

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

**Amendment No. 1
to
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

LegalZoom.com, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

7370
(Primary Standard Industrial
Classification Code Number)

95-4752856
(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)

C. Thomas Hopkins
Jodie Bourdet
Jonie Kondracki
Cooley LLP
1333 2nd Street, Suite 400
Santa Monica, California 90401
(310) 883-6400

Copies to:
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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input checked="" type="checkbox"/>

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	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share(1)	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee(3)
Common Stock, par value \$0.001 per share	21,989,150	\$27.00	\$593,707,050	\$64,774

- (1) Includes 2,868,150 additional shares that the underwriters have the option to purchase.
- (2) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(a) of the Securities Act of 1933, as amended. Includes the aggregate offering price of additional shares that the underwriters have the option to purchase.
- (3) The registrant previously paid a registration fee of \$10,910 in connection with the prior filing of this Registration Statement.

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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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated June 21, 2021

Preliminary prospectus

19,121,000 Shares



Common stock

This is the initial public offering of shares of our common stock. We are offering 19,121,000 shares of our common stock.

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 \$24.00 and \$27.00 per share of common stock.

We have applied for listing of our common stock on The Nasdaq Global Select Market 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.

In a concurrent private placement, entities affiliated with TCV, an existing stockholder, have agreed, subject to certain conditions, to purchase a number of shares of common stock with an aggregate purchase price of approximately \$90.0 million, at a price per share equal to the initial public offering price. Based on an assumed initial public offering price of \$25.50 per share, the midpoint of the price range set forth on the cover page of this prospectus, this would be 3,529,000 shares of common stock. The underwriters acted as placement agents in connection with the concurrent private placement and will receive a placement agent fee equal to 5.5% of the total purchase price of the private placement shares.

Certain funds and accounts managed by subsidiaries of BlackRock, Inc. and entities affiliated with Neuberger Berman Investment Advisers LLC (collectively, the "cornerstone investors") have indicated an interest in purchasing up to an aggregate of up to \$75.0 million each (up to \$150.0 million in the aggregate) in shares of common stock offered in this offering at the initial public offering price. Because this indication of interest is not a binding agreement or commitment to purchase, the cornerstone investors may decide to purchase more, less or no shares of our common stock in this offering, or the underwriters may decide to sell more, less or no shares of our common stock in this offering to the cornerstone investors. The underwriters will receive the same discount from any shares of common stock sold to the cornerstone investors as they will from any other shares of common stock sold to the public in this offering.

	Per share	Total
Initial public offering price	\$	\$
Underwriting discounts and commissions ⁽¹⁾	\$	\$
Proceeds to us before expenses	\$	\$

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

We have granted the underwriters an option for a period of 30 days to purchase up to an additional 2,868,150 shares of common stock 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 20.

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
BofA Securities	Citigroup	Jefferies
JMP Securities	Raymond James	William Blair
AmeriVet Securities		Penserra Securities LLC
Telsey Advisory Group		Siebert Williams Shank

, 2021



 **LEGALZOOM**
LET'S MAKE IT OFFICIAL

OUR MISSION IS TO
DEMOCRATIZE LAW





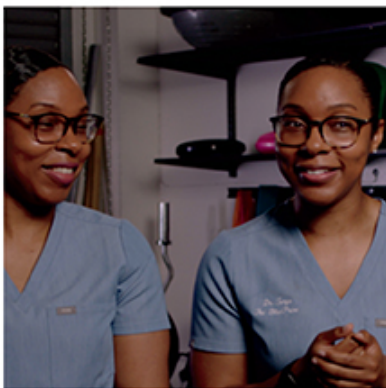
Once a small business is formed, we offer subscription services to protect the business, its ideas, and the families that create them.

- **Business Formation**
- **Intellectual Property**
- **Estate Planning**



“I would recommend LegalZoom because they will change your life overnight.”

Dr. Toya and Dr. Tonya Harris
Owners, The BluePrint



“Having LegalZoom there to help us build this company was essential to the success of our company.”

Mike Roberts
Owner, The Horse's Axe



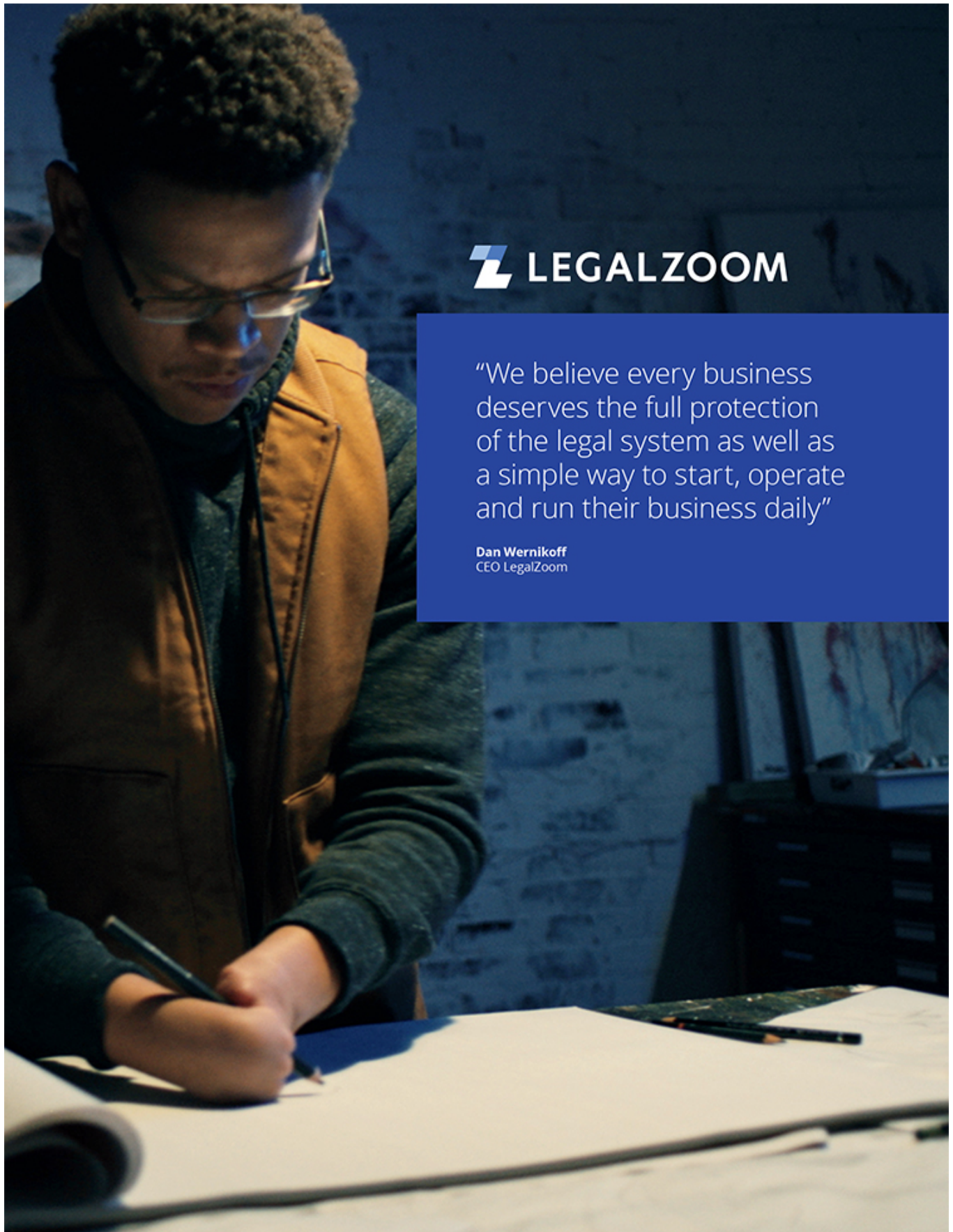
“Time and speed of execution. A trusted advisor for us.”

Mark and Victoria Thompson
Co-Founders, GenFree LLC



STRONG FINANCIAL PROFILE

Revenue	\$471M	2020
Accelerated Growth	27%	Q1 2021 YoY Revenue Growth
Attractive Subscription Model	~50%	Subscription Revenue Mix 2020
Profitability	2%	Net Income Margin 2020
	19%	Adj. EBITDA Margin 2020
Efficient Unit Economics	<90	Day Marketing Payback



“We believe every business deserves the full protection of the legal system as well as a simple way to start, operate and run their business daily”

Dan Wernikoff
CEO LegalZoom

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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, 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 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, 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 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. With the exception of disclosures that refer to our consolidated financial information (including our financial summaries), as well as disclosures that refer to average order value, average revenue per subscription unit, numbers of subscription units, total transaction orders, and numbers of businesses formed per year (which disclosures are all made by reference to our consolidated global operations), all disclosures relating to our business and which are presented in this prospectus are made by reference solely to our U.S. operations.

