.

Investment Representation

The Shares that you receive as payment pursuant to the exercise of this Award, and such Shares have not been registered under the Securities Act or any applicable state laws at the time this Award is exercised, you shall, if required by the Company, prior to the receipt of such Shares, deliver to the Company an "Investment Representation Statement" in the form attached hereto and shall make such other written representations as are deemed necessary or appropriate by the Company and/or its counsel.

The Company's Right of First Refusal

In the event that you propose to sell, pledge, assign, hypothecate, transfer, or otherwise dispose of (including transfer by gift or operation of law and, collectively, "Transfer") to a third party any Shares acquired under this Agreement, or any interest in such Shares, the Company or its assignee(s) shall have a right of first refusal to purchase the Shares on the terms and conditions set forth herein (the "Right of First Refusal").

If you desire to transfer Shares acquired under this Agreement, you must deliver to the Company a written notice (the "Transfer Notice") stating: (A) your bona fide intention to sell or otherwise Transfer such Shares; (B) the name of each proposed purchaser or other transferee ("Proposed Transferee"); (C) the number of Shares to be Transferred to each Proposed Transferee; and (D) the bona fide cash price or other consideration for which you propose to Transfer the Shares (the "Offered Price"), and you shall offer the Shares at the Offered Price to the Company or its assignee(s).

Within thirty (30) days after receipt of the Notice, the Company and/or its assignee(s) may elect in writing to purchase all, but not less than all, of the Shares proposed to be Transferred to any one or more of the Proposed Transferees.

The purchase price (the "Purchase Price") for the Shares repurchased under this Section shall be the Offered Price. If the Offered Price includes consideration other than cash, the cash equivalent value of the non-cash consideration shall be determined by the Administrator in good faith. Payment of the Purchase Price shall be made, at the option of the Company or its assignee(s), in cash (by check), by cancellation of all or a portion of any outstanding indebtedness of you to the Company (or, in the case of repurchase by an assignee, to the assignee), or by any combination thereof within thirty (30) days after receipt of the Transfer Notice or in the manner and at the times set forth in the Transfer Notice.

If all of the Shares proposed in the Transfer Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided herein, then you may sell or otherwise Transfer such Shares to that Proposed Transferee at the Offered Price or at a higher price, provided that such sale or other Transfer is consummated within one hundred twenty (120) days after the date of the Transfer Notice and provided further that any such sale or other Transfer is effected in accordance with any applicable securities laws and the Proposed Transferee agrees in writing that the provisions of this Section shall continue to apply to the Shares in the hands of such Proposed Transferee. If the Shares described in the Notice are not Transferred to the Proposed Transferee within such period, a new Transfer Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal as provided herein before any Shares held by you may be sold or otherwise Transferred.

Anything to the contrary contained in the paragraphs above notwithstanding, the Transfer of any or all of the Shares during your lifetime or upon your death by will or intestacy to your Immediate Family (as defined below) or a trust for the benefit of your Immediate Family shall be exempt from the Right of First Refusal. As used herein, "Immediate Family" shall mean spouse, lineal descendant or antecedent, father, mother, brother or sister or stepchild (whether or not adopted). In such case, the transferee or other recipient shall receive and hold the Shares so Transferred subject to the provisions of this Section (including the Right of First Refusal) and there shall be no further Transfer of such Shares except in accordance with the terms of this Section.

The Right of First Refusal shall terminate as to all Shares upon the Public Trading Date.

Right of Repurchase

If your status as a Service Provider is terminated for any reason, the Company shall have the right (but not the obligation) to purchase from you, or your personal representative, as the case may be, any or all of the Shares that you have or will acquire under this Award (and any or all Shares acquired upon exercise of the Award after the date on which you cease to be a Service Provider) at a per Share price equal to the Fair Market Value of a Share on the date on which you cease to be a Service Provider (the "Call Right").

The Company may exercise the Call Right by delivering to you (or your transferee or legal representative, as the case may be) personally or by registered mail within ninety (90) days after the date on which you cease to be a Service Provider (or, in the case of Shares which are acquired after the date on which you cease to be a Service Provider, then within ninety (90) days after the date on which such Shares are acquired), a notice in writing indicating the Company's intention to exercise the Call Right and setting forth a date for closing not later than thirty (30) days from the mailing of such notice. The closing shall take place at the Company's office. At the closing, the holder of the certificates for the Shares being transferred shall deliver the stock certificate or certificates evidencing the Shares, and the Company shall deliver the purchase price therefor.

At its option, the Company may elect to make payment for the Shares to a bank selected by the Company. The Company shall avail itself of this option by a notice in writing to you stating the name and address of the bank, date of closing, and waiving the closing at the Company's office.

If the Company does not elect to exercise the Call Right conferred above by giving the requisite notice within the time provided herein, the Call Right shall terminate.

The Call Right shall terminate as to all Shares upon the Public Trading Date.

Drag-Along Sales

Notwithstanding any other provision of this Award, if the Company or its stockholders receive a bona fide arms' length offer in writing from a third person or third persons who are not affiliates of the Company (a "Third Party") (i) to purchase all or substantially all of the Shares of Common Stock of the Company, (ii) to effect a business combination of the Company with such Third Party or a subsidiary of such Third Party, or (iii) to purchase or otherwise acquire all or substantially all the assets of the Company (any of the transactions described in clauses (i), (ii) or (iii), an "Acquisition Proposal"), and the Company or such stockholders desire to accept or cause the Company to accept such Acquisition Proposal, then, upon the demand of the Company (the "Drag-Along Right"), you shall be required, as the case may be (x) to sell to such Third Party a number of Shares of Common Stock owned by you, if any, equal to the number of Shares specified in the applicable Drag-Along Notice (as defined below) (it being expressly agreed and understood that in connection with any Acquisition Proposal for less than 100% of the total outstanding Shares of the Company's Common Stock, you shall be required to sell that percentage of your Shares of Common Stock equal to the percentage of Shares of Common Stock of the Company being sold in connection with such Acquisition Proposal), for the same consideration and on the same purchase terms and conditions as the Company or such stockholders, as applicable, and such Third Party have agreed with respect to the Company's Common Stock generally in such transaction, and (y) to vote all of the capital stock beneficially owned by you in favor of such Acquisition Proposal and take all other necessary or desirable actions within your control (including, without limitation, by attending meetings in person or by proxy for the purpose of obtaining a quorum, executing written consents in lieu of meetings and refraining from exercising appraisal rights with respect to any such Acquisition Proposal), to cause the approval of such Acquisition Proposal; provided, that notwithstanding the foregoing, the liability for any indemnity obligations of you under such document shall be several and not joint and several, and, with respect to representations and warranties, shall not apply to any representations or warranties other than representations and warranties relating solely to you.

