

FEBRUARY 2025

# Investor Presentation

LEGALZOOM



# Forward-looking statements disclaimer

This presentation contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical facts contained in this presentation may be forward-looking statements. In some cases, you can identify forward-looking statements by terms such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “projects,” “contemplates,” “believes,” “estimates,” “forecasts,” “predicts,” “potential” or “continue” or the negative of these terms or other similar expressions. Forward-looking statements contained in this presentation include, but are not limited to, statements regarding our annual and quarterly guidance. The forward-looking statements in this presentation are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including but not limited to the following: our dependence on business formations; our dependence on customers expanding the use of our platform, including converting our transactional customers to subscribers and our subscribers renewing their subscriptions with us; the impact of macroeconomic challenges or uncertainty on our business; our ability to remain profitable in the future; our ability to provide high-quality products and services, customer care and customer experience; our ability to continue to innovate and provide a platform that is useful to our customers and that meets our customers’ expectations; the competitive legal solutions market; our dependence on our brand and reputation; our ability to maintain and expand strategic relationships with third parties; our ability to hire and retain top talent and motivate our employees; our ability to effectively integrate Formation Nation, Inc. into our existing operations; risks and costs associated with complex and evolving laws and regulations; our ability to maintain effective internal control over financial reporting; and other factors discussed in the section titled “Risk Factors” included in our most recently filed Annual Report on Form 10-K or Quarterly Report on Form 10-Q as well as any factors in our subsequent filings with the Securities and Exchange Commission. The forward-looking statements in this presentation are based upon information available to us as of the date of this presentation, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

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

## *About non-GAAP financial measures*

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

## *Third party information*

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

## *Acquisition of Formation Nation*

On February 10, 2025, we acquired 100% of the equity interests of Formation Nation, Inc. Unless otherwise indicated, all financial and other information contained in this presentation excludes the impact of this acquisition.

# About LegalZoom

**LEGALZOOM**



*Our vision*

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

*Our mission*

Transforming how people  
navigate the legal system



# Online legal and compliance is a big opportunity

## Our market

**\$51B**

SAM<sup>(1)</sup>

Little product innovation

**-61**

Offline Attorney  
NPS<sup>(2)</sup>

Low digital penetration

**35%**

of solo practitioners don't  
have a website<sup>(3)</sup>

Low tech adoption

**~4%**

legal services delivered  
online in the US<sup>(4)</sup>

## Our leadership

*The Largest Digital Player*

**4.6M**

Businesses  
formed since  
inception

**4.3M**

Estate planning  
solutions delivered  
since inception

**1.8M**

Active legal  
& compliance  
subscriptions

**1,000+**

Independent  
attorney network  
servicing all 50  
states

*Efficient Payback<sup>(5)</sup>*

**<1 yr**

Gross profit positive

*Brand Advantage<sup>(6)</sup>*

**>1.5x**

Aided Brand Awareness

*Advantaged NPS<sup>(7)</sup>*

**+75**

LegalZoom Attorney NPS

Unless otherwise noted, all information is as of December 31, 2024.

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

# We solve important problems for our customers...

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

44%

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

10%

Of small businesses are fined for regulatory noncompliance<sup>(1)</sup>

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

96%

Haven't consulted an attorney at formation<sup>(2)</sup>

92%

Haven't consulted a tax professional at formation<sup>(2)</sup>

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

64%

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

16%

Of Americans believe they cannot afford to create a will<sup>(3)</sup>

*...through our innovative legal technology platform*

### Small business services



Business formation



Business compliance



Legal advice



Trademark & IP



Business management<sup>(1)</sup>



Tax prep, banking, insurance & websites<sup>(2)</sup>

### Consumer services



Estate planning



Family planning



Legal advice



Real estate

# Large SAM<sup>(1)</sup>, significant opportunity

Life & Business Planning

**\$13B**

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

- Entity Creation
- Estate Planning

Business Management

**\$15B**

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

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

Expert Assistance

**\$23B**

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

- Intellectual Property
- Contracts and Legal Forms
- Business Tax Returns<sup>(4)</sup>
- Other Legal Matters

# Experienced management team





**Jeff Stibel**  
Chief Executive Officer



**Noel Watson**  
Chief Operating Officer &  
Chief Financial Officer



**Nicole Miller**  
Chief Legal Officer



**Sheily Chhabria Panchal**  
Chief People Officer



**Kathy Tsitovich**  
Chief Corporate Development  
& Partnerships Officer





**Daniel Lysaught**  
Chief Marketing Officer



**Aaron Stibel**  
Chief Revenue Officer

## Three key focus areas

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1

Optimize our  
subscription  
business

2

Reorient go-to-  
market strategy

3

Leverage AI to  
deliver  
expertise

# Formation Nation acquisition overview

## About Formation Nation

- Closed February 10, 2025
- Nevada based small business services company
- Seasoned leadership team with 30+ years of experience in business formation and compliance
- 140+ small business service experts



Flagship brand, “do it yourself”  
business formation solutions

4.9 TrustPilot score



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

5.0 TrustPilot score

## Transaction Rationale

- Differentiated premium and value brand segmentation
- Best-in-class service and expertise
- Complementary portfolios drive cross-sell opportunities
- Transactional business model with future opportunity to shift towards subscription
- Positive contribution to Adj. EBITDA<sup>(1)</sup>, accretive to Non-GAAP earnings per share<sup>(1)</sup>

(1) This is a non-GAAP financial measure. Expectations are inclusive of synergies within first year of acquisition.