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, 28,000 trademark applications were made through LegalZoom in the United States in 2020. 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 believe 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%, and \$105.8 million and \$134.6 million for the three months ended March 31, 2020 and 2021, respectively, representing a period-over-period increase of 27.3%. We had net income (loss) of \$7.4 million, \$9.9 million, \$(4.9) million and \$(9.8) million in 2019, 2020, and the three months ended March 31, 2020 and 2021, respectively. The increase in net income between 2019 and 2020 was driven by higher revenue, which was partially offset by our investments in marketing spend to expand our customer base and build on our digital brand leadership. The increase in net loss between March 31, 2020 and 2021 largely resulted from increased investment in marketing spend, which nearly

offset the increase in revenue. Adjusted EBITDA decreased from \$97.2 million in 2019 to \$88.0 million in 2020 and from \$13.4 million in the three months ended March 31, 2020 to \$3.6 million in the three months ended March 31, 2021, as we invested further in marketing spend to expand our customer base and build on our digital brand leadership. Cash flows from operating activities increased from \$52.7 million in 2019 to \$93.0 million in 2020 and increased from \$21.9 million in the three months ended March 31, 2020 to \$31.4 million in the three months ended March 31, 2021. The increases in cash flows from operating activities between 2019 and 2020 and March 31, 2020 and 2021 were the result of increases in deferred revenue and other changes in operating assets and liabilities. Free cash flow increased from \$34.3 million in 2019 to \$82.5 million in 2020, primarily as a result of growth in 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. Free cash flow increased from \$19.9 million in the three months ended March 31, 2020 to \$28.5 million in the three months ended March 31, 2021, primarily as a result of growth in deferred revenue driven by an increase in the number of transactions and subscription units. For 2019, 2020, and the three months ended March 31, 2020 and 2021, our free cash flow included cash payments for interest of \$37.3 million, \$27.9 million, \$8.3 million and \$6.1 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 2020.

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 26 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 approximately 70% of financial services and, according to Ernst & Young, 30% to 45% of healthcare services. According to the American Bar Association, more than 40% of solo attorneys do not have a website.

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 often through our free proprietary educational content, through which we earn trust and drive significant organic traffic.

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, of 51, which is over double that of traditional offline attorneys, who have an NPS of 25, and our NPS for our independent attorney network is 77, which is three times that of traditional offline attorneys, helping us form a trusted relationship with small business owners. Based on this trusted relationship, during 2020 and the three months ended March 31, 2021, 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. Of the customers who purchased a LLC, corporation, or non-profit product in the first quarter of 2021, less than 10% scheduled a consultation with a legal plan attorney between the date of purchase and June 14, 2021.

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 and the three months ended March 31, 2021, 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. For each year since 2017, an average of 28% of our U.S. customers who purchased a transaction in such year had also purchased a transaction product in a prior year.

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 our business formation products, which is

over double the score of traditional offline attorneys, and our NPS for our independent attorney network, which is 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 69 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 611,000 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. We helped form 378,000 businesses in 2020 and helped create 250,000 estate plan documents in 2020. In 2020, approximately 10% of new LLCs and 5% of new corporations were formed through LegalZoom. In addition, 28,000 trademark applications were made through LegalZoom in the United States in 2020. 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. Our compliance platform allows our customers to stay focused on running their businesses, while we help them manage the ever changing regulations and filing deadlines. Our compliance database tracks rules and deadlines across multiple jurisdictions and our platform provides notifications of rule changes and deadlines to our customers. In 2020, we sent approximately seven million notifications to our customers.

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, based on customer surveys, we estimate 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. Our customers often interact 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 use software to simplify the many archaic and last mile processes that are involved in processing formations at the state level. We deploy machine learning and natural language processing to power our registered agent offering. 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. Over time, we have collected over 1.5 billion answers as part of the user-friendly questionnaires our customers complete as part of their experience with our products. We are able to leverage this data, in accordance with relevant privacy laws and our data stewardship principles, 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.
- We have identified material weaknesses in our internal control over financial reporting and, if we fail to remediate these material weaknesses, 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.

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	19,121,000 shares
Common stock offered in the concurrent private placement	Entities affiliated with TCV, an existing stockholder, have agreed, subject to certain conditions, to purchase a number of shares of common stock with an aggregate purchase price of approximately \$90.0 million, at a price per share equal to the initial public offering price. Based upon an assumed initial public offering price of \$25.50 per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, this would be 3,529,000 shares of common stock. Sales of these shares to entities affiliated with TCV will not be registered in this offering. In addition, TCV has agreed to a 180-day lock-up agreement pursuant to which the common stock purchased in the concurrent private placement will be locked up for a period of 180 days, subject to early termination as described in the section titled "Underwriting." We refer to the concurrent private placement of these shares of common stock as the concurrent private placement. The underwriters acted as placement agents in connection with the concurrent private placement and will receive a placement agent fee equal to 5.5% of the total purchase price of the private placement shares.
Option to purchase additional shares of common stock	We have granted the underwriters an option to purchase up to an aggregate of 2,868,150 shares from us.
Total common stock to be outstanding after this initial public offering and the concurrent private placement	194,111,546 shares (196,979,696 shares if the underwriters exercise their option to purchase additional shares from us in full).
Use of proceeds	<p>We estimate that the net proceeds from this offering and the concurrent private placement will be approximately \$540.8 million (or approximately \$609.9 million if the underwriters exercise in full their option to purchase up to 2,868,150 additional shares of common stock from us), based on an assumed initial public offering price of \$25.50 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, estimated offering expenses payable by us and the placement agent fee for the concurrent private placement.</p> <p>The principal purposes of this offering and the concurrent private placement 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 and the concurrent private placement primarily (1) to repay in full \$523.0 million of outstanding indebtedness under our 2018 Credit Agreement, 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,</p>

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.

Indications of Interest

The cornerstone investors have indicated an interest in purchasing up to an aggregate of up \$75.0 million each (up to \$150.0 million in the aggregate) of the shares of common stock offered in this offering at the initial public offering price. Because this indication of interest is not a binding agreement or commitment to purchase, the cornerstone investors may decide to purchase more, less or no shares of our common stock in this offering, or the underwriters may decide to sell more, less or no shares of our common stock in this offering to the cornerstone investors. The underwriters will receive the same discount from any shares of common stock sold to the cornerstone investors as they will from any other shares of common stock sold to the public in this offering.

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 Nasdaq trading symbol

“LZ”

The total number of shares of common stock to be outstanding after this offering and the concurrent private placement is based on 171,461,546 shares of common stock outstanding as of March 31, 2021, and excludes:

- 14,952,784 shares of common stock issuable upon the exercise of outstanding options as of March 31, 2021, granted pursuant to our 2016 Stock Incentive Plan, or 2016 Plan, at a weighted-average exercise price of \$8.93 per share;
- 3,308,780 shares of common stock issuable upon the settlement of restricted stock units, or RSUs, outstanding as of March 31, 2021, granted pursuant to our 2016 Plan;
- 504,487 shares of common stock issuable upon the settlement of RSUs granted subsequent to March 31, 2021;
- 426,466 shares of common stock issuable upon the settlement of RSUs and options to purchase 1,066,172 shares of our common stock based on the assumed initial public offering price of \$25.50 per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, granted to certain of our executive officers pursuant to the 2016 Plan, which RSUs and options are contingent upon the effectiveness of this offering. The actual number of RSUs and options will be determined based on the initial public offering price included in the final prospectus;
- up to 18,946,871 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
- 3,552,538 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 March 31, 2021 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 March 31, 2021;
- the issuance and sale by us in the concurrent private placement of a number of shares of common stock with an aggregate purchase price of approximately \$90.0 million, at a price per share equal to the initial public offering price to entities affiliated with TCV. Based upon an assumed initial public offering price of \$25.50 per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, this would be 3,529,000 shares of common stock; and
- no exercise by the underwriters of their option to purchase up to an additional 2,868,150 shares of common stock from us.

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 statements of operations data for the years ended December 31, 2019 and 2020 have been derived from our consolidated financial statements included elsewhere in this prospectus. The summary consolidated statements of operations data for the three months ended March 31, 2020 and 2021 and the summary consolidated balance sheet data as of March 31, 2021 have been derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus. The unaudited condensed consolidated financial statements have been prepared on the same basis as the annual consolidated financial statements, and in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to fairly state our financial position and results of operations. The summary consolidated financial and other data in this section are not intended to replace our annual and interim consolidated financial statements and the related notes and are qualified in their entirety by our annual and interim consolidated financial statements and the related notes included elsewhere in this prospectus.

Our historical results are not necessarily indicative of the results that may be expected in the future.