Prior to consummating any Acquisition Proposal, if the Company elects to exercise the Drag-Along Right, the Company shall provide you with written notice (the "Drag-Along Notice") not more than thirty (30) nor less than ten (10) days prior to the proposed closing date (the "Drag-Along Sale Date") therefor. The Drag-Along Notice shall be accompanied by a copy of any written agreement relating to the Acquisition Proposal and shall set forth, if applicable: (i) the proposed amount and form of consideration to be paid per Share of Common Stock of the Company and the terms and conditions of payment offered by the Third Party; (ii) the aggregate number of Shares of Common Stock outstanding as of the close of business on the day prior to the date of the Drag-Along Notice; (iii) the Drag-Along Sale Date; and (iv) confirmation that the Third Party has agreed to purchase your Shares of Common Stock in accordance with the terms hereof.

On the Drag-Along Sale Date, you, if a participant in the applicable Drag-Along Sale, (a) shall authorize the Company (or the Company's transfer agent, if any) to record in the Company's books and records the transfer of all of your Shares of Common Stock included in such Drag-Along Sale which are not represented by one or more certificates, from you to the purchaser in the Drag-Along Sale and (b) shall deliver all certificates, if any, which represent Shares of Common Stock owned by you included in such Drag-Along Sale, duly endorsed for transfer with signatures guaranteed, to the purchaser in the Drag-Along Sale, in the manner and at the address indicated in the Drag-Along Notice, in each case against delivery of the purchase price for such Shares of Common Stock. In addition, you, if a participant in the applicable Drag-Along Sale, shall take all action as the Company or the purchaser in the Drag-Along Sale shall reasonably request as necessary to vest in the purchaser in the Drag-Along Sale all Shares of Common Stock owned by you included in such Drag Along Sale, whether in certificated or uncertificated form, free and clear of all liens, charges and encumbrances of any kind.

You shall cooperate in good faith with the Company in connection with the consummation of the Drag-Along Sale, including, without limitation, by executing a document containing customary representations, warranties, indemnities and agreements as requested by any Third Party in connection with the Drag-Along Sale.

These Drag-Along Sale provisions shall terminate as to all Shares of Common Stock owned by you upon the Public Trading Date.

Leaves of Absence

For purposes of this Agreement, while you are a common-law employee, your status as a Service Provider does not terminate when you go on a *bona fide* leave of absence that was approved by the Company (or its Parent, Subsidiary or Affiliate) in writing, if the terms of the leave provide for continued service crediting, or when continued service crediting is required by applicable law. Your status as a Service Provider terminates in any event when the approved leave ends, unless you immediately return to active work.

The Company determines which leaves count for this purpose, and when your status as a Service Provider terminates for all purposes under the Plan.

Voting and Other Rights

A Holder of Stock Units shall have no rights other than those of a general creditor of the Company. Subject to the terms of this Agreement, a Holder of outstanding Stock Units subject to this Agreement have none of the rights and privileges of a stockholder of the Company including, but not limited to, the right to vote or to receive dividends. Subject to the terms and conditions of this Agreement, Stock Units create no fiduciary duty of the Company to you and only represent an unfunded and unsecured contractual obligation of the Company. The Stock Units shall not be treated as property or as a trust fund of any kind.

	You, or your estate or heirs, have no rights as a stockholder of the Company until a certificate for your Shares has been issued. No adjustments are made for dividends or other rights if the applicable record date occurs before your stock certificate is issued, except as described in the Plan.
Restrictions on Issuance	The Company will not issue any Shares if the issuance of such Shares at that time would violate any law or regulation.
Taxes and Withholding	You will be solely responsible for payment of any and all applicable taxes associated with this Award. The delivery to you of any Shares underlying vested Stock Units will not be permitted unless and until you have satisfied any withholding or other taxes that may be due. Any such tax withholding obligations may be settled in the Company's discretion by the Company withholding and retaining a portion of the Shares from the Shares that would otherwise be deliverable to you under the vesting Stock Units. Such withheld Shares will be applied to pay the withholding obligation by using the aggregate Fair Market Value of the withheld Shares as of the date of vesting. You will be delivered the net amount of vested Shares after the Share withholding has been effected and you will not receive the withheld Shares. Any such tax withholding obligations may also be settled, in the Company's discretion, by any other withholding methodology permitted under the terms of the Plan with respect to Stock Units or other types of Awards.
Code Section 409A	This Award will be administered and interpreted to comply with Code Section 409A. Without limitation, Section 23 of the Plan will apply to this Award.
Restrictions on Resale	By signing this Agreement, you agree not to sell any Shares acquired under this Award at a time when applicable laws, regulations or Company or underwriter trading policies or agreements prohibit the sale or issuance of Shares. The Company shall have the right to designate one or more periods of time, each of which shall not exceed one hundred eighty (180) days in length, during which any Shares acquired under this Award shall not be sold, if the Company determines (in its sole discretion) that such limitation on sale could in any way facilitate a lessening of any restriction on transfer pursuant to the Securities Act or any state securities laws with respect to any issuance of securities by the Company, facilitate the registration or qualification of any securities by the Company under the Securities Act or any state securities laws, or facilitate the perfection of any exemption from the registration or qualification requirements of the Securities Act or any applicable state securities laws for the issuance or transfer of any securities.