# LegalZoom investment highlights

## The largest digital player in a large and fragmented market

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

## Attractive and efficient business model, shifting to subscriptions

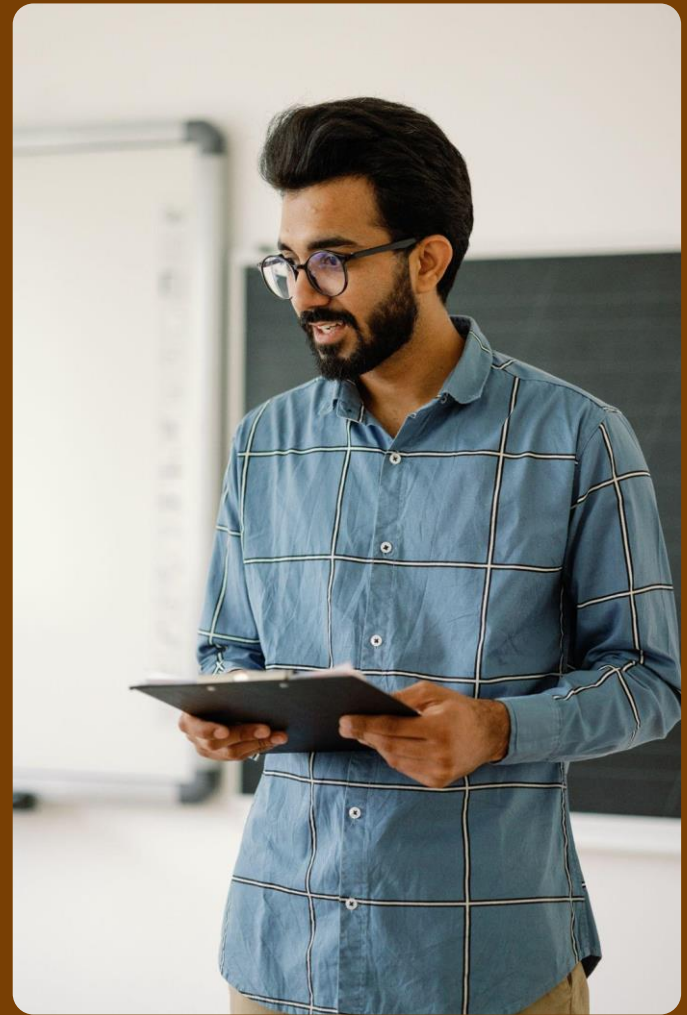
- Building an engaging ecosystem of subscription solutions
- Building an efficient integration of higher value expert services into our platform

## Leadership team focused on growth and profitability

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

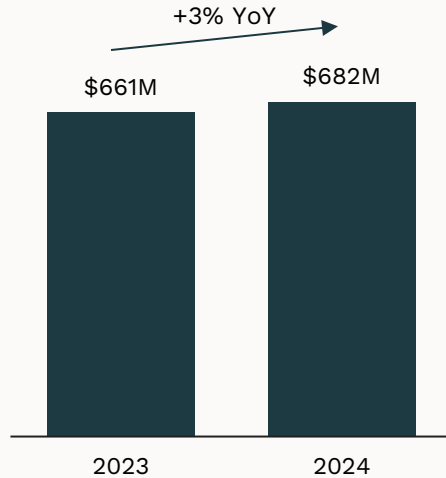
# Financial update

LEGALZOOM

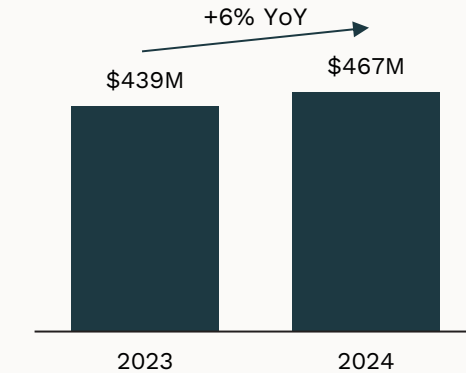


# FY 2024 snapshot

## GAAP Revenue

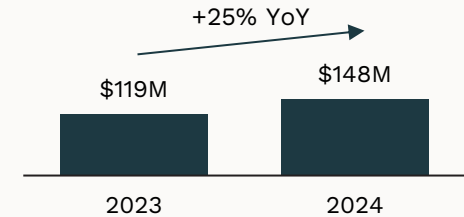


## Non-GAAP Gross Profit<sup>(1)</sup>



% of Revenue <sup>(1)</sup>	
66%	68%

## Adjusted EBITDA<sup>(1)</sup>

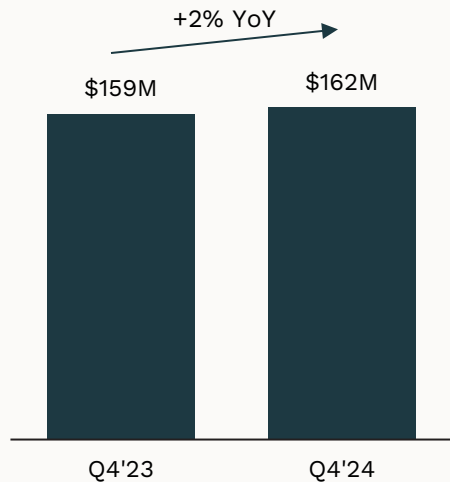


% of Revenue <sup>(1)</sup>	
18%	22%

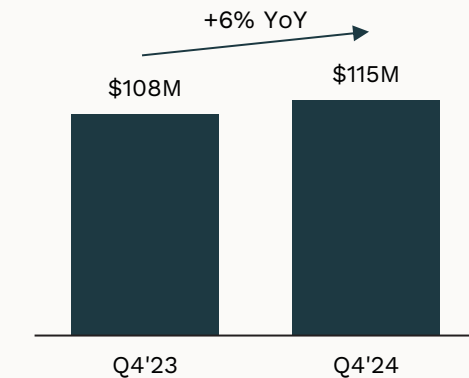
<sup>(1)</sup> This is a non-GAAP financial measure. Refer to the Appendix for a reconciliation of this measure to the most directly comparable GAAP measure.