	Year		Three Months	
	Ended December 31, 2019	2020	2020	2021
	(in thousands, except per share data)			
Revenue ⁽¹⁾	\$ 408,380	\$ 470,636	\$ 105,795	\$ 134,632
Cost of revenue ⁽²⁾⁽³⁾	136,915	154,563	35,112	43,960
Gross profit	271,465	316,073	70,683	90,672
Operating expenses:				
Sales and marketing ⁽²⁾⁽³⁾	115,913	171,390	43,481	71,361
Technology and development ⁽²⁾⁽³⁾	37,204	41,863	10,543	10,499
General and administrative ⁽²⁾⁽³⁾	57,762	51,017	12,661	13,165
Impairment of goodwill, long-lived and other assets	14,321	1,105	555	—
Loss on sale of business	—	1,764	—	—
Total operating expenses	225,200	267,139	67,240	95,025
Income (loss) from operations	46,265	48,934	3,443	(4,353)
Interest expense, net	(38,559)	(35,504)	(9,270)	(8,654)
Other income (expense), net	2,577	3,713	(1,106)	248
Impairment of available-for-sale debt securities	—	(4,818)	—	—
Income (loss) before income taxes and income from equity method investment	10,283	12,325	(6,933)	(12,759)
Provision for (benefit from) income taxes	3,161	2,429	(2,055)	(2,936)
Income (loss) before income from equity method investment	7,122	9,896	(4,878)	(9,823)
Income from equity method investment	321	—	—	—
Net income (loss)	<u>\$ 7,443</u>	<u>\$ 9,896</u>	<u>\$ (4,878)</u>	<u>\$ (9,823)</u>
Net income (loss) attributable to common stockholders—basic	\$ 5,422	\$ 7,223	\$ (4,878)	\$ (9,823)
Net income (loss) attributable to common stockholders—diluted	<u>\$ 5,476</u>	<u>\$ 7,262</u>	<u>\$ (4,878)</u>	<u>\$ (9,823)</u>
Net income (loss) per share attributable to common stockholders—basic	\$ 0.04	\$ 0.06	\$ (0.04)	\$ (0.08)
Net income (loss) per share attributable to common stockholders—diluted	<u>\$ 0.04</u>	<u>\$ 0.06</u>	<u>\$ (0.04)</u>	<u>\$ (0.08)</u>
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders—basic ⁽⁴⁾ :	123,826	124,709	124,411	125,065
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders—diluted:	<u>128,546</u>	<u>127,259</u>	<u>124,411</u>	<u>125,065</u>

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	Year Ended December 31,		Three Months Ended March 31,	
	2019	2020	2020	2021
Pro forma net loss per share—basic and diluted (unaudited) ⁽⁵⁾	(in thousands, except per share data)			
	\$ (0.08)		\$ (0.10)	
Pro forma weighted average shares to compute pro forma net loss per share—basic and diluted (unaudited) ⁽⁵⁾	196,362		196,873	
Consolidated Statements of Cash Flows Data:				
Net cash provided by operating activities	\$ 52,695	\$ 93,049	\$ 21,889	\$ 31,415
Net cash used in investing activities	(20,717)	(12,727)	(1,988)	(2,911)
Net cash (used in) provided by financing activities	(12,852)	(15,089)	36,589	(1,834)

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

	Year Ended December 31,		Three Months Ended March 31,	
	2019	2020	2020	2021
	(in thousands)			
Transaction	\$ 168,305	\$ 212,114	\$ 45,586	\$ 61,388
Subscription	206,447	229,840	54,235	65,493
Partner	33,628	28,682	5,974	7,751
Total revenue	\$ 408,380	\$ 470,636	\$ 105,795	\$ 134,632

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,		Three Months Ended March 31,	
	2019	2020	2020	2021
	(in thousands)			
Cost of revenue	\$ 205	\$ 177	\$ 37	\$ 59
Sales and marketing	1,020	1,122	643	207
Technology and development	1,314	2,703	950	526
General and administrative	4,170	9,719	2,697	3,150
Total stock-based compensation expense	\$ 6,709	\$ 13,721	\$ 4,327	\$ 3,942

(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,		Three Months Ended March 31,	
	2019	2020	2021	2021
	(in thousands)			
Cost of revenue	\$ 6,773	\$ 8,324	\$ 1,958	\$ 1,678
Sales and marketing	6,469	6,913	1,849	1,475
Technology and development	1,055	2,800	650	587
General and administrative	2,093	2,060	463	426
Total depreciation and amortization expense	\$ 16,390	\$ 20,097	\$ 4,920	\$ 4,166

- (4) See Note 2 and Note 3 to our annual consolidated financial statements and Note 9 to our interim condensed 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 loss per share (unaudited) and the pro forma weighted-average shares used to compute pro forma net loss per share (unaudited) for the year ended December 31, 2020 and three months ended March 31, 2021 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 \$25.50 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 in full of \$523.0 million of outstanding indebtedness under the 2018 Term Loan after the completion of this offering; (3) the reversal of interest expense and amortization of debt issuance costs, net of the recognition of a loss on debt extinguishment of \$13.7 million and \$5.0 million for the year ended December 31, 2020 and the three months ended March 31, 2021, respectively, relating to such debt repaid as if the repayment and associated debt extinguishment occurred on January 1, 2020, net of the estimated income tax effect using a blended statutory income tax rate of 26.0% and 24.9% for the year ended December 31, 2020 and the three months ended March 31, 2021, respectively; (4) additional stock-based compensation expense of approximately \$0.8 million and \$1.1 million for the year ended December 31, 2020 and the three months ended March 31, 2021, respectively, net of estimated income tax effect using a blended statutory income tax rate of 26.0% and 24.9% for the year ended December 31, 2020 and the three months ended March 31, 2021, respectively, associated with certain RSUs for which the performance condition is satisfied upon the completion of this offering, assuming the offering occurred on January 1, 2020; and (5) additional stock-based compensation expense of approximately \$39.3 million and \$13.3 million, respectively, net of estimated income tax effect using a blended statutory income tax rate of 26.0% and 24.9%, respectively, associated with options and RSUs for executive officers and employees for retention purposes that we modified in connection with this offering, assuming the offering occurred on January 1, 2020 and the modification of the options and RSUs had occurred on January 1, 2020 or the date of grant, if later, based on the fair value of the awards as of the modification date. The pro forma weighted-average shares used to compute pro forma net loss per share (unaudited) also gives effect to (1) the weighted-average shares related to certain RSUs containing performance and service conditions, as if the performance condition was satisfied as of January 1, 2020, or the date of issuance, if later, and (2) the concurrent private placement assuming the concurrent private placement occurred as of January 1, 2020.

Unaudited Pro Forma Net Loss 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	Three Months Ended March 31, 2021
	(in thousands, except per share data)	
Numerator:		
Net income (loss)	\$ 9,896	\$ (9,823)
Add: Pro forma adjustment to reverse interest expense and amortization of debt issuance costs, net of loss on the extinguishment of debt, net of taxes of \$4,820 and \$1,653, respectively	13,747	4,985
Less: Pro forma adjustment to record stock-based compensation expense for RSUs for which the performance condition is satisfied upon this offering, net of taxes of \$284 and \$373, respectively	(809)	(1,126)
Less: Pro forma adjustments to record stock-based compensation expense for options and RSUs we modified in connection with this offering, net of taxes of \$8,436 and \$3,856, respectively	(39,341)	(13,305)
Pro forma net loss—basic and diluted	<u>\$ (16,507)</u>	<u>\$ (19,269)</u>
Denominator:		
Weighted-average common stock outstanding—basic	124,709	125,065
Add: Pro forma adjustment to reflect assumed conversion of redeemable convertible preferred stock	46,162	46,162
Add: Pro forma adjustment to reflect sale of common stock from concurrent private placement	3,529	3,529
Add: Pro forma adjustment for the number of shares necessary for the repayment of \$523,000 of our 2018 Term Loan	21,940	21,940
Add: Pro forma adjustment to reflect RSUs that satisfied the performance and service vesting conditions upon this offering	22	177
Weighted-average shares used in computing basic and diluted pro forma net loss per share	<u>196,362</u>	<u>196,873</u>
Pro forma net loss per share—basic and diluted:	<u>\$ (0.08)</u>	<u>\$ (0.10)</u>

	As of March 31, 2021		
	Actual	Pro Forma ⁽²⁾ (in thousands)	Pro Forma as Adjusted ⁽³⁾ (4)
Consolidated Balance Sheet Data:			
Cash and cash equivalents	\$ 141,175	\$ 166,175	\$ 184,028
Working (deficit) capital ⁽¹⁾	(76,510)	(51,510)	(29,334)
Restricted cash equivalent	25,000	—	—
Property and equipment, net	50,361	50,361	50,361
Total assets	284,809	284,809	301,366
Long-term debt, net of current portion	511,594	511,594	—
Total liabilities	767,523	767,523	251,606
Redeemable convertible preferred stock	70,906	—	—
Total stockholders' (deficit) equity	(553,620)	(482,714)	49,760

- (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) equity upon the completion of this offering, (2) additional stock-based compensation expense of approximately \$2.6 million associated with certain RSUs for which the performance condition is satisfied upon the completion of this offering, assuming the offering occurred on March 31, 2021, recorded as an increase to additional paid-in capital and accumulated deficit, (3) additional stock-based compensation expense of approximately \$15.8 million associated with options and RSUs for certain executive officers and employees that for retention purposes we modified in connection with this offering, assuming the offering and the modification of the options and RSUs occurred on March 31, 2021, based on the fair value of the awards as of the modification date, and (4) the lapse of the restriction on \$25.0 million of our restricted cash equivalent in June 2021 upon the release of collateral related to 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." The pro forma balance sheet does not give effect to payroll tax expenses and other withholding obligations payable by us or the number of shares issuable upon the settlement of RSUs that have satisfied the performance and service-based conditions as of this offering, net of the number of shares to be withheld to satisfy the employees tax obligation upon the settlement of RSUs. We are unable to quantify these obligations as of March 31, 2021 and will remain unable to quantify them until the RSUs are settled, as the withholding obligations and the number of shares withheld will be based on the value of the shares on the settlement date.
- (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 and the concurrent private placement by us at an assumed initial public offering price of \$25.50 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, estimated offering expenses payable by us and the placement agent fee for the concurrent private placement, and (3) the repayment of \$523.0 million of outstanding indebtedness under the 2018 Term Loan after the completion of this offering and the recognition of a loss on debt extinguishment of \$8.3 million recorded in accumulated deficit associated with the write-off of unamortized debt issuance costs assuming the repayment and debt extinguishment occurred on March 31, 2021.
- (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 and the concurrent private placement determined at pricing. Each \$1.00 increase (decrease) in the assumed initial public offering price of \$25.50 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) equity by \$18.1 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) equity by approximately \$24.1 million, assuming the assumed initial public offering price of \$25.50 per share remains the same, and after deducting estimated underwriting discounts and commissions payable by us.