If the sale of Shares acquired under this Award is not registered under the Securities Act, but an exemption is available which requires an investment representation or other representation and warranty, you shall represent and agree that the Shares being acquired are being acquired for investment, and not with a view to the sale or distribution thereof, and shall make such other representations and warranties as are deemed necessary or appropriate by the Company and its counsel.

You may also be required, as a condition of this Award, to enter into any Stockholders Agreement or other agreements that are applicable to stockholders.

No Retention Rights

This Agreement is not an employment agreement and does not give you the right to be retained in any capacity by the Company (or its Parent, Subsidiaries or Affiliates). The Company (or its Parent, Subsidiaries or Affiliates) reserves the right to terminate your status as a Service Provider at any time and for any reason.

Adjustments

In the event of a stock split, a stock dividend or a similar change in the Company stock, the number of outstanding Stock Units covered by this Award may be adjusted (and rounded down to the nearest whole number) pursuant to the Plan.

Legends

All certificates representing the Common Stock issued under this Award may, where applicable, have endorsed thereon the following legend and any other legend the Company determines appropriate:

"THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND OPTIONS TO PURCHASE SUCH SHARES SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE REGISTERED HOLDER, OR HIS OR HER PREDECESSOR IN INTEREST. A COPY OF SUCH AGREEMENT IS ON FILE AT THE PRINCIPAL OFFICE OF THE COMPANY AND WILL BE FURNISHED UPON WRITTEN REQUEST TO THE SECRETARY OF THE COMPANY BY THE HOLDER OF RECORD OF THE SHARES REPRESENTED BY THIS CERTIFICATE."

"THE SHARES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED."

Notice	Any notice to be given or delivered to the Company relating to this Agreement shall be in writing and addressed to the Company at its principal corporate offices. Any notice to be given or delivered to you relating to this Agreement shall be in writing and addressed to you at such address of which you advise the Company in writing. All notices shall be deemed effective upon personal delivery or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.
Applicable Law	This Agreement will be interpreted and enforced under the laws of the State of California.

By signing the cover sheet of this Agreement, you agree to all of the terms and conditions described above and in the Plan.

[Remainder Intentionally Left Blank.]

LEGALZOOM.COM, INC.
INVESTMENT REPRESENTATION STATEMENT

PARTICIPANT	:	_____
COMPANY	:	LEGALZOOM.COM, INC.
SECURITY	:	COMMON STOCK
AMOUNT	:	_____
DATE	:	_____

In connection with the purchase of the above-listed shares of Common Stock (the "Securities") of LegalZoom.com, Inc. (the "Company"), I represent to the Company the following:

1. I am aware of the Company's business affairs and financial condition and have acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. I am acquiring these Securities for investment for my own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

2. I acknowledge and understand that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of my investment intent as expressed herein. I understand that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. I further acknowledge and understand that the Company is under no obligation to register the Securities. I understand that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company and any other legend required under applicable state securities laws.

3. I am familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Securities to me, the exercise will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the conditions specified by Rule 144, including: (1) the resale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (2) the availability of certain public information about the Company, (3) the amount of Securities being sold during any three (3) month period not exceeding the limitations specified in Rule 144(e), and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Securities, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which generally requires (i) if the Company has not been subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for at least ninety (90) days then the resale must occur not less than one (1) year after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144, or (ii) if the Company has been subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for at least ninety (90) days then the resale must occur not less than six (6) months after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144; and, depending on whether Securities being sold are by an affiliate or non-affiliate of the Company along with other facts, the satisfaction of some or all of the conditions set forth in Sections (1), (2), (3) and (4) of the paragraph immediately above.

4. I further understand that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. I understand that no assurances can be given that any such other registration exemption will be available in such event.

5. I understand and acknowledge that the Company will rely upon the accuracy and truth of the foregoing representations and I hereby consent to such reliance.

Signature of Participant:

_____

Date: _____

LEGALZOOM.COM, INC.

2016 STOCK INCENTIVE PLAN

STOCK OPTION AGREEMENT

Pursuant to the LegalZoom.com, Inc. 2016 Stock Incentive Plan (the "Plan"), LegalZoom.com, Inc. (the "Company") hereby grants to the Optionee listed below ("Optionee"), an option (the "Option") to purchase the number of shares of the Company's Common Stock set forth below (the "Shares"), subject to the terms and conditions of the Plan and this Stock Option Agreement. All capitalized terms used in this Stock Option Agreement without definition shall have the meanings ascribed to such terms in the Plan.

I. NOTICE OF STOCK OPTION GRANT

Optionee:

Date of Grant:

Exercise Price per Share:

Total Number of Shares Granted:

Total Exercise Price:

Term/Expiration Date:

Type of Option: ☐ Incentive Stock Option ☒ Non-Qualified Stock Option

Vesting Schedule: This Option shall vest according to the following schedule:

Subject to employee's continuous service as of the vesting date, award shall vest immediately prior to, but conditioned on, a Liquidity Event, on an interpolated linear basis starting at 0% at a per share common stock valuation equal to $19.64 per share and ending at 100% of the options vested at a per share common stock valuation equal to or greater than $29.46 per share (i.e., the valuation implied by the transaction in the case of a Change in Control, and the underwriters' price in the case of a Public Trading Date, as such capitalized terms are defined in employee's employment agreement).

Termination Period:

Except in the event of a termination of Optionee's service by the Company for Cause, this Option may be exercised, to the extent vested, for thirty (30) days after Optionee ceases to be a Service Provider, or such longer period as may be applicable upon the death or disability of Optionee as provided herein, but in no event later than the Term/Expiration Date stated above. In the event that Optionee's service with the Company is terminated by the Company for Cause, the Option shall terminate without consideration with respect to all Shares subject thereto (whether vested or unvested) as of the start of business on the date of such termination. For purposes herein, the term "Service Provider" means that the Optionee (i) is an employee of the Company, or (ii) provides certain services to the Company as an independent contractor, consultant, joint venture or other similar arrangement, where the continuing provision of such service is a contingency upon which continued vesting of the Option is dependent.