# Q4 2024 snapshot

## GAAP Revenue

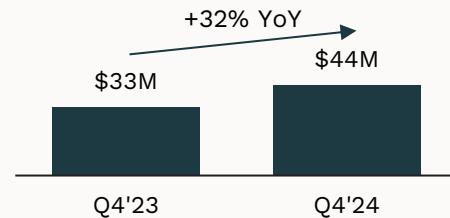


## Adjusted Gross Profit<sup>(1)</sup>



% of Revenue <sup>(1)</sup>	
68%	71%

## Adjusted EBITDA<sup>(1)</sup>

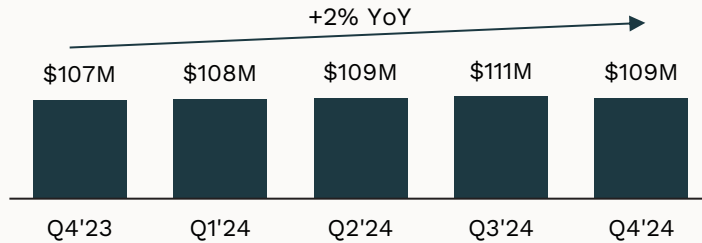


% of Revenue <sup>(1)</sup>	
21%	27%

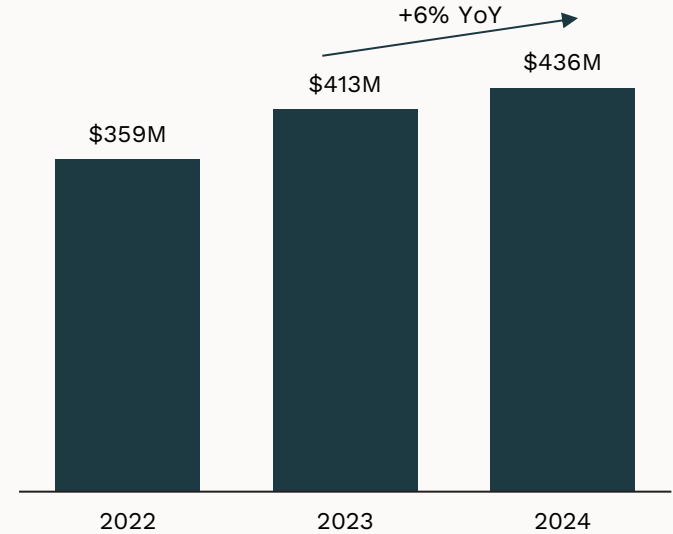
(1) This is a non-GAAP financial measure. Refer to the Appendix for a reconciliation of this measure to the most directly comparable GAAP measure.

# Subscription revenue<sup>(1)</sup>

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



Subscription KPIs					
Subscription Units <sup>(2)</sup>	1,545K	1,605K	1,609K	1,717K	1,766K
ARPU <sup>(3)</sup>	\$277	\$272	\$271	\$264	\$263



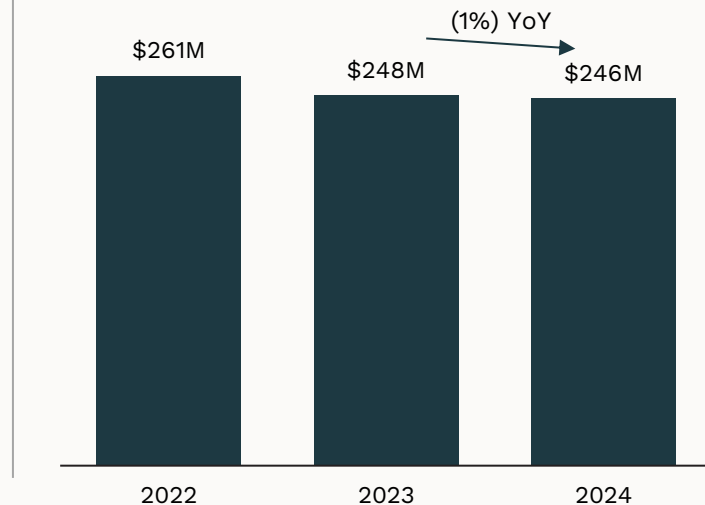
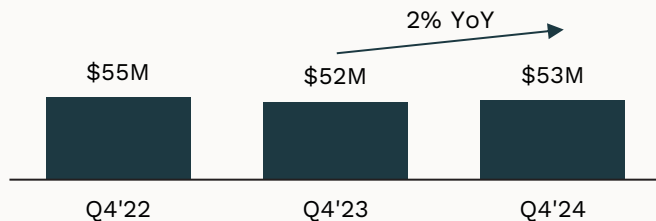
Subscription KPIs		
1,441K	1,545K	1,766K
\$259	\$277	\$263

(1) Beginning in the fourth quarter of 2023, we no longer present partner revenue on a standalone basis and partner revenue is now included within transaction and subscription revenue. This change had no impact on total revenue. Prior period disclosures and amounts have been conformed to the current period presentation. (2) We define the number of subscription units in a given period as the paid subscriptions that remain active at the end of such period, including those that are not yet 60 days past their subscription order dates, excluding subscriptions from our employer group legal plan. Refunds, or partial refunds, may be issued under certain circumstances pursuant to the terms of our customer satisfaction guarantee. (3) We define average revenue per subscription unit, or ARPU, as of a given date as subscription revenue for the 12-month period ended on such date, or LTM, divided by the average number of subscription units at the beginning and end of the LTM period.

# Transaction revenue<sup>(1)</sup>

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

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

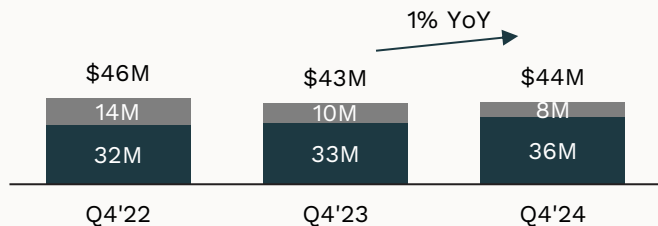
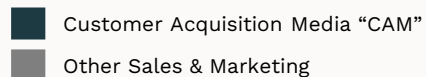


Transaction KPIs			
Business Formations <sup>(2)</sup>	115K	113K	96K
Total Transaction Units <sup>(3)</sup>	211K	215K	241K
AOV <sup>(4)</sup>	\$262	\$242	\$220

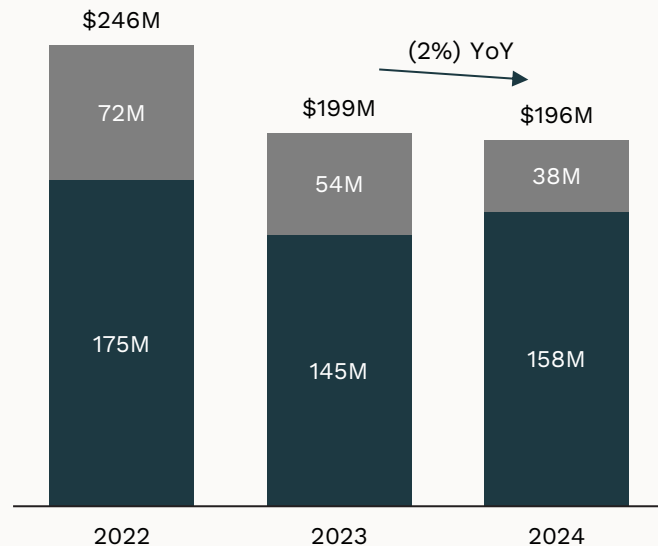
Transaction KPIs		
474K	581K	482K
929K	1,043K	1,123K
\$281	\$238	\$219

(1) Beginning in the fourth quarter of 2023, we no longer present partner revenue on a standalone basis and partner revenue is now included within transaction and subscription revenue. This change had no impact on total revenue. Prior period disclosures and amounts have been conformed to the current period presentation. (2) We define the number of business formations in a given period as the number of LLC, incorporation, not-for-profit and DBA orders placed through our platform in such period. (3) We define the number of transaction units in a given period as gross transaction order volume, prior to refunds, on our platform during such period. Transactions may include one or more services purchased at the same time. Refunds, or partial refunds, may be issued under certain circumstances, pursuant to the terms of our customer satisfaction guarantee. (4) We define average order value for a given period as total transaction revenue divided by total number of transactions in such period.