Key Business Metrics and Non-GAAP Financial Measures

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.” In addition, we use the non-GAAP financial measures of Adjusted EBITDA, Adjusted EBITDA margin and free cash flow, discussed below, to understand and evaluate our core operating performance. 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.

	Year Ended December 31,		Three Months Ended March 31,	
	2019	2020	2020	2021
	(dollars in thousands, except average values)			
Revenue	\$408,380	\$470,636	\$105,795	\$134,632
Number of business formations ⁽¹⁾	292	378	81	122
Number of transactions ⁽²⁾	691	892	210	276
Average order value ⁽³⁾	\$ 230	\$ 236	\$ 210	\$ 223
Number of subscription units at period end ⁽⁴⁾	921	1,085	936	1,146
Average revenue per subscription ⁽⁵⁾	\$ 221	\$ 223	\$ 226	\$ 226
Net income (loss)	\$ 7,443	\$ 9,896	\$ (4,878)	\$ (9,823)
Net income (loss) margin ⁽⁶⁾	1.8%	2.1%	(4.6)%	(7.3)%
Adjusted EBITDA ⁽⁷⁾⁽⁹⁾	\$ 97,157	\$ 87,975	\$ 13,354	\$ 3,599
Adjusted EBITDA margin ⁽⁷⁾⁽⁹⁾	23.8%	18.7%	12.6%	2.7%
Net cash provided by operating activities	\$ 52,695	\$ 93,049	\$ 21,889	\$ 31,415
Free cash flow ⁽⁸⁾⁽⁹⁾	\$ 34,346	\$ 82,462	\$ 19,901	\$ 28,504

- (1) We define the number of business formations in a given period as the number of global LLC, incorporation, not-for-profit and other formation orders placed 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, including those that are not yet 60 days past their subscription order dates, excluding subscriptions from our employer group legal plan and small business concierge subscription service, which we ceased acquiring new subscribers in October 2020. Refunds, or partial refunds, may be issued under certain circumstances pursuant to the terms of our customer satisfaction guarantee.
- (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, excluding revenue and subscription units from our employer group legal plan and small business concierge subscription services, which we ceased acquiring new subscribers in October 2020.
- (6) We define net income (loss) margin as net income (loss) as a percentage of revenue.
- (7) 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.
- (8) We define free cash flow as cash generated by operations after purchases of property and equipment including capitalized internal-use software. For 2019, 2020 and the three months ended March 31, 2020 and 2021, we also made interest payments of \$37.3 million, \$27.9 million, \$8.3 million and \$6.1 million on our 2018 Term Loan, respectively.
- (9) 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, and from 210,000 to 276,000 in the three months ended March 31, 2020 and 2021, respectively. Our number of subscription units increased from 921,000 at December 31, 2019 to 1,085,000 at December 31, 2020, and from 936,000 at March 31, 2020 to 1,146,000 at March 31, 2021. 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%, and from \$105.8 million to \$134.6 million in the three months ended March 31, 2020 and 2021, respectively, which represents a growth rate of 27.3%. 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;

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- 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;

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- 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. For example, starting in the second quarter of 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. 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, and net losses of \$4.9 million and \$9.8 million for the three months ended March 31, 2020 and 2021, respectively. At March 31, 2021, we had an accumulated deficit of \$649.2 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

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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 as well as the three months ended March 31, 2020 and 2021, business formations represented the largest share of our total transaction orders. 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 and the three months ended March 31, 2021, 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

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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

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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

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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

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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

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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;

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- 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, or 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

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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 we fail to remediate these material weaknesses, 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

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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.

We are in the early stages of designing and implementing a plan to remediate the material weaknesses identified. Our plan includes:

- hiring additional experienced accounting, financial reporting and internal control personnel and changing roles and responsibilities of our personnel as we transition to being a public company and are required to comply with Section 404 of the Sarbanes Oxley Act of 2002. We have recently hired additional resources and we are engaging with a third-party consulting firm to assist us with our formal internal control plan and provide staff augmentation of our internal audit function;
- 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 these measures will significantly improve or remediate the material weaknesses described above. The implementation of these remediation measures is in the early stages and will require validation and testing of the design and operating effectiveness of internal controls over a sustained period of financial reporting cycles and as a result the timing of when we will be able to fully remediate the material weaknesses is uncertain and we may not fully remediate these material weaknesses during 2021. 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

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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

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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.

We expect to enter into an Amended and Restated Credit Agreement that will contain the New Credit Facility (as defined below) concurrently with the consummation of this offering. Loans under the New Credit Facility may be borrowed, at our option, at a rate equal to either (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 2.00% per annum or (ii) the Base Rate, defined as the greatest of the administrative agent's 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 1.00% per annum. Each such margin may decrease depending on our total net first lien leverage ratio. The New Credit Facility has a commitment fee of 0.35% per annum, which steps down to 0.25% per annum upon achieving a certain total net first lien leverage ratio level. The New Credit Facility is due in full on maturity on the five year anniversary of the date on which the Amended and Restated Credit Agreement becomes effective.

At March 31, 2021, our total aggregate indebtedness under the 2018 Credit Agreement was \$523.0 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 and the concurrent private placement to repay in full \$523.0 million of outstanding indebtedness under the 2018 Credit Facility. 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 Amended and Restated 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 New Credit Facility to accelerate the debt under the New 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."

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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 Amended and Restated Credit Agreement that we expect to enter into concurrently with the consummation of this offering will contain 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:

- incur additional indebtedness and guarantee indebtedness;
- create or incur liens;
- pay dividends and distributions or repurchase capital stock;
- merge, liquidate and make asset sales;
- change lines of business;
- change our fiscal year;
- incur restrictions on our subsidiaries' ability to make distributions and create liens;
- modify our organizational documents;
- make investments, loans and advances; and
- enter into certain transactions with affiliates.

The Amended and Restated Credit Agreement will also contain a financial covenant that requires us to maintain a total net first lien leverage ratio of 4.50:1.00 on the last day of any fiscal quarter during which our New Credit Facility usage exceeds 35% of the New Credit 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 Amended and Restated Credit Agreement may be affected by economic, financial and industry conditions beyond our control. The restrictions in the Amended and Restated 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 Amended and Restated Credit Agreement is terminated, any additional debt that we incur in the future could subject us to similar or additional covenants.

The Amended and Restated Credit Agreement will include 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.

Our failure to comply with the restrictive covenants described above that we expect to enter into concurrently with the consummation of this offering as well as other terms of our indebtedness could result in an

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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 Amended and Restated 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 Amended and Restated Credit Agreement, could proceed against the collateral securing the indebtedness. In any such case, we may be unable to borrow under our New Credit Facility and may not be able to repay the amounts due under our New 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 Amended and Restated 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 Amended and Restated Credit Agreement. While the Amended and Restated 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 Amended and Restated 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 Amended and Restated 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 New Credit Facility that we expect to enter into concurrently with the consummation of this offering 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 and the New Credit Facility.

We may decide to terminate or modify the above derivative financial instruments or 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 New Credit 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.

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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 2021, 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. In May 2021, the plaintiffs of this class action complaint filed a notice

of dismissal without prejudice. However, these plaintiffs could refile in court or arbitration and 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 U.K. 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 obtained 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

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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 U.K. 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, or 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

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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;

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- 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.

In addition, the cornerstone investors have indicated an interest in purchasing up to an aggregate of up to \$75.0 million each (up to \$150.0 million in the aggregate) of the shares of common stock offered in this offering at the initial public offering price. Because this indication of interest is not a binding agreement or commitment to purchase, the cornerstone investors may decide to purchase more, less or no shares of our common stock in this offering, or the underwriters may decide to sell more, less or no shares of our common stock in this offering to the cornerstone investors. If one or more of the cornerstone investors are allocated all or a portion of the shares in which they have indicated an interest in this offering or more, and purchase any such shares, such purchase could reduce the available public float for our shares if the cornerstone investors hold such shares long term.