II. AGREEMENT

1. Grant of Option. The Company hereby grants to Optionee an Option to purchase the number of Shares set forth in the Notice of Grant, at the exercise price per Share set forth in the Notice of Grant (the "Exercise Price"). Notwithstanding anything to the contrary anywhere else in this Stock Option Agreement, the Option is subject to the terms, definitions and provisions of the Plan adopted by the Company, which is incorporated herein by reference.

If designated in the Notice of Grant as an Incentive Stock Option, this Option is intended to qualify as an Incentive Stock Option as defined in Section 422 of the Code; *provided*, that to the extent that the aggregate Fair Market Value of stock with respect to which incentive stock options (within the meaning of Code Section 422, but without regard to Code Section 422(d)), including this Option, become exercisable for the first time by Optionee during any calendar year (under the Plan and all other incentive stock option plans of the Company or any "parent corporation" or "subsidiary corporation" thereof within the meaning of Section 424(e) and 424(f), respectively, of the Code) exceeds $100,000, such options shall not be treated as qualifying under Code Section 422, but rather shall be treated as Non-Qualified Stock Options to the extent required by Code Section 422. The rule set forth in the preceding sentence shall be applied by taking options into account in the order in which they were granted. For purposes of these rules, the Fair Market Value of stock shall be determined as of the time the option with respect to such stock is granted.

2. Exercise of Option. This Option is exercisable as follows:

(a) Right to Exercise.

(i) This Option shall be exercisable cumulatively according to the vesting schedule set forth in the Notice of Grant. For purposes of this Stock Option Agreement, Shares subject to this Option shall vest based on Optionee's continued status as a Service Provider.

(ii) This Option may not be exercised for a fraction of a Share.

(iii) In the event of Optionee's death, disability or other termination of Optionee's status as a Service Provider, the exercisability of the Option shall be governed by Sections 7, 8, 9 and 10 below.

(iv) In no event may this Option be exercised after the date of expiration of the term of this Option as set forth in the Notice of Grant.

(b) Method of Exercise. This Option shall be exercisable by written notice (substantially in the form attached hereto as Exhibit A). Such notice must state the number of Shares for which the Option is being exercised and contain such other representations and agreements with respect to such Shares as may be required by the Company pursuant to the

provisions of the Plan. The notice must be signed by Optionee and shall be delivered in person or by certified mail to the Secretary of the Company. The notice must be accompanied by payment of the Exercise Price plus payment of any applicable withholding tax. This Option shall be deemed to be exercised upon receipt by the Company of such written notice accompanied by the Exercise Price and payment of any applicable withholding tax.

No Shares shall be issued pursuant to the exercise of this Option unless such issuance and such exercise comply with all relevant provisions of law and the requirements of any stock exchange upon which the Shares may then be listed. Assuming such compliance, for income tax purposes, the Shares shall be considered transferred to Optionee on the date on which the Option is exercised with respect to such Shares.

3. Optionee's Representations. If the Shares purchasable pursuant to the exercise of this Option have not been registered under the Securities Act or any applicable state laws at the time this Option is exercised, Optionee shall, if required by the Company, concurrently with the exercise of all or any portion of this Option, deliver to the Company his or her Investment Representation Statement in the form attached hereto as Exhibit B and shall make such other written representations as are deemed necessary or appropriate by the Company and/or its counsel.

4. Lock-Up Period. Optionee hereby agrees that, if so requested by the Company or any representative of the underwriters (the "Managing Underwriter") in connection with any registration of the offering of any securities of the Company under the Securities Act or any applicable state laws, Optionee shall not sell or otherwise transfer any Shares or other securities of the Company during (a) the 180-day period (or such longer period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) following the effective date of a registration statement of the Company filed under the Securities Act in connection with the Company's initial public offering of Common Stock, or (b) the 90-day period following the effective date of a registration statement filed by the Company under the Securities Act in connection with any other public offering of Common Stock (in either case, the "Market Standoff Period"). The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period and these restrictions shall be binding on any transferee of such Shares.

5. Method of Payment. Payment of the Exercise Price shall be by (a) cash, (b) check or (c) with the consent of the Administrator, (i) a full recourse promissory note bearing interest (at no less than such rate as is a market rate of interest and which then precludes the imputation of interest under the Code), payable upon such terms as may be prescribed by the Administrator, and structured to comply with Applicable Laws, (ii) other Shares which have a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which such Option shall be exercised, (iii) surrendered Shares then issuable upon exercise of the Option having a Fair Market Value on the date of exercise equal to the aggregate exercise price of the Option or exercised portion thereof, (iv) property of any kind which constitutes good and valuable consideration, (v) delivery of a notice that Optionee has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the Option and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price, *provided*, that payment of such proceeds is then made to the Company upon settlement of such sale, or (vi) any combination of the foregoing methods of payment.

6. Restrictions on Exercise. This Option may not be exercised until the Plan has been approved by the stockholders of the Company. If the issuance of Shares upon such exercise or if the method of payment for such shares would constitute a violation of any applicable federal or state securities or other law or regulation, then the Option may also not be exercised. The Company may require Optionee to make any representation and warranty to the Company as may be required by any applicable law or regulation before allowing the Option to be exercised.

7. Termination of Relationship. If Optionee ceases to be a Service Provider (other than by reason of a termination by the Company for Cause or Optionee's death or the total and permanent disability of Optionee as defined in Code Section 22(e)(3)), to the extent vested as of the date on which Optionee ceases to be a Service Provider (taking into account any vesting that may occur in connection with such termination), the Option shall remain exercisable for a period of thirty (30) days immediately following such date of termination (but in no event later than the expiration date of the term of the Option as set forth in the Notice of Grant). Except as set forth in Section I (Termination Period) above, to the extent that the Option is not vested as of the date on which Optionee ceases to be a Service Provider, or if Optionee does not exercise the Option within the time specified herein, the Option shall terminate.

8. Termination for Cause. If Optionee ceases to be a Service Provider by reason of a termination by the Company for Cause, the Option shall terminate as of the start of business on the date of Optionee's termination, regardless of whether the Option is then vested and/or exercisable with respect to any Shares.