# Sales & marketing<sup>(1)</sup>



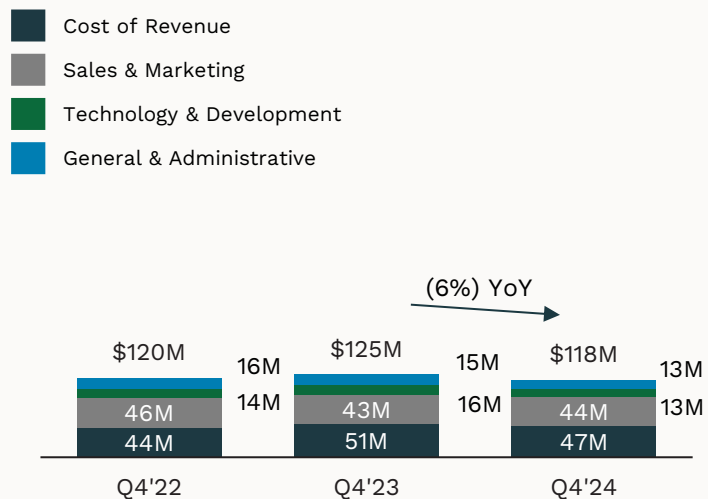
	% of Revenue		
Total Sales & Marketing	31%	27%	27%
CAM	22%	21%	22%
Other Sales & Marketing	9%	6%	5%



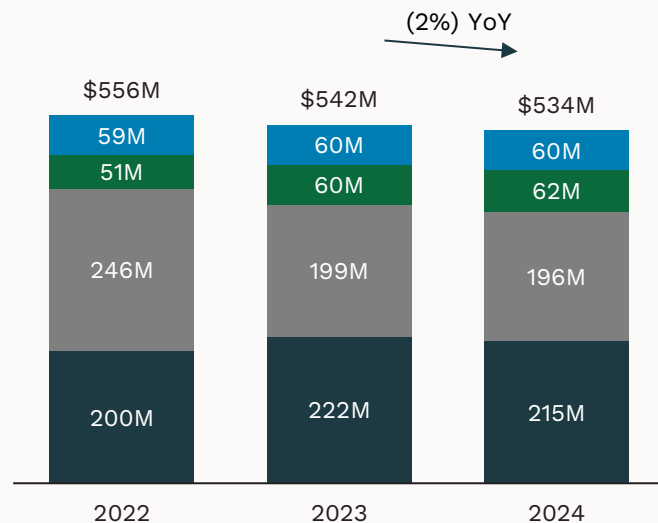
	% of Revenue		
Total Sales & Marketing	40%	30%	29%
CAM	28%	22%	23%
Other Sales & Marketing	12%	8%	6%

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

# Non-GAAP expenses<sup>(1)</sup>



	% of Revenue		
Total Non-GAAP Expense	82%	79%	73%
Cost of Revenue	30%	32%	29%
Sales & Marketing	31%	27%	27%
Tech. & Dev.	9%	10%	8%
G&A	11%	10%	8%



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

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

# Q1 and FY25 guidance<sup>(1)</sup>

Q1 2025	FY 2025	FY 2025 Guidance Commentary
Total Revenue <b>\$175M – \$179M</b>	Total Revenue <b>~5% YoY Growth</b>	<ul style="list-style-type: none"><li>• Revenue growth of approximately 5% YoY<ul style="list-style-type: none"><li>○ Assumes flat macro vs. 2024<sup>(3)</sup></li><li>○ Expect to exit the year with double-digit subscription revenue growth in Q4 2025</li></ul></li><li>• Commitment to Adjusted EBITDA margin expansion<ul style="list-style-type: none"><li>○ Expect double-digit YoY growth in Adjusted EBITDA dollars</li></ul></li></ul>
Adjusted EBITDA <sup>(2)</sup> <b>\$33M – \$36M</b>	Adjusted EBITDA <sup>(2)</sup> <b>~23% margin</b>	

(1) Guidance incorporates expected impact from the acquisition of Formation Nation on February 10, 2025. (2) This is a non-GAAP financial measure. The Company has not reconciled this forward-looking non-GAAP measure to the most comparable GAAP measure because it is unable to provide a meaningful calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing or amount of various items that would impact the most directly comparable forward-looking GAAP financial measure that have not yet occurred, are out of the Company's control and/or cannot be reasonably predicted. (3) Macro refers to U.S. Census Bureau business formation statistics non-seasonally adjusted business application units.