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 and the concurrent private placement, we will have 194,111,546 outstanding shares of common stock, based on the number of shares of our common stock outstanding as of March 31, 2021, assuming no exercise by the underwriters' option to purchase additional shares in this offering. This number includes 19,121,000 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 174,990,546 shares of our common stock outstanding after this offering and the concurrent private placement, based on 171,461,546 shares outstanding as of March 31, 2021, 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 exceptions, but will generally be able to be sold after the offering as described in the sections titled "Shares Eligible for Future Sale" and "Underwriting." The shares of common stock sold in the concurrent private placement to entities affiliated with TCV, an existing stockholder, will also be subject to restrictions under the applicable securities laws and the lock-up agreement described in the sections titled "Shares Eligible for Future Sale" and "Underwriting."

After this offering and the concurrent private placement, the holders of up to 134,290,984 shares of common stock, including the shares issued in the concurrent private placement, 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

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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 have applied to list our common stock on The Nasdaq Stock Market LLC, 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 March 31, 2021, immediately after this offering and the concurrent private placement. 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 and the concurrent private placement. Based on an assumed initial public offering price of \$25.50 per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, you will experience immediate dilution of \$25.43 per share, or \$25.08 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 concurrent private placement 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 the concurrent private placement, 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 and the concurrent private placement primarily for general corporate purposes, including working capital and capital expenditures, and to repay in full \$523.0 million 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 Amended and Restated 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 April 30, 2021, upon the completion of this offering and the concurrent private placement, 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 64.9% 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.

In addition, pursuant to a director nomination agreement entered into between us and each of (i) LucasZoom, LLC (collectively with its affiliated investment entities, “Permira”) and (ii) FPLZ I, L.P. and FPLZ II, L.P. (together with FPLZ I, L.P. and their affiliated investment entities, “FP”, and together with Permira, the “Lead Sponsors”), we will have the obligation to support the nomination of, and to cause our board of directors to include in the slate of nominees recommended to our stockholders for election, a number of designees equal to at least: (i) two individuals for so long as each Lead Sponsor continuously from the time of the completion of this offering beneficially owns shares of common stock representing at least 50% of the shares of common stock owned by such Lead Sponsor immediately following the completion of this offering and (ii) one individual for so long as each Lead Sponsor continuously from the time of the completion of this offering beneficially owns shares of common stock representing at least 25% but less than 50% of the shares of common stock owned by such Lead Sponsor immediately following the completion of this offering. For more information regarding the director nomination agreement, see the section titled “Management—Board Composition.” Each of Permira and FP, and their respective affiliates, may therefore have influence over management and control over matters requiring stockholder approval, including the annual election of directors and significant corporate transactions following the completion of this offering.

Further, our amended and restated certificate of incorporation, which will be in effect upon the completion of this offering, will provide that the doctrine of “corporate opportunity” will not apply with respect to certain parties to our investors’ rights agreement, in each case together with their respective affiliates, and its and their affiliates’ directors, partners, principals, officers, members, managers and/or employees. See “—Our amended and restated certificate of incorporation will provide that the doctrine of “corporate opportunity” will not apply with respect to certain parties to our investors’ rights agreement.”

Participation in this offering by entities affiliated with TCV, an existing stockholder, could reduce the public float for our shares.

Certain entities affiliated with TCV, an existing stockholder, have agreed, subject to certain conditions, to purchase a number of shares of common stock with an aggregate purchase price of approximately \$90.0 million, at a price per share equal to the initial public offering price. Based upon an assumed initial public offering price of \$25.50 per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, this would be 3,529,000 shares of common stock. This purchase could reduce the available public float for our shares if such entities hold these shares long term.

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 doctrine of “corporate opportunity” will not apply with respect to certain parties to our investors’ rights agreement.

The doctrine of corporate opportunity generally provides that a corporate fiduciary may not develop an opportunity using corporate resources, acquire an interest adverse to that of the corporation or acquire property that is reasonably incident to the present or prospective business of the corporation or in which the corporation has a present or expectancy interest, unless that opportunity is first presented to the corporation and the corporation chooses not to pursue that opportunity. The doctrine of corporate opportunity is intended to preclude officers or directors or other fiduciaries from personally benefiting from opportunities that belong to the corporation. Our amended and restated certificate of incorporation, which will be in effect upon the completion of this offering, will provide that the doctrine of “corporate opportunity” will not apply with respect to certain parties to our investors’ rights agreement, in each case together with their respective affiliates, and its and their

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affiliates' directors, partners, principals, officers, members, managers and/or employees. LucasZoom, LLC, Permira Advisers LLC, FPLZ I, L.P., FPLZ II, L.P., GPI Capital Gemini Holdco, LP, TCV IX, L.P., TCV IX (A), L.P., TCV IX (B), L.P., TCV Member Fund, L.P., TCV IX (A) Opportunities, L.P., Bryant Stibel Growth, LLC and Bryant-Stibel Fund, I LLC or their affiliates will, therefore, have no duty to communicate or present corporate opportunities to us, and will have the right to either hold any corporate opportunity for their (and their affiliates') own account and benefit or to recommend, assign or otherwise transfer such corporate opportunity to persons other than us. As a result, certain of our stockholders, directors and their respective affiliates will not be prohibited from operating or investing in competing businesses. We, therefore, may find ourselves in competition with certain of our stockholders, directors or their respective affiliates, and we may not have knowledge of, or be able to pursue, transactions that could potentially be beneficial to us. Accordingly, we may lose a corporate opportunity or suffer competitive harm, which could negatively impact our business, operating results and financial condition.

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 unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) and any appellate court thereof shall be 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 owed by any of our current or former directors, officers or other employees to us or our stockholders;
- any claim or cause of action against us or any of our current or former directors, officers or other employees arising under the Delaware General Corporation Law, our amended and restated certificate of incorporation and amended and restated bylaws;
- 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 or any of our current or former directors, officers or other employees that is governed by the internal affairs doctrine or otherwise related to our internal affairs.

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

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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 of The Nasdaq Stock Market LLC, 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

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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,

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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. While, in 2020, we saw tailwinds in our business driven by the COVID-19 pandemic, as individuals and small businesses turned to online services given the relative inaccessibility of offline alternatives, and we believe these shifts represent an acceleration of existing trends toward greater adoption of online services, these tailwinds and trends could moderate or reverse over time.

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*

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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 three months ended March 31, 2021 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 and the concurrent private placement, introduction of new services and enhancements to our current platform, regulatory compliance, target ratio of lifetime value to customer acquisition costs, 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,” “aim,” “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:

- Center for American Progress, *Making Justice Equal*, December 2016.
- Ernst & Young Global Limited, *How COVID-19 has triggered a spring toward smarter health care*, March 2021.
- 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. “Aided brand awareness” means the percentage of survey respondents who expressed knowledge of a specific brand when asked about that brand by name and “unaided brand awareness” means the percentage of survey respondents who expressed knowledge of a specific brand without mentioning the name of that brand when asked about awareness of online legal services.

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 in this offering and the concurrent private placement will be approximately \$540.8 million, based on an assumed initial public offering price of \$25.50 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, estimated offering expenses payable by us and the placement agent fee for the concurrent private placement. 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 \$609.9 million, after deducting estimated underwriting discounts and commissions, estimated offering expenses payable by us and the placement agent fee for the concurrent private placement.

Each \$1.00 increase (decrease) in the assumed initial public offering price of \$25.50 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 and the concurrent private placement by approximately \$18.1 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 and the concurrent private placement by approximately \$24.1 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 and the concurrent private placement 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 and the concurrent private placement primarily (1) to repay in full \$523.0 million of outstanding indebtedness under our 2018 Credit Agreement, 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 and the concurrent private placement 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 and the concurrent private placement 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 and the concurrent private placement. Pending their use, we intend to invest the net proceeds of this offering and the concurrent private placement 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 Amended and Restated 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 March 31, 2021 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 March 31, 2021 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 \$2.6 million associated with certain RSUs for which the performance condition is satisfied upon the completion of this offering, assuming the offering occurred on March 31, 2021, recorded as an increase to additional paid-in capital and accumulated deficit; (3) additional stock-based compensation expense of approximately \$15.8 million associated with options and RSUs for certain executive officers and employees that for retention purposes we modified in connection this offering, assuming the offering and the modification of the options and RSUs occurred on March 31, 2021, recorded as an increase to additional paid-in capital and accumulated deficit; (4) the lapse of the restriction on \$25.0 million of our restricted cash equivalent in June 2021 upon the release of collateral related to a personal loan by a former executive; 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 and the concurrent private placement by us at an assumed initial public offering price of \$25.50 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, estimated offering expenses payable by us and the placement agent fee for the concurrent private placement and (2) the repayment of \$523.0 million of outstanding indebtedness under the 2018 Term Loan after the completion of this offering and recognition of a loss on debt extinguishment of \$8.3 million recorded in accumulated deficit associated with the write-off of unamortized debt issuance costs, assuming the repayment and extinguishment occurred on March 31, 2021.