9. Disability of Optionee. If Optionee ceases to be a Service Provider as a result of his or her total and permanent disability as defined in Code Section 22(e)(3), the Option, to the extent vested as of the date on which Optionee ceases to be a Service Provider, shall remain exercisable for twelve (12) months from such date (but in no event later than the expiration date of the term of the Option as set forth in the Notice of Grant). To the extent that the Option is not vested as of the date on which Optionee ceases to be a Service Provider, or if Optionee does not exercise such Option within the time specified herein, the Option shall terminate.

10. Death of Optionee. If Optionee ceases to be a Service Provider as a result of Optionee's death, the Option, to the extent vested as of the date of death, shall remain exercisable for twelve (12) months following the date of death (but in no event later than the expiration date of the term of the Option as set forth in the Notice of Grant) by Optionee's estate or by a person who acquires the right to exercise the Option by bequest or inheritance. To the extent that the Option is not vested as of the date of death, or if the Option is not exercised within the time specified herein, the Option shall terminate.

11. Non-Transferability of Option. This Option may not be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by laws of descent or distribution. It may be exercised during the lifetime of Optionee only by Optionee. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of Optionee.

12. Term of Option. This Option may be exercised only within the term set forth in the Notice of Grant.

13. Restrictions on Shares. Optionee hereby agrees that Shares purchased upon the exercise of the Option shall be subject to such terms and conditions as the Administrator shall determine in its sole discretion, including, without limitation, restrictions on the transferability of Shares, the right of the Company to repurchase Shares, the right of the Company to require that Shares be transferred in the event of certain transactions, a right of first refusal in favor of the Company with respect to permitted transfers of Shares, tag-along rights and bring-along rights. Such terms and conditions may, in the Administrator's sole discretion, be contained in the Exercise Notice with respect to the Option or in such other agreement as the Administrator shall determine and which Optionee hereby agrees to enter into at the request of the Company.

14. Code Section 409A. Without limiting the generality of any other provision of this Agreement, Section 23 of the Plan pertaining to Code Section 409A is hereby explicitly incorporated into this Agreement.

15. No Right to Employment. Nothing in the Plan or in this Stock Option Agreement shall confer upon Optionee any right to continue as an Employee, Director or Consultant of the Company or any Parent or Subsidiary, or shall interfere with or restrict in any way the rights of the Company or any Parent or Subsidiary, which are hereby expressly reserved, to discharge Optionee at any time for any reason whatsoever, with or without Cause, except to the extent expressly provided otherwise in a written employment agreement between Optionee and the Company or any Parent or Subsidiary.

16. Electronic Signatures; Electronic Records. The parties agree that (i) signatures on this Stock Option Agreement communicated by facsimile or other similar electronic transmission or a digital signature provided through DocuSign (or some other similar service) shall be considered an original signature, and (ii) the use of electronic signatures and the keeping of records in electronic form be granted the same legal effect, validity, or enforceability as a signature affixed by hand or the use of a paper-based record keeping system to the extent and as provided for in any applicable law including the Federal Electronic Signatures in Global and National Commerce Act, California digital signature regulations, or any other similar state laws based on the Uniform Electronic Transactions Act.

(Signature Page Follows)

This Stock Option Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which shall constitute one document.

LEGALZOOM.COM, INC.

By: _____
Name: Nicole Miller
Title: General Counsel

OPTIONEE ACKNOWLEDGES AND AGREES THAT THE VESTING OF SHARES PURSUANT TO THE OPTION HEREOF IS EARNED ONLY BY CONTINUING AS A SERVICE PROVIDER AT THE WILL OF THE COMPANY (NOT THROUGH THE ACT OF BEING HIRED, BEING GRANTED THIS OPTION OR ACQUIRING SHARES HEREUNDER). OPTIONEE FURTHER ACKNOWLEDGES AND AGREES THAT NOTHING IN THIS STOCK OPTION AGREEMENT, NOR IN THE COMPANY'S 2016 STOCK INCENTIVE PLAN WHICH IS INCORPORATED HEREIN BY REFERENCE, SHALL CONFER UPON OPTIONEE ANY RIGHT WITH RESPECT TO CONTINUATION AS A SERVICE PROVIDER OF THE COMPANY OR ANY PARENT OR SUBSIDIARY, NOR SHALL IT INTERFERE IN ANY WAY WITH OPTIONEE'S RIGHT OR THE COMPANY'S RIGHT TO TERMINATE OPTIONEE'S RELATIONSHIP AS A SERVICE PROVIDER AT ANY TIME, WITH OR WITHOUT CAUSE AND WITH OR WITHOUT PRIOR NOTICE.

Optionee acknowledges receipt of a copy of the Plan and represents that he or she is familiar with the terms and provisions thereof. Optionee hereby accepts this Option subject to all of the terms and provisions hereof. Optionee has reviewed the Plan and this Option in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Option and fully understands all provisions of the Option. Optionee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Option. Optionee further agrees to notify the Company upon any change in the residence address indicated below.

Dated:

By: _____
Name:

EXHIBIT A

LEGALZOOM.COM, INC.

2016 STOCK INCENTIVE PLAN

EXERCISE NOTICE

LegalZoom.com, Inc.
Attention: Stock Administration

17. Exercise of Option. Effective as of today, _____, _____, the undersigned ("Optionee") hereby elects to exercise Optionee's option to purchase _____ shares of the Common Stock (the "Shares") of LegalZoom.com, Inc. (the "Company") under and pursuant to the LegalZoom.com, Inc. 2016 Stock Incentive Plan (the "Plan") and the Stock Option Agreement dated _____ (the "Option Agreement"). Capitalized terms used herein without definition shall have the meanings given in the Option Agreement.

Date of Grant:	[DATE]
Number of Shares Exercised:	
Exercise Price per Share:	$[_____]
Total Exercise Price:	$[_____]
Certificate to be issued in name of:	[NAME]

Type of Option: ☐ Incentive Stock Option ☒ Non-Qualified Stock Option

18. Representations of Optionee. Optionee acknowledges that Optionee has received, read and understood the Plan and the Option Agreement. Optionee agrees to abide by and be bound by their terms and conditions.