# Appendix

# Reconciliation of GAAP expenses to non-GAAP expenses

<i>FYE Dec 31, \$K</i>	2022	2023	2024	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24
<b>Cost of revenue</b>	<b>\$211,095</b>	<b>\$239,263</b>	<b>\$240,093</b>	<b>\$47,448</b>	<b>\$60,395</b>	<b>\$63,749</b>	<b>\$59,123</b>	<b>\$55,907</b>	<b>\$68,384</b>	<b>\$63,609</b>	<b>\$54,715</b>	<b>53,385</b>
Stock-based compensation <sup>(1)</sup>	2,931	4,318	5,833	726	874	1,105	1,115	1,224	1,593	1,747	1,165	1,328
Depreciation and amortization	8,581	12,772	18,902	2,361	2,622	3,011	3,307	3,832	4,467	4,618	4,828	4,989
Certain non-recurring items <sup>(2)</sup>	—	—	—	—	—	—	—	—	—	—	—	—
<b>Non-GAAP cost of revenue</b>	<b>199,583</b>	<b>222,173</b>	<b>215,358</b>	<b>44,361</b>	<b>56,899</b>	<b>59,633</b>	<b>54,791</b>	<b>50,851</b>	<b>62,324</b>	<b>57,244</b>	<b>48,722</b>	<b>47,068</b>
<b>Sales and marketing</b>	<b>263,884</b>	<b>210,872</b>	<b>207,684</b>	<b>47,920</b>	<b>60,150</b>	<b>53,525</b>	<b>51,071</b>	<b>46,126</b>	<b>53,753</b>	<b>60,130</b>	<b>46,287</b>	<b>47,514</b>
Stock-based compensation <sup>(1)</sup>	10,144	6,096	8,077	511	1,532	1,447	1,623	1,494	1,579	1,906	1,864	2,728
Depreciation and amortization	7,014	5,286	3,736	1,506	1,257	1,354	1,400	1,275	799	889	960	1,088
Certain non-recurring items <sup>(2)</sup>	400	—	—	—	—	—	—	—	—	—	—	—
<b>Non-GAAP sales and marketing</b>	<b>246,326</b>	<b>199,490</b>	<b>195,871</b>	<b>45,903</b>	<b>57,361</b>	<b>50,724</b>	<b>48,048</b>	<b>43,357</b>	<b>51,375</b>	<b>57,335</b>	<b>43,463</b>	<b>43,698</b>
<b>Customer Acquisition Marketing<sup>(3)</sup></b>	<b>174,636</b>	<b>145,338</b>	<b>157,578</b>	<b>31,975</b>	<b>40,745</b>	<b>36,021</b>	<b>35,411</b>	<b>33,131</b>	<b>40,563</b>	<b>47,119</b>	<b>33,975</b>	<b>35,921</b>
<b>Technology and development</b>	<b>70,434</b>	<b>83,181</b>	<b>89,584</b>	<b>18,821</b>	<b>19,683</b>	<b>19,900</b>	<b>21,491</b>	<b>22,107</b>	<b>23,957</b>	<b>25,798</b>	<b>23,179</b>	<b>16,650</b>
Stock-based compensation <sup>(1)</sup>	16,574	18,899	19,573	4,271	4,320	4,875	4,706	4,998	5,703	6,525	6,179	1,166
Depreciation and amortization	2,834	4,184	7,688	722	858	841	1,168	1,317	1,477	1,841	2,150	2,220
Certain non-recurring items <sup>(2)</sup>	—	—	—	—	—	—	—	—	—	—	—	—
<b>Non-GAAP technology and development</b>	<b>51,026</b>	<b>60,098</b>	<b>62,323</b>	<b>13,828</b>	<b>14,505</b>	<b>14,185</b>	<b>15,617</b>	<b>15,792</b>	<b>16,777</b>	<b>17,432</b>	<b>14,850</b>	<b>13,264</b>
<b>General and administrative</b>	<b>116,057</b>	<b>106,352</b>	<b>108,939</b>	<b>27,497</b>	<b>26,504</b>	<b>26,936</b>	<b>25,243</b>	<b>27,669</b>	<b>23,065</b>	<b>26,679</b>	<b>28,149</b>	<b>31,046</b>
Stock-based compensation <sup>(1)</sup>	50,820	36,702	38,027	10,471	9,741	11,530	8,138	7,294	5,981	8,737	6,507	16,802
Depreciation and amortization	3,316	3,141	4,601	969	832	632	780	898	927	1,078	1,257	1,339
Certain non-recurring items <sup>(2)</sup>	2,593	6,234	6,096	—	628	107	1,247	4,252	321	425	5,917	(567)
<b>Non-GAAP general and administrative</b>	<b>59,328</b>	<b>60,275</b>	<b>60,215</b>	<b>16,057</b>	<b>15,303</b>	<b>14,667</b>	<b>15,078</b>	<b>15,225</b>	<b>15,836</b>	<b>16,439</b>	<b>14,468</b>	<b>13,472</b>

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

# Reconciliation of GAAP expenses to non-GAAP expenses on a % of revenue basis

<i>FYE Dec 31, \$K</i>	2022	2023	2024	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24
<b>Cost of revenue</b>	<b>34%</b>	<b>36%</b>	<b>35%</b>	<b>32%</b>	<b>36%</b>	<b>38%</b>	<b>35%</b>	<b>35%</b>	<b>39%</b>	<b>36%</b>	<b>32%</b>	<b>33%</b>
Stock-based compensation <sup>(1)</sup>	0%	1%	1%	0%	1%	1%	1%	1%	1%	1%	1%	1%
Depreciation and amortization	1%	2%	3%	2%	2%	2%	2%	2%	3%	3%	3%	3%
Certain non-recurring items <sup>(2)</sup>	—	—	—	—	—	—	—	—	—	—	—	—
<b>Non-GAAP cost of revenue</b>	<b>32%</b>	<b>34%</b>	<b>32%</b>	<b>30%</b>	<b>34%</b>	<b>35%</b>	<b>33%</b>	<b>32%</b>	<b>36%</b>	<b>32%</b>	<b>29%</b>	<b>29%</b>
<b>Sales and marketing</b>	<b>43%</b>	<b>32%</b>	<b>30%</b>	<b>33%</b>	<b>36%</b>	<b>32%</b>	<b>31%</b>	<b>29%</b>	<b>31%</b>	<b>34%</b>	<b>27%</b>	<b>29%</b>
Stock-based compensation <sup>(1)</sup>	2%	1%	1%	0%	1%	1%	1%	1%	1%	1%	1%	2%
Depreciation and amortization	1%	1%	1%	1%	1%	1%	1%	1%	0%	1%	1%	1%
Certain non-recurring items <sup>(2)</sup>	0%	—	—	—	—	—	—	—	—	—	—	—
<b>Non-GAAP sales and marketing</b>	<b>40%</b>	<b>30%</b>	<b>29%</b>	<b>31%</b>	<b>35%</b>	<b>30%</b>	<b>29%</b>	<b>27%</b>	<b>29%</b>	<b>32%</b>	<b>26%</b>	<b>27%</b>
<b>Customer Acquisition Marketing<sup>(3)</sup></b>	<b>28%</b>	<b>22%</b>	<b>23%</b>	<b>22%</b>	<b>25%</b>	<b>21%</b>	<b>21%</b>	<b>21%</b>	<b>23%</b>	<b>27%</b>	<b>20%</b>	<b>22%</b>
<b>Technology and development</b>	<b>11%</b>	<b>13%</b>	<b>13%</b>	<b>13%</b>	<b>12%</b>	<b>12%</b>	<b>13%</b>	<b>14%</b>	<b>14%</b>	<b>15%</b>	<b>14%</b>	<b>10%</b>
Stock-based compensation <sup>(1)</sup>	3%	3%	3%	3%	3%	3%	3%	3%	3%	4%	4%	1%
Depreciation and amortization	0%	1%	1%	0%	1%	0%	1%	1%	1%	1%	1%	1%
Certain non-recurring items <sup>(2)</sup>	—	—	—	—	—	—	—	—	—	—	—	—
<b>Non-GAAP technology and development</b>	<b>8%</b>	<b>9%</b>	<b>9%</b>	<b>9%</b>	<b>9%</b>	<b>8%</b>	<b>9%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>9%</b>	<b>8%</b>
<b>General and administrative</b>	<b>19%</b>	<b>16%</b>	<b>16%</b>	<b>19%</b>	<b>16%</b>	<b>16%</b>	<b>15%</b>	<b>17%</b>	<b>13%</b>	<b>15%</b>	<b>17%</b>	<b>19%</b>
Stock-based compensation <sup>(1)</sup>	8%	6%	6%	7%	6%	7%	5%	5%	3%	5%	4%	10%
Depreciation and amortization	1%	0%	1%	1%	1%	0%	0%	1%	1%	1%	1%	1%
Certain non-recurring items <sup>(2)</sup>	0%	1%	1%	—	0%	0%	1%	3%	0%	0%	4%	(0%)
<b>Non-GAAP general and administrative</b>	<b>10%</b>	<b>9%</b>	<b>9%</b>	<b>11%</b>	<b>9%</b>	<b>9%</b>	<b>9%</b>	<b>10%</b>	<b>9%</b>	<b>9%</b>	<b>9%</b>	<b>8%</b>