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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 March 31, 2021		
	(Unaudited)		Pro Forma, As Adjusted ⁽¹⁾
	Actual	Pro Forma	
	(in thousands, except share and par value data)		
Cash and cash equivalents	\$ 141,175	\$ 166,175	\$ 184,028
Restricted cash equivalent	\$ 25,000	\$ —	\$ —
Long-term debt - total excluding deferred issuance costs ⁽²⁾	\$ 522,963	\$ 522,963	\$ —
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) equity:			
Preferred stock, \$0.001 par value: no shares authorized, issued and outstanding, actual; 100,000,000 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, 125,299,386 shares issued outstanding, actual; and 1,000,000,000 shares authorized, and 194,111,546 shares issued and outstanding, pro forma and pro forma as adjusted, respectively	126	172	195
Additional paid-in capital	106,288	195,597	736,382
Accumulated other comprehensive loss	(10,863)	(10,863)	(10,863)
Accumulated deficit	(649,171)	(667,620)	(675,954)
Total stockholders’ (deficit) equity	<u>(553,620)</u>	<u>(482,714)</u>	<u>49,760</u>
Total capitalization	<u>\$ 40,249</u>	<u>\$ 40,249</u>	<u>\$ 49,760</u>

- (1) Each \$1.00 increase (decrease) in the assumed initial public offering price of \$25.50 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) equity and total capitalization by approximately \$18.1 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) equity and total capitalization by approximately \$24.1 million, assuming the assumed initial public offering price of \$25.50 per share remains the same, and after deducting estimated underwriting discounts and commissions payable by us.
- (2) Excludes debt issuance costs of \$8.3 million.

If the underwriters exercise their option to purchase additional shares of common stock from us in full, pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders’ equity, total capitalization, and shares of common stock outstanding as of March 31, 2021 would be \$253.1 million, \$805.5 million, \$118.9 million, \$118.9 million and 196,979,696, 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 171,461,546 shares of common stock outstanding as of March 31, 2021, which gives effect to the pro forma transactions described above and excludes:

- 14,952,784 shares of common stock issuable upon the exercise of outstanding options as of March 31, 2021, granted pursuant to our 2016 Stock Incentive Plan, or 2016 Plan, at a weighted-average exercise price of \$8.93 per share;

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- 3,308,780 shares of common stock issuable upon the settlement of RSUs outstanding as of March 31, 2021, granted pursuant to our 2016 Plan;
- 504,487 shares of common stock issuable upon the settlement of RSUs granted subsequent to March 31, 2021;
- 426,466 shares of common stock issuable upon the settlement of RSUs and options to purchase 1,066,172 shares of our common stock based on the assumed initial public offering price of \$25.50 per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, granted to certain of our executive officers pursuant to the 2016 Plan, which RSUs and options are contingent upon the effectiveness of this offering. The actual number of RSUs and options will be determined based on the initial public offering price included in the final prospectus;
- up to 18,946,871 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
- 3,552,538 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 (deficit) per share of our common stock immediately after this offering and the concurrent private placement. The historical net tangible book value (deficit) as of March 31, 2021 was \$(591.9) million, or \$(4.72) per share. Our historical net tangible book value (deficit) per share represents total tangible assets, less total liabilities and redeemable convertible preferred stock, divided by the aggregate number of shares of common stock outstanding as of March 31, 2021.

Our pro forma net tangible book value (deficit) as of March 31, 2021 was \$(521.0) million, or \$(3.04) 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 (deficit) 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 March 31, 2021 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 \$2.6 million associated with certain RSUs for which the performance condition is satisfied upon the completion of this offering, assuming the offering occurred on March 31, 2021, recorded as an increase to additional paid-in capital and accumulated deficit; (3) additional stock-based compensation expense of approximately \$15.8 million associated with options and RSUs for executive officers and employees that for retention purposes we modified in connection with this offering, assuming the offering and the modification of the options and RSUs occurred on March 31, 2021, recorded as an increase to additional paid-in capital and accumulated deficit; and (4) the lapse of the restriction on \$25.0 million of our restricted cash equivalent in June 2021 upon the release of collateral related to a personal loan by a former executive.

After giving effect to (1) the sale of 19,121,000 shares of common stock in this offering and the concurrent private placement at an assumed initial public offering price of \$25.50 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 in full of \$523.0 million of our outstanding indebtedness under the 2018 Term Loan and associated loss on debt extinguishment after the completion of this offering, our pro forma as adjusted net tangible book value as of March 31, 2021 would have been \$12.8 million, or \$0.07 per share. This represents an immediate increase in pro forma as adjusted net tangible book value of \$4.79 per share to our existing stockholders compared to our historical tangible book value, and an immediate dilution of \$25.43 per share to new investors purchasing common stock in this offering and the concurrent private placement.

The following table illustrates this dilution on a per share basis to new investors and concurrent private placement investors:

Assumed initial public offering price per share	\$25.50
Historical net tangible book value (deficit) per share as of March 31, 2021	\$(4.72)
Pro forma increase in net tangible book value per share as of March 31, 2021 attributable to the pro forma transactions described above	1.68
Pro forma net tangible book value (deficit) per share as of March 31, 2021	(3.04)
Increase in pro forma net tangible book value per share attributable to new investors participating in this offering and the concurrent private placement	3.11
Pro forma as adjusted net tangible book value per share, as adjusted to give effect to this offering and the concurrent private placement	0.07
Dilution per share to new investors participating in this offering and the concurrent private placement	<u>\$25.43</u>

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Each \$1.00 increase (decrease) in the assumed initial public offering price of \$25.50 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 and the concurrent private placement by \$0.09 per share and the dilution per share to new investors and concurrent private placement investors participating in this offering and the concurrent private placement by \$0.91 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 and the concurrent private placement by \$0.12 and decrease the dilution per share to new investors and concurrent private placement investors participating in this offering and the concurrent private placement by \$0.12 per share, assuming the assumed initial public offering price of \$25.50 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 and the concurrent private placement by \$0.13 per share and increase the dilution per share to new investors and concurrent private placement investors participating in this offering by \$0.13 per share, assuming the assumed initial public offering price of \$25.50 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 2,868,150 shares of our common stock from us, the pro forma as adjusted net tangible book value per share of our common stock after giving effect to this offering and the concurrent private placement would be \$0.42 per share, and immediate dilution of \$25.08 per share to new investors and concurrent private placement investors participating in this offering and the concurrent private placement.

The following table summarizes, on a pro forma as adjusted basis as of March 31, 2021, after giving effect to the pro forma adjustments described above, the difference among existing stockholders, new investors purchasing shares of common stock in this offering and the concurrent private placement investors with respect to the number of shares purchased from us, the total consideration paid to us, and the average price per share paid by our existing stockholders or to be paid by investors purchasing shares in this offering and the concurrent private placement at an assumed offering price of \$25.50 per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, before deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us:

	<u>Shares Purchased</u> <u>Number</u>	<u>Percent</u>	<u>Total Consideration</u> <u>Amount</u>	<u>Percent</u>	<u>Average Price</u> <u>Per Share</u>
Existing stockholders	171,461,546	88.3%	\$ 60,594,575	9.5%	\$ 0.35
New investors	19,121,000	9.9	\$ 487,585,500	76.4	\$ 25.50
Concurrent private placement investors	3,529,000	1.8	\$ 89,989,500	14.1	\$ 25.50
Totals	<u>194,111,546</u>	<u>100.0%</u>	<u>\$ 638,169,575</u>	<u>100.0%</u>	

After giving effect to the sale of shares in this offering by us and the concurrent private placement, if the underwriters exercise in full their option to purchase additional shares from us, existing shareholders would own 87.0% of the total number of shares of our common stock outstanding following the completion of this offering and the concurrent private placement, and new investors and concurrent private placement investors would own 13.0% of the total number of shares outstanding following the completing of this offering and the concurrent private placement.

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Each \$1.00 increase (decrease) in the assumed initial public offering price of \$25.50 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 \$19.1 million, 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 before 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 171,461,546 shares common stock outstanding as of March 31, 2021, which gives effect to the pro forma transactions described above and excludes:

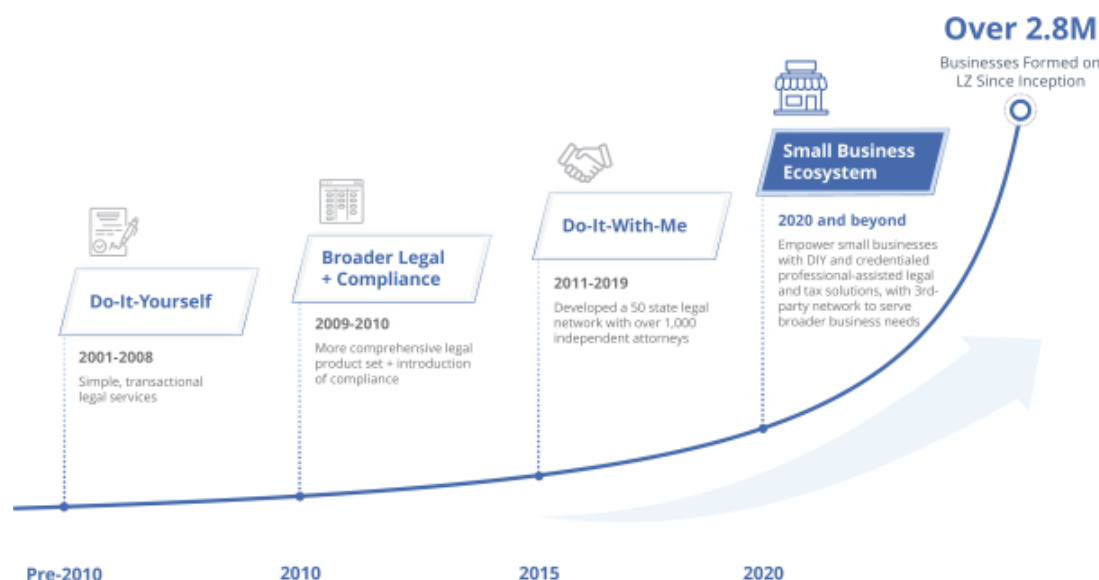
- 14,952,784 shares of common stock issuable upon the exercise of outstanding options as of March 31, 2021, granted pursuant to our 2016 Stock Incentive Plan, or 2016 Plan, at a weighted-average exercise price of \$8.93 per share;
- 3,308,780 shares of common stock issuable upon the settlement of RSUs outstanding as of March 31, 2021, granted pursuant to our 2016 Plan;
- 504,487 shares of common stock issuable upon the settlement of RSUs granted subsequent to March 31, 2021;
- 426,466 shares of common stock issuable upon the settlement of RSUs and options to purchase 1,066,172 shares of our common stock based on the assumed initial public offering price of \$25.50 per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, granted to certain of our executive officers pursuant to the 2016 Plan, which RSUs and options are contingent upon the effectiveness of this offering. The actual number of RSUs and options will be determined based on the initial public offering price included in the final prospectus;
- up to 18,946,871 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
- 3,552,538 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 and concurrent private placement investors participating in this offering and the concurrent private placement.

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

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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, 28,000 trademark applications were made through LegalZoom in the United States in 2020. 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%, and \$105.8 million and \$134.6 million for the three months ended March 31, 2020 and 2021, respectively, representing a period-over-period increase of 27.3%. We had net income (loss) of \$7.4 million, \$9.9 million, \$(4.9) million and \$(9.8) million in 2019, 2020, and the three months ended March 31, 2020 and 2021, respectively. The increase in net income between 2019 and 2020 was driven by higher revenue, which was partially offset by our investments in marketing spend to expand our customer base and build on our digital brand leadership. The increase in net loss between March 31, 2020 and 2021 largely resulted from increased investment in marketing spend, which nearly offset the increase in revenue. Adjusted EBITDA decreased from \$97.2 million in 2019 to \$88.0 million in 2020 and from \$13.4 million to \$3.6 million in the three months ended March 31, 2020 and 2021, as we invested further in marketing spend to expand our customer base and build on our digital brand leadership. Cash flows from operating activities increased from \$52.7 million in 2019 to \$93.0 million in 2020 and increased from \$21.9 million in the three months ended March 31, 2020 to \$31.4 million in the three months ended March 31, 2021. 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. Free cash flow increased from \$19.9 million in the three months ended March 31, 2020

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to \$28.5 million in the three months ended March 31, 2021, primarily as a result of growth in deferred revenue driven by an increase in the number of transactions and subscription units. For 2019, 2020, and the three months ended March 31, 2020 and 2021, our free cash flow included cash payments for interest of \$37.3 million, \$27.9 million, \$8.3 million and \$6.1 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 and the three months ended March 31, 2021, 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 often through our free, proprietary educational content, through which we earn trust and drive significant organic traffic. 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 higher AOV and a greater proportion of our small business customers purchasing a subscription service at the time of their initial formation purchase.

We continue to engage our customers after their initial purchase. Subscription revenue accounts for approximately half of our total revenue, and is indicative of the ongoing relationship we have with our customers. We measure the effectiveness of this ongoing relationship through our annual retention rate. For the three months ended March 31, 2021, our annual retention rate was 68%, an improvement of nine percentage points as compared to the three months ended March 31, 2020. This improvement was a result of adjustments to our pricing strategy, combined with product and lifecycle marketing improvements. Our annual retention rate reflects all customer attrition, including as a result of actual business failures of certain of our customers. According to the Bureau of Labor Statistics, approximately 20% of new businesses fail within one year of forming. We define our annual retention rate as the percentage of annual subscription units related to business formations, acquired in the quarter one year ago that were still active subscriptions 13 months after their subscription start, excluding subscriptions from our U.K. business and from our employer group legal plan and small business concierge, for which we ceased acquiring new subscribers in October 2020. Business formation subscriptions are those purchased in conjunction with an underlying LLC, incorporation, not-for-profit, or other formation transaction on our platform and all subscriptions purchased through our business-to-business offering, such as our registered agent service. The number of business formation subscription units included in the calculation of our annual retention rates for the three months ended March 31, 2021 and the three months ended March 31, 2020 comprised the majority of our total subscription units for each period. This measure typically only includes subscriptions that have aged at least 60 days in order to account for our customer satisfaction guarantee. Additionally, there are many reasons our customers come to us for another transactional purchase, including forming another business, satisfying annual compliance requirements, protecting their intellectual property with a trademark, patent or copyright or purchasing an estate plan to protect themselves personally. The primary reason

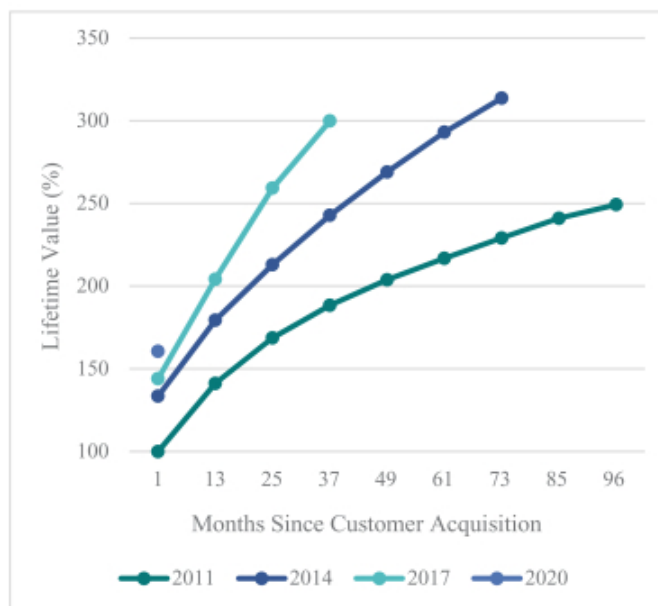
customers come to us for another transactional purchase is to form another business. For each year since 2017, an average of 28% of our U.S. customers who purchased a transaction in such year had also purchased a transaction product in a prior year.

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 60% of our subscription units as of December 31, 2020 and March 31, 2021 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.

Growing Lifetime Value per Business Formation Customer

Our unit economic model is characterized by expanding customer lifetime value and efficient customer acquisition. We define lifetime value as bookings, net of estimated refunds and related cost of revenue, over the life of a business formation customer, excluding bookings from our business-to-business offering and UK business. Bookings include cash receipts for transactions and subscriptions, including payments due to us under the terms of contractual agreements for which we may not have yet received a payment. We measure lifetime value on an annual cohort basis. In the chart below each line shows the cumulative lifetime value generated by the annual cohort of customers acquired in that year, divided by the beginning number of customers in that cohort, indexed to one hundred percent based on month one of the 2011 cohort. Since 2011, we have grown both the initial lifetime value per acquired customer and the rate of lifetime value growth over time per acquired customer. Lifetime value is not calculated or derived from GAAP amounts. Bookings differs from revenue as bookings includes cash bookings for a transaction or subscription irrespective of when revenue is recognized under GAAP. Related costs of revenue include an estimate of related cost of revenue specific to business formation customers.

Growth in Lifetime Value per Business Formation Customer (indexed to month one of 2011 cohort)



We deploy a disciplined customer acquisition strategy that has allowed us to generate lifetime value in excess of customer acquisition costs within the first 90 days of establishing a customer relationship in the United States. We define customer acquisition costs as customer acquisition media costs and sales costs, both for the initial acquisition and for renewal related costs. Customer acquisition media costs consist primarily of search engine marketing, television, over-the-top, digital video and radio costs. We intend to continue to invest in customer acquisition given the large market opportunity, and may strategically increase our target payback period to accelerate our growth.

As we continue to invest in customer acquisition costs to grow our business, we look to do so efficiently. We aim to achieve a ratio of lifetime value to customer acquisition costs of approximately 3x within 25 months of customer acquisition, and approximately 5x within 96 months of customer acquisition.

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 three months ended March 31, 2020 to 27% in the three months ended March 31, 2021. 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 three months ended March 31, 2020 to an increase of 51% for the three months ended March 31, 2021, as compared to the comparable period in the prior year. We expect our year over year growth rates to be lower in the second half of 2021 than in the first half, due to the impact of COVID-19 on the first half of 2020. On an annual basis our goal is to accelerate growth. In addition, we have leveraged our leading brand, significant organic traffic, disciplined customer acquisition

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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 March 31, 2021, over 85% of our subscription units were on annual terms billed at the start of the term. Additionally, in 2020 and the three months ended March 31, 2021, our average revenue per subscription unit, or ARPU, was \$223 and \$226, respectively.