19. Rights as Stockholder. Until the stock certificate evidencing such Shares is issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), no right to vote or receive dividends or any other rights as a stockholder shall exist with respect to Shares subject to the Option, notwithstanding the exercise of the Option. The Company shall issue (or cause to be issued) such stock certificate within a reasonable time after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date on which the stock certificate is issued, except as provided in Section 16 of the Plan. Optionee shall enjoy rights as a stockholder until such time as Optionee disposes of the Shares or the Company and/or its assignee(s) exercises the Right of First Refusal, Call Right or Drag-Along Right hereunder (each as defined below). Upon such disposal or exercise, Optionee shall have no further rights as a holder of the Shares so purchased except the right to receive payment for the Shares so purchased in accordance with the provisions of this Agreement, and Optionee shall forthwith cause the certificate(s) evidencing the Shares so purchased to be surrendered to the Company for transfer or cancellation.

20. Optionee's Rights to Transfer Shares.

(a) Company's Right of First Refusal. Before any Shares held by Optionee or any permitted transferee (each, a "Holder") may be sold, pledged, assigned, hypothecated, transferred, or otherwise disposed of (including transfer by gift or operation of law and, collectively, "Transfer" or "Transferred"), the Company or its assignee(s) shall have a right of first refusal to purchase the Shares on the terms and conditions set forth in this Section (the "Right of First Refusal").

(i) *Notice of Proposed Transfer*. The Holder of the Shares shall deliver to the Company a written notice (the "Notice") stating: (A) the Holder's bona fide intention to sell or otherwise Transfer such Shares; (B) the name of each proposed purchaser or other transferee ("Proposed Transferee"); (C) the number of Shares to be Transferred to each Proposed Transferee; and (D) the bona fide cash price or other consideration for which the Holder proposes to Transfer the Shares (the "Offered Price"), and the Holder shall offer the Shares at the Offered Price to the Company or its assignee(s).

(ii) *Exercise of Right of First Refusal*. Within thirty (30) days after receipt of the Notice, the Company and/or its assignee(s) may elect in writing to purchase all, but not less than all, of the Shares proposed to be Transferred to any one or more of the Proposed Transferees. The purchase price will be determined in accordance with paragraph (iii) below.

(iii) *Purchase Price*. The purchase price (the "Purchase Price") for the Shares repurchased under this Section shall be the Offered Price. If the Offered Price includes consideration other than cash, the cash equivalent value of the non-cash consideration shall be determined by the Administrator in good faith.

(iv) *Payment*. Payment of the Purchase Price shall be made, at the option of the Company or its assignee(s), in cash (by check), by cancellation of all or a portion of any outstanding indebtedness of the Holder to the Company (or, in the case of repurchase by an assignee, to the assignee), or by any combination thereof within thirty (30) days after receipt of the Notice or in the manner and at the times set forth in the Notice.

(v) *Holder's Right to Transfer*. If all of the Shares proposed in the Notice to be transferred to a given Proposed Transferee are not purchased by the Company and/or its assignee(s) as provided in this Section, then the Holder may sell or otherwise Transfer such Shares to that Proposed Transferee at the Offered Price or at a higher price, provided that such sale or other Transfer is consummated within one hundred twenty (120) days after the date of the Notice and provided further that any such sale or other Transfer is effected in accordance with any applicable securities laws and the Proposed Transferee agrees in writing that the provisions of this Section shall continue to apply to the Shares in the hands of such Proposed Transferee. If the Shares described in the Notice are not Transferred to the Proposed Transferee within such period, a new Notice shall be given to the Company, and the Company and/or its assignees shall again be offered the Right of First Refusal as provided herein before any Shares held by the Holder may be sold or otherwise Transferred.

(b) Exception for Certain Family Transfers. Anything to the contrary contained in this Section notwithstanding, the Transfer of any or all of the Shares during the Optionee's lifetime or on the Optionee's death by will or intestacy to the Optionee's Immediate Family (as defined below) or a trust for the benefit of the Optionee's Immediate Family shall be exempt from the Right of First Refusal. As used herein, "Immediate Family" shall mean spouse, lineal descendant or antecedent, father, mother, brother or sister or stepchild (whether or not adopted). In such case, the transferee or other recipient shall receive and hold the Shares so Transferred subject to the provisions of this Section (including the Right of First Refusal) and there shall be no further Transfer of such Shares except in accordance with the terms of this Section.

(c) Termination of Right of First Refusal. The Right of First Refusal shall terminate as to all Shares upon the date of the initial sale of Common Stock of the Company to the general public pursuant to a registration statement filed with and declared effective by the Securities and Exchange Commission under the Securities Act (an "Initial Public Offering").

21. Company Call Right.

(a) If Optionee ceases to be a Service Provider for any reason, the Company shall have the right (but not the obligation) to purchase from Optionee, or Optionee's personal representative, as the case may be, any or all of the Shares then owned by the Optionee (and any or all Shares acquired upon exercise of the Option after the date on which the Optionee ceases to be a Service Provider) at a per Share price equal to the Fair Market Value of a Share on the date on which the Optionee ceases to be a Service Provider (the "Call Right").

(b) The Company may exercise the Call Right by delivering personally or by registered mail to Optionee (or his or her transferee or legal representative, as the case may be), within ninety (90) days after the date on which Optionee ceases to be a Service Provider (or, in the case of Shares which are acquired after the date on which Optionee ceases to be a Service Provider, then within ninety (90) days after the date on which such Shares are acquired), a notice in writing indicating the Company's intention to exercise the Call Right and setting forth a date for closing not later than thirty (30) days from the mailing of such notice. The closing shall take place at the Company's office. At the closing, the holder of the certificates for the Shares being transferred shall deliver the stock certificate or certificates evidencing the Shares, and the Company shall deliver the purchase price therefor.

(c) At its option, the Company may elect to make payment for the Shares to a bank selected by the Company. The Company shall avail itself of this option by a notice in writing to Optionee stating the name and address of the bank, date of closing, and waiving the closing at the Company's office.