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

# Reconciliation of GAAP expenses to non-GAAP expenses on a year-over-year % basis

<i>FYE Dec 31, \$K</i>	2022	2023	2024	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24
<b>Cost of revenue</b>	<b>11%</b>	<b>13%</b>	<b>0%</b>	<b>(2%)</b>	<b>7%</b>	<b>12%</b>	<b>18%</b>	<b>18%</b>	<b>13%</b>	<b>(0%)</b>	<b>(8%)</b>	<b>(5%)</b>
Stock-based compensation <sup>(1)</sup>	76%	47%	35%	391%	216%	(17%)	87%	69%	82%	58%	4%	8%
Depreciation and amortization	33%	49%	48%	21%	27%	38%	68%	62%	70%	53%	46%	30%
Certain non-recurring items <sup>(2)</sup>	—	—	—	—	—	—	—	—	—	—	—	—
<b>Non-GAAP cost of revenue</b>	<b>10%</b>	<b>11%</b>	<b>(3%)</b>	<b>(4%)</b>	<b>6%</b>	<b>11%</b>	<b>15%</b>	<b>15%</b>	<b>10%</b>	<b>(4%)</b>	<b>(11%)</b>	<b>(7%)</b>
<b>Sales and marketing</b>	<b>(6%)</b>	<b>(20%)</b>	<b>(2%)</b>	<b>(31%)</b>	<b>(22%)</b>	<b>(25%)</b>	<b>(24%)</b>	<b>(4%)</b>	<b>(11%)</b>	<b>12%</b>	<b>(9%)</b>	<b>3%</b>
Stock-based compensation <sup>(1)</sup>	(35%)	(40%)	32%	(87%)	(51%)	(59%)	(45%)	192%	3%	32%	15%	83%
Depreciation and amortization	17%	(25%)	(29%)	(17%)	(33%)	(28%)	(20%)	(15%)	(36%)	(34%)	(31%)	(15%)
Certain non-recurring items <sup>(2)</sup>	—	(100%)	—	—	—	—	(100%)	—	—	—	—	—
<b>Non-GAAP sales and marketing</b>	<b>(4%)</b>	<b>(19%)</b>	<b>(2%)</b>	<b>(28%)</b>	<b>(20%)</b>	<b>(24%)</b>	<b>(23%)</b>	<b>(6%)</b>	<b>(10%)</b>	<b>13%</b>	<b>(10%)</b>	<b>1%</b>
<b>Customer Acquisition Marketing<sup>(3)</sup></b>	<b>(11%)</b>	<b>(17%)</b>	<b>8%</b>	<b>(33%)</b>	<b>(24%)</b>	<b>(18%)</b>	<b>(21%)</b>	<b>4%</b>	<b>(0%)</b>	<b>31%</b>	<b>(4%)</b>	<b>8%</b>
<b>Technology and development</b>	<b>(16%)</b>	<b>18%</b>	<b>8%</b>	<b>3%</b>	<b>10%</b>	<b>23%</b>	<b>23%</b>	<b>17%</b>	<b>22%</b>	<b>30%</b>	<b>8%</b>	<b>(25%)</b>
Stock-based compensation <sup>(1)</sup>	(57%)	14%	4%	(31%)	1%	18%	22%	17%	32%	34%	31%	(77%)
Depreciation and amortization	20%	48%	84%	11%	18%	22%	68%	82%	72%	119%	84%	69%
Certain non-recurring items <sup>(2)</sup>	—	—	—	—	—	—	—	—	—	—	—	—
<b>Non-GAAP technology and development</b>	<b>19%</b>	<b>18%</b>	<b>4%</b>	<b>22%</b>	<b>12%</b>	<b>25%</b>	<b>21%</b>	<b>14%</b>	<b>16%</b>	<b>23%</b>	<b>(5%)</b>	<b>(16%)</b>
<b>General and administrative</b>	<b>9%</b>	<b>(8%)</b>	<b>2%</b>	<b>(12%)</b>	<b>(10%)</b>	<b>(7%)</b>	<b>(16%)</b>	<b>1%</b>	<b>(13%)</b>	<b>(1%)</b>	<b>12%</b>	<b>12%</b>
Stock-based compensation <sup>(1)</sup>	(10%)	(28%)	4%	(32%)	(31%)	(17%)	(34%)	(30%)	(39%)	(24%)	(20%)	130%
Depreciation and amortization	77%	(5%)	46%	47%	15%	(19%)	(7%)	(7%)	11%	71%	61%	49%
Certain non-recurring items <sup>(2)</sup>	1%	140%	(2%)	(100%)	797%	(90%)	(13%)	—	(49%)	297%	374%	(113%)
<b>Non-GAAP general and administrative</b>	<b>30%</b>	<b>2%</b>	<b>(0%)</b>	<b>19%</b>	<b>5%</b>	<b>11%</b>	<b>(2%)</b>	<b>(5%)</b>	<b>3%</b>	<b>12%</b>	<b>(4%)</b>	<b>(12%)</b>

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

# Reconciliation of GAAP gross profit to non-GAAP gross profit

<i>FYE Dec 31, \$K</i>	2022	2023	2024	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24
<b>Gross profit</b>	<b>\$408,884</b>	<b>\$421,464</b>	<b>\$441,788</b>	<b>\$ 99,178</b>	<b>\$105,541</b>	<b>\$105,106</b>	<b>\$108,061</b>	<b>\$102,756</b>	<b>\$105,830</b>	<b>\$113,753</b>	<b>\$113,884</b>	<b>\$108,321</b>
Cost of revenue stock-based compensation <sup>(1)</sup>	2,931	4,318	5,833	726	874	1,105	1,115	1,224	1,593	1,747	1,165	1,328
Cost of revenue depreciation & amortization	8,581	12,772	18,902	2,361	2,622	3,011	3,307	3,832	4,467	4,618	4,828	4,989
<b>Non-GAAP gross profit<sup>(2)</sup></b>	<b>\$420,396</b>	<b>\$438,554</b>	<b>\$466,523</b>	<b>\$ 102,265</b>	<b>\$109,037</b>	<b>\$109,222</b>	<b>\$112,483</b>	<b>\$107,812</b>	<b>\$111,890</b>	<b>\$120,118</b>	<b>\$119,877</b>	<b>\$114,638</b>
<i>Gross profit margin<sup>(2)</sup></i>	66%	64%	65%	68%	64%	62%	65%	65%	61%	64%	68%	67%
<i>Non-GAAP gross profit margin<sup>(2)</sup></i>	68%	66%	68%	70%	66%	65%	67%	68%	64%	68%	71%	71%

(1) Stock-based compensation expense excludes amounts paid in cash to certain employees as part of a buyback program that concluded in 2022. (2) We define non-GAAP gross profit as gross profit adjusted to exclude amortization of acquired intangible assets from our business combinations, non-cash stock-based compensation expense, losses from impairments of goodwill, long-lived and other assets, and other non-recurring expenses associated with our cost of revenue. Our non-GAAP gross profit financial measure differs from GAAP in that it excludes certain items of income and expense. We define gross profit margin as gross profit as a percentage of revenue. We define non-GAAP gross profit margin as non-GAAP gross profit as a percentage of revenue.

# Reconciliation of GAAP net (loss) income to Adjusted EBITDA

<b>FYE Dec 31, \$K</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Q4'22</b>	<b>Q1'23</b>	<b>Q2'23</b>	<b>Q3'23</b>	<b>Q4'23</b>	<b>Q1'24</b>	<b>Q2'24</b>	<b>Q3'24</b>	<b>Q4'24</b>
<b>Net (loss) income</b>	<b>(\$48,733)</b>	<b>\$13,953</b>	<b>\$29,963</b>	<b>\$1,744</b>	<b>(\$2,358)</b>	<b>\$1,395</b>	<b>\$7,534</b>	<b>\$7,382</b>	<b>\$4,744</b>	<b>\$1,314</b>	<b>\$11,051</b>	<b>\$12,854</b>
Interest (income) expense, net	(1,543)	(8,814)	(7,404)	(1,032)	(1,581)	(2,152)	(2,623)	(2,457)	(2,826)	(2,203)	(1,273)	(1,102)
Provision for (benefit from) income taxes	1,060	17,541	13,120	2,842	3,837	6,127	4,463	3,114	3,230	2,046	8,232	(388)
Depreciation and amortization	21,745	25,383	34,927	5,558	5,569	5,837	6,655	7,322	7,670	8,426	9,195	9,636
Other expense (income), net	4,477	(1,621)	(98)	(1,625)	(694)	(625)	882	(1,185)	(93)	(11)	(1,741)	1,747
Stock-based compensation <sup>(1)</sup>	80,469	66,015	71,510	15,979	16,467	18,956	15,582	15,010	14,856	18,915	15,715	22,024
Loss on debt extinguishment	—	—	—	—	—	—	—	—	—	—	—	—
Impairment of goodwill, long-lived & other assets	237	—	—	—	—	—	—	—	—	—	—	—
Impairment of other equity security <sup>(2)</sup>	3,000	—	—	3,000	—	—	—	—	—	—	—	—
Acquisition or transaction related expenses	758	—	—	—	—	—	—	—	—	—	—	—
Restructuring costs <sup>(3)</sup>	1,795	4,666	6,096	—	628	107	68	3,863	321	425	5,917	(567)
Legal reserves and settlements <sup>(4)</sup>	40	—	—	—	—	—	—	—	—	—	—	—
IPO-related costs <sup>(5)</sup>	—	—	—	—	—	—	—	—	—	—	—	—
Certain non-recurring expenses <sup>(6)</sup>	400	1,568	—	—	—	—	1,179	389	—	—	—	—
<b>Adjusted EBITDA</b>	<b>\$63,705</b>	<b>\$118,691</b>	<b>\$148,114</b>	<b>\$26,466</b>	<b>\$21,868</b>	<b>\$29,645</b>	<b>\$33,740</b>	<b>\$33,438</b>	<b>\$27,902</b>	<b>\$28,912</b>	<b>\$47,096</b>	<b>\$44,204</b>
Revenue	619,979	660,727	681,881	146,626	165,936	168,854	167,274	158,663	174,214	177,362	168,599	161,706
<i>Adjusted EBITDA margin</i>	<i>10%</i>	<i>18%</i>	<i>22%</i>	<i>18%</i>	<i>13%</i>	<i>18%</i>	<i>20%</i>	<i>21%</i>	<i>16%</i>	<i>16%</i>	<i>28%</i>	<i>27%</i>

(1) Stock-based compensation expense excludes amounts paid in cash to certain employees as part of a buyback program that concluded in 2022. (2) In December 2022, we fully impaired our investment in Mylo and incurred a loss of \$3.0 million as the fair value of our investment was determined to be zero based upon an observable sale of their common equity. (3) Restructuring costs relate to certain one-time severance events for different components of our business. For 2022, we incurred restructuring costs related to the reduction of our U.S. headcount. For 2023, restructuring expenses related to the reduction of our U.K. headcount, which was substantially complete by December 31, 2023. For 2024, restructuring expenses related to the reduction of our U.S. headcount. (4) Legal reserves and settlements include costs accrued or paid for potential litigation settlements, and are net of insurance recoveries, if any. (5) IPO-related costs include certain non-recurring expenses which occurred in connection with our IPO in 2021. (6) In 2021, certain non-recurring expenses consisted of the early termination of our U.K. lease agreement. In 2022, certain non-recurring expenses consisted of compensation expense was recorded in sales and marketing expenses related to the departure of a member of management. In 2023, certain non-recurring expenses included costs incurred by the Company in conjunction with the secondary offerings by a selling stockholder in September 2023 and November 2023.