(d) If the Company does not elect to exercise the Call Right conferred above by giving the requisite notice within the time provided in Subsection (b) above, the Call Right shall terminate.

(e) The Call Right shall terminate as to all Shares upon the date of an Initial Public Offering.

22. Drag-Along Sales.

(a) Notwithstanding any other provision of this Agreement, if the Company or its stockholders receive a bona fide arms' length offer in writing from a third person or third persons who are not affiliates of the Company (a "Third Party") (i) to purchase all or substantially all of the shares of Common Stock of the Company, (ii) to effect a business combination of the Company with such Third Party or a subsidiary of such Third Party, or (iii) to purchase or otherwise acquire all or substantially all the assets of the Company (any of the transactions described in clauses (i), (ii) or (iii), an "Acquisition Proposal"), and the Company or such stockholders desire to accept or cause the Company to accept such Acquisition Proposal, then, upon the demand of the Company (the "Drag-Along Right"), Optionee shall be required, as the case may be (x) to sell to such Third Party a number of shares of Common Stock owned by Optionee, if any, equal to the number of shares specified in the applicable Drag-Along Notice (as defined below) (it being expressly agreed and understood that in connection with any Acquisition Proposal for less than 100% of the total outstanding shares of the Company's Common Stock, Optionee shall be required to sell that percentage of his or her shares of Common Stock equal to the percentage of shares of Common Stock of the Company being sold in connection with such Acquisition Proposal), for the same consideration and on the same purchase terms and conditions as the Company or such stockholders, as applicable, and such Third Party have agreed with respect to the Company's Common Stock generally in such transaction, and (y) to vote all of the capital stock beneficially owned by Optionee in favor of such Acquisition Proposal and take all other necessary or desirable actions within Optionee's control (including, without limitation, by attending meetings in person or by proxy for the purpose of obtaining a quorum, executing written consents in lieu of meetings and refraining from exercising appraisal rights with respect to any such Acquisition Proposal), to cause the approval of such Acquisition Proposal; provided, that notwithstanding the foregoing, the liability for any indemnity obligations of Optionee under such document shall be several and not joint and several, and, with respect to representations and warranties, shall not apply to any representations or warranties other than representations and warranties relating solely to Optionee.

(b) Prior to consummating any Acquisition Proposal, if the Company elects to exercise the Drag-Along Right, the Company shall provide Optionee with written notice (the "Drag-Along Notice") not more than thirty (30) nor less than ten (10) days prior to the proposed closing date (the "Drag-Along Sale Date") therefor. The Drag-Along Notice shall be accompanied by a copy of any written agreement relating to the Acquisition Proposal and shall set forth, if applicable: (i) the proposed amount and form of consideration to be paid per share of Common Stock of the Company and the terms and conditions of payment offered by the Third Party; (ii) the aggregate number of shares of Common Stock outstanding as of the close of business on the day prior to the date of the Drag-Along Notice; (iii) the Drag-Along Sale Date; and (iv) confirmation that the Third Party has agreed to purchase Optionee's shares of Common Stock in accordance with the terms hereof.

(c) On the Drag-Along Sale Date, the Optionee, if a participant in the applicable Drag-Along Sale, (a) authorizes the Company (or the Company's transfer agent, if any) to record in the Company's books and records the transfer of all of Optionee's shares of Common Stock included in such Drag-Along Sale which are not represented by one or more

certificates, from Optionee to the purchaser in the Drag-Along Sale and (b) shall deliver all certificates, if any, which represent shares of Common Stock owned by Optionee included in such Drag-Along Sale, duly endorsed for transfer with signatures guaranteed, to the purchaser in the Drag-Along Sale, in the manner and at the address indicated in the Drag-Along Notice, in each case against delivery of the purchase price for such shares of Common Stock. In addition, the Optionee, if a participant in the applicable Drag-Along Sale, shall take all action as the Company or the purchaser in the Drag-Along Sale shall reasonably request as necessary to vest in the purchaser in the Drag-Along Sale all shares of Common Stock owned by Optionee included in such Drag Along Sale, whether in certificated or uncertificated form, free and clear of all liens, charges and encumbrances of any kind.

(d) Optionee shall cooperate in good faith with the Company in connection with the consummation of the Drag-Along Sale, including, without limitation, by executing a document containing customary representations, warranties, indemnities and agreements as requested by any Third Party in connection with the Drag-Along Sale.

(e) The provisions of this Section 6 shall terminate as to all shares of Common Stock owned by Optionee upon the date of an Initial Public Offering.

23. Tax Consultation. Optionee understands that Optionee may suffer adverse tax consequences as a result of Optionee's purchase or disposition of the Shares. Optionee represents that Optionee has consulted with any tax consultants Optionee deems advisable in connection with the purchase or disposition of the Shares and that Optionee is not relying on the Company for any tax advice.

24. Lock-Up Period. Optionee hereby agrees that if so requested by the Company or any representative of the underwriters (the "Managing Underwriter") in connection with any registration of the offering of any securities of the Company under the Securities Act or any applicable state laws, Optionee shall not sell or otherwise transfer any Shares or other securities of the Company during (a) the 180-day period (or such longer period as may be requested in writing by the Managing Underwriter and agreed to in writing by the Company) following the effective date of a registration statement of the Company filed under the Securities Act in connection with the Company's initial public offering of Common Stock, or (b) the 90-day period following the effective date of a registration statement filed by the Company under the Securities Act in connection with any other public offering of Common Stock (in either case, the "Market Standoff Period"). The Company may impose stop-transfer instructions with respect to securities subject to the foregoing restrictions until the end of such Market Standoff Period and these restrictions shall be binding on any transferee of such Shares.

25. Restrictive Legends and Stop-Transfer Orders.

(a) Legends. Optionee understands and agrees that the Company shall cause the legends set forth below or legends substantially similar thereto, to be placed upon any certificate(s) evidencing ownership of the Shares together with any other legends that may be required by state or federal securities laws:

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR ANY APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL REGISTERED UNDER THE ACT AND SUCH LAWS OR, IN THE OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER OF THESE SECURITIES, SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION IS IN COMPLIANCE THEREWITH.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND RIGHT OF FIRST REFUSAL OPTIONS HELD BY THE ISSUER OR ITS ASSIGNEE(S) AS SET FORTH IN THE EXERCISE NOTICE BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. SUCH TRANSFER RESTRICTIONS AND RIGHT OF FIRST REFUSAL ARE BINDING ON TRANSFEREES OF THESE SHARES.