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

<i>FYE Dec 31, \$K</i>	2022	2023	2024	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24
<b>Net (loss) income</b>	<b>(\$48,733)</b>	<b>\$13,953</b>	<b>\$29,963</b>	<b>\$1,744</b>	<b>(\$2,358)</b>	<b>\$1,395</b>	<b>\$7,534</b>	<b>\$7,382</b>	<b>\$4,744</b>	<b>\$1,314</b>	<b>\$11,051</b>	<b>\$12,854</b>
Amortization of acquired intangible assets	3,532	5,165	5,082	1,291	1,291	1,291	1,292	1,291	1,270	1,271	1,275	1,266
Stock-based compensation <sup>(1)</sup>	80,469	66,015	71,510	15,979	16,467	18,956	15,582	15,010	14,856	18,915	15,715	22,024
Loss on debt extinguishment	—	—	—	—	—	—	—	—	—	—	—	—
Impairment of goodwill, long-lived & other assets	237	—	—	—	—	—	—	—	—	—	—	—
Impairment of other equity security <sup>(2)</sup>	3,000	—	—	3,000	—	—	—	—	—	—	—	—
Acquisition or transaction related expenses	758	—	—	—	—	—	—	—	—	—	—	—
Restructuring costs <sup>(3)</sup>	1,795	4,666	6,096	—	628	107	68	3,863	321	425	5,917	(567)
Legal reserves and settlements <sup>(4)</sup>	40	—	—	—	—	—	—	—	—	—	—	—
IPO-related costs <sup>(5)</sup>	—	—	—	—	—	—	—	—	—	—	—	—
Certain non-recurring expenses <sup>(6)</sup>	400	1,568	—	—	—	—	1,179	389	—	—	—	—
Income tax effects	(10,243)	(10,892)	(13,200)	(3,010)	(2,030)	(2,714)	(2,347)	(3,801)	(2,847)	(3,115)	(4,259)	(2,979)
<b>Non-GAAP net income</b>	<b>\$31,255</b>	<b>\$80,475</b>	<b>\$99,451</b>	<b>\$19,004</b>	<b>\$13,998</b>	<b>\$19,035</b>	<b>\$23,308</b>	<b>\$24,134</b>	<b>\$18,344</b>	<b>\$18,810</b>	<b>\$29,699</b>	<b>\$32,598</b>
<i>Net (loss) income margin</i>	<i>(8%)</i>	<i>2%</i>	<i>4%</i>	<i>1%</i>	<i>(1%)</i>	<i>1%</i>	<i>5%</i>	<i>5%</i>	<i>3%</i>	<i>1%</i>	<i>7%</i>	<i>8%</i>
<i>Non-GAAP net income margin</i>	<i>5%</i>	<i>12%</i>	<i>15%</i>	<i>13%</i>	<i>8%</i>	<i>11%</i>	<i>14%</i>	<i>15%</i>	<i>11%</i>	<i>11%</i>	<i>18%</i>	<i>20%</i>

(1) Stock-based compensation expense excludes amounts paid in cash to certain employees as part of a buyback program that concluded in 2022. (2) In December 2022, we fully impaired our investment in Mylo and incurred a loss of \$3.0 million as the fair value of our investment was determined to be zero based upon an observable sale of their common equity. (3) Restructuring costs relate to certain one-time severance events for different components of our business. For 2022, we incurred restructuring costs related to the reduction of our U.S. headcount. For 2023, restructuring expenses related to the reduction of our U.K. headcount, which was substantially complete by December 31, 2023. For 2024, restructuring expenses related to the reduction of our U.S. headcount. (4) Legal reserves and settlements include costs accrued or paid for potential litigation settlements, and are net of insurance recoveries, if any. (5) IPO-related costs include certain non-recurring expenses which occurred in connection with our IPO in 2021. (6) In 2021, certain non-recurring expenses consisted of the early termination of our U.K. lease agreement. In 2022, certain non-recurring expenses consisted of compensation expense was recorded in sales and marketing expenses related to the departure of a member of management. In 2023, certain non-recurring expenses included costs incurred by the Company in conjunction with the secondary offerings by a selling stockholder in September 2023 and November 2023.

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

<i>FYE Dec 31, \$K</i>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Q4'22</b>	<b>Q1'23</b>	<b>Q2'23</b>	<b>Q3'23</b>	<b>Q4'23</b>	<b>Q1'24</b>	<b>Q2'24</b>	<b>Q3'24</b>	<b>Q4'24</b>
<b>Net cash provided by operating activities</b>	<b>\$73,837</b>	<b>\$124,308</b>	<b>\$135,639</b>	<b>\$21,822</b>	<b>\$29,208</b>	<b>\$45,165</b>	<b>\$27,441</b>	<b>\$22,495</b>	<b>\$34,194</b>	<b>\$27,245</b>	<b>\$31,613</b>	<b>\$42,586</b>
Purchase of property and equipment	(22,098)	(31,593)	(35,696)	(5,657)	(7,428)	(7,799)	(7,993)	(8,374)	(9,477)	(9,873)	(9,638)	(6,707)
<b>Free cash flow<sup>(1)</sup></b>	<b>51,739</b>	<b>92,715</b>	<b>99,943</b>	<b>16,165</b>	<b>21,780</b>	<b>37,366</b>	<b>19,448</b>	<b>14,121</b>	<b>24,717</b>	<b>17,372</b>	<b>21,975</b>	<b>35,879</b>
<i>Operating cash flow margin<sup>(2)</sup></i>	12%	19%	20%	15%	18%	27%	16%	14%	20%	15%	19%	26%
<i>Free cash flow margin<sup>(2)</sup></i>	8%	14%	15%	11%	13%	22%	12%	9%	14%	10%	13%	22%

(1) We define free cash flow as cash generated by operations after purchases of property and equipment including capitalized internal-use software. (2) We define operating cash flow margin as net cash provided by operating activities as a percentage of revenue. We define free cash flow margin as free cash flow as a percentage of revenue. We define unlevered free cash flow margin as unlevered free cash flow as a percentage of revenue.

**LEGALZOOM**