(b) Stop-Transfer Notices. Optionee agrees that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) Refusal to Transfer. The Company shall not be required (i) to transfer on its books any Shares that have been sold or otherwise transferred in violation of any of the provisions of this Agreement or (ii) to treat as owner of such Shares or to accord the right to vote or pay dividends to any purchaser or other transferee to whom such Shares shall have been so transferred.

26. Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth, this Agreement shall be binding upon Optionee and his or her heirs, executors, administrators, successors and assigns.

27. Interpretation. Any dispute regarding the interpretation of this Agreement shall be submitted by Optionee or by the Company forthwith to the Administrator, which shall review such dispute at its next regular meeting. The resolution of such a dispute by the Administrator shall be final and binding on the Company and on Optionee.

28. Governing Law; Severability. This Agreement shall be governed by and construed in accordance with the laws of the State of California excluding that body of law pertaining to conflicts of law. Should any provision of this Agreement be determined by a court of law to be illegal or unenforceable, the other provisions shall nevertheless remain effective and shall remain enforceable.

29. Notices. Any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery or upon deposit in the United States mail by certified mail, with postage and fees prepaid, addressed to the other party at its address as shown below beneath its signature, or to such other address as such party may designate in writing from time to time to the other party.

30. Further Instruments. The parties agree to execute such further instruments and to take such further action as may be reasonably necessary to carry out the purposes and intent of this Agreement.

31. Delivery of Payment. Optionee herewith delivers to the Company the full Exercise Price for the Shares, as well as any applicable withholding tax.

32. Entire Agreement. The Plan and Option Agreement are incorporated herein by reference. This Agreement, the Plan, the Option Agreement and the Investment Representation Statement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Optionee with respect to the subject matter hereof.

Accepted by:	Submitted by:
LEGALZOOM.COM, INC.	**OPTIONEE**
By: _____	By: _____
Name: Charles Rampenthal	Name: [NAME]
Title: General Counsel	Address: _____
	_____
	Phone: _____
	Email: _____
Date: _____	Date: _____

EXHIBIT B

INVESTMENT REPRESENTATION STATEMENT

OPTIONEE : [NAME]

COMPANY : LEGALZOOM.COM, INC.

SECURITY : COMMON STOCK

AMOUNT : _____

DATE : _____

In connection with the purchase of the above-listed shares of Common Stock (the "Securities") of LegalZoom.com, Inc. (the "Company"), the undersigned (the "Optionee") represents to the Company the following:

(a) Optionee is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Securities. Optionee is acquiring these Securities for investment for Optionee's own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act").

(b) Optionee acknowledges and understands that the Securities constitute "restricted securities" under the Securities Act and have not been registered under the Securities Act in reliance upon a specific exemption therefrom, which exemption depends upon, among other things, the bona fide nature of Optionee's investment intent as expressed herein. Optionee understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Optionee further acknowledges and understands that the Company is under no obligation to register the Securities. Optionee understands that the certificate evidencing the Securities will be imprinted with a legend which prohibits the transfer of the Securities unless they are registered or such registration is not required in the opinion of counsel satisfactory to the Company and any other legend required under applicable state securities laws.

(c) Optionee is familiar with the provisions of Rule 701 and Rule 144, each promulgated under the Securities Act, which, in substance, permit limited public resale of "restricted securities" acquired, directly or indirectly from the issuer thereof, in a non-public offering subject to the satisfaction of certain conditions. Rule 701 provides that if the issuer qualifies under Rule 701 at the time of the grant of the Option to Optionee, the exercise will be exempt from registration under the Securities Act. In the event the Company becomes subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, ninety (90) days thereafter (or such longer period as any market stand-off agreement may require) the Securities exempt under Rule 701 may be resold, subject to the satisfaction of certain of the

conditions specified by Rule 144, including: (1) the resale being made through a broker in an unsolicited "broker's transaction" or in transactions directly with a market maker (as said term is defined under the Securities Exchange Act of 1934); and, in the case of an affiliate, (2) the availability of certain public information about the Company, (3) the amount of Securities being sold during any three (3) month period not exceeding the limitations specified in Rule 144(e), and (4) the timely filing of a Form 144, if applicable.

In the event that the Company does not qualify under Rule 701 at the time of grant of the Option, then the Securities may be resold in certain limited circumstances subject to the provisions of Rule 144, which generally requires (i) if the Company has not been subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for at least ninety (90) days then the resale must occur not less than one (1) year after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144, or (ii) if the Company has been subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act for at least ninety (90) days then the resale must occur not less than (6) six months after the later of the date the Securities were sold by the Company or the date the Securities were sold by an affiliate of the Company, within the meaning of Rule 144; and, depending on whether Securities being sold are by an affiliate or non-affiliate of the Company along with other facts, the satisfaction of some or all of the conditions set forth in Sections (1), (2), (3) and (4) of the paragraph immediately above.

(d) Optionee further understands that in the event all of the applicable requirements of Rule 701 or 144 are not satisfied, registration under the Securities Act, compliance with Regulation A, or some other registration exemption will be required; and that, notwithstanding the fact that Rules 144 and 701 are not exclusive, the Staff of the Securities and Exchange Commission has expressed its opinion that persons proposing to sell private placement securities other than in a registered offering and otherwise than pursuant to Rules 144 or 701 will have a substantial burden of proof in establishing that an exemption from registration is available for such offers or sales, and that such persons and their respective brokers who participate in such transactions do so at their own risk. Optionee understands that no assurances can be given that any such other registration exemption will be available in such event.

(e) Optionee understands and acknowledges that the Company will rely upon the accuracy and truth of the foregoing representations and Optionee hereby consents to such reliance.

Signature of Optionee:

_____

[NAME]

Date: _____