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 and the three months ended March 31, 2021, 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. Our net income (loss) was \$7.4 million, \$9.9 million, \$(4.9) million and \$(9.8) million for 2019, 2020, and for the three months ended March 31, 2020 and 2021, respectively. Our net income (loss) margin was 1.8%, 2.1%, (4.6)% and (7.3)% for 2019, 2020, and for the three months ended March 31, 2020 and 2021, respectively. While our Adjusted EBITDA decreased from \$97.2 million in 2019 to \$88.0 million in 2020, and from \$13.4 million to \$3.6 million in the three months ended March 31, 2020 and 2021, respectively, as we invested further in marketing spend to expand our customer base and build on our digital brand leadership, we generated Adjusted EBITDA margins of 23.8%, 18.7%, 12.6% and 2.7%, 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 year ended December 31, 2020 and for the three months ended March 31, 2020 and 2021, our capital expenditures for the purchase of property and equipment, including capitalization of internal-use software, averaged approximately 3.4%, 1.9% and 2.0% of total revenue, respectively. As a result of these dynamics, we generated net cash from operating activities of \$52.7 million, \$93.0 million, \$21.9 million and \$31.4 million in 2019, 2020 and the three months ended March 31, 2020 and 2021, respectively, and free cash flow of \$34.3 million, \$82.5 million, \$19.9 million and \$28.5 million in 2019, 2020 and the three months ended March 31, 2020 and 2021, respectively.

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 global LLC, incorporation, not-for-profit and other formation orders placed 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.

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The below table sets forth the number of business formations for the years ended December 31, 2019 and 2020, and the three months ended March 31, 2020 and 2021:

	Year		Three Months	
	Ended December 31,	2020	2020	Ended March 31,
	2019			2021
		(in thousands)		
Number of business formations	292	378	81	122

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 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 and the three months ended March 31, 2020 and 2021:

	Year		Three Months	
	Ended December 31,	2020	2020	Ended March 31,
	2019			2021
		(in thousands)		
Number of transactions	691	892	210	276

We achieved 29.1% growth in transactions from 2019 to 2020, and 31.4% from the three months ended March 31, 2020 to the three months ended March 31, 2021. Our growth in number of transactions in 2020 was driven by 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, which drove tailwinds in our business, as individuals and small businesses turned to online services given the relative inaccessibility of offline alternatives. In the three months ended March 31, 2021, transaction unit growth was driven by improved growth in U.S. business formations. We expect to continue to grow transactions, however the growth may fluctuate period over period based on the variability of overall business formations and estate planning transactions. In both 2019 and 2020, consumer transactions comprised approximately 30% of total transactions. While we cannot quantify the impact of the COVID-19 pandemic and whether our growth rate may moderate if trends toward greater adoption of online services, moderate or reverse over time, we expect the proportion of consumer transactions to decrease over time as we focus more of our investment in small business formations, which have a significantly higher order value.

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.

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The below table sets forth the average order value for the years ended December 31, 2019 and 2020 and the three months ended March 31, 2020 and 2021:

	Year		Three Months	
	Ended December 31,		Ended March 31,	
	2019	2020	2020	2021
Average order value	\$ 230	\$ 236	\$ 210	\$ 223

Average order value increased by 2.6% from 2019 to 2020 and by 6.2% from the three months ended March 31, 2020 to the three months ended March 31, 2021. Growth in average order value was primarily driven by increased customer adoption of our “Attorney Led Trademark” product in 2020 and by an increase in the proportion of small business formations (which have a significantly higher order value compared to other transactions) relative to total transactions for the three months ended March 31, 2021. Our goal is to grow AOV as we increase the average number of transactional products purchased in a single order 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, including those that are not yet 60 days past their subscription order dates, excluding subscriptions from our employer group legal plan and small business concierge subscription service, which we ceased acquiring new subscribers in October 2020. Refunds, or partial refunds, may be issued under certain circumstances pursuant to the terms of our customer satisfaction guarantee.

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 60% of our subscription units as of December 31, 2020 and March 31, 2021.

The below table sets forth the number of subscription units as of December 31, 2019 and 2020 and March 31, 2020 and 2021:

	As of		As of	
	December 31,		March 31,	
	2019	2020	2020	2021
	(in thousands)			
Number of subscription units	921	1,085	936	1,146

We achieved 17.8% growth in our number of subscription units in 2020 as compared to 2019, and 22.4% growth in the three months ended March 31, 2021 as compared to the same period in 2020, 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 the proportion of our small business customers that purchase a subscription service at the time of their initial formation purchase and improving 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,

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excluding revenue and subscriptions from our employer group legal plan and small business concierge subscription service, which we ceased acquiring new subscribers in October 2020. 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 periods, and in 2020, ARPU increased 0.9% from 2019, and in the three months ended March 31, 2021, ARPU remained stable as compared to the three months ended March 31, 2020.

The below table sets forth ARPU for the years ended December 31, 2019 and 2020 and the three months ended March 31, 2020 and 2021:

	Year Ended December 31,		Three Months Ended March 31,	
	2019	2020	2020	2021
Average revenue per subscription unit	\$ 221	\$ 223	\$ 226	\$ 226

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.

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 as well as the three months ended March 31, 2020 and 2021, business formations represented the largest share of our total transaction orders. 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.

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- *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. Based on customer surveys, we estimate that 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 includes filing fees and is 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

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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

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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 effectiveness of this offering, we are expected to incur significant stock-based compensation expense for certain options and RSUs that vest upon this offering. See the section titled “Prospectus Summary—Summary Consolidated Financial and Other Data” and “—Critical Accounting Policies and Estimates—Stock-based compensation” 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

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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 \$523.0 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.

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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,		Three Months Ended March 31,	
	2019	2020	2020	2021
	(in thousands)			
Revenue	\$ 408,380	\$ 470,636	\$ 105,795	\$ 134,632
Cost of revenue ⁽¹⁾⁽²⁾	136,915	154,563	35,112	43,960
Gross profit	271,465	316,073	70,683	90,672
Operating expenses:				
Sales and marketing ⁽¹⁾⁽²⁾	115,913	171,390	43,481	71,361
Technology and development ⁽¹⁾⁽²⁾	37,204	41,863	10,543	10,499
General and administrative ⁽¹⁾⁽²⁾	57,762	51,017	12,661	13,165
Impairment of goodwill, long-lived and other assets	14,321	1,105	555	—
Loss on sale of business	—	1,764	—	—
Total operating expenses	225,200	267,139	67,240	95,025
Income (loss) from operations	46,265	48,934	3,443	(4,353)
Interest expense, net	(38,559)	(35,504)	(9,270)	(8,654)
Other income (expense), net	2,577	3,713	(1,106)	248
Impairment of available-for-sale debt securities	—	(4,818)	—	—
Income (loss) before income taxes and income from equity method investment	10,283	12,325	(6,933)	(12,759)
Provision for (benefit from) income taxes	3,161	2,429	(2,055)	(2,936)
Income (loss) before income from equity method investment	7,122	9,896	(4,878)	(9,823)
Income from equity method investment	321	—	—	—
Net income (loss)	\$ 7,443	\$ 9,896	\$ (4,878)	\$ (9,823)

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

	Year Ended December 31,		Three Months Ended March 31,	
	2019	2020	2020	2021
	(in thousands)			
Cost of revenue	\$ 205	\$ 177	\$ 37	\$ 59
Sales and marketing	1,020	1,122	643	207
Technology and development	1,314	2,703	950	526
General and administrative	4,170	9,719	2,697	3,150
Total stock-based compensation expense	\$ 6,709	\$13,721	\$ 4,327	\$ 3,942

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

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(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,		Three Months Ended March 31,	
	2019	2020	2020	2021
	(in thousands)			
Cost of revenue	\$ 6,773	\$ 8,324	\$ 1,958	\$ 1,678
Sales and marketing	6,469	6,913	1,849	1,475
Technology and development	1,055	2,800	650	587
General and administrative	2,093	2,060	463	426
Total depreciation and amortization expense	\$ 16,390	\$ 20,097	\$ 4,920	\$ 4,166

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,		Three Months Ended March 31,	
	2019	2020	2020	2021
Revenue	100.0%	100.0%	100.0%	100.0%
Cost of revenue	33.5	32.8	33.2	32.7
Gross margin	66.5	67.2	66.8	67.3
Operating expenses:				
Sales and marketing	28.4	36.4	41.1	53.0
Technology and development	9.1	8.9	10.0	7.8
General and administrative	14.2	10.9	12.1	9.8
Impairment of goodwill, long-lived and other assets	3.5	0.2	0.5	—
Loss on sale of business	—	0.4	—	—
Total operating expenses	55.2	56.8	63.7	70.6
Income (loss) from operations	11.3	10.4	3.1	(3.3)
Interest expense, net	(9.4)	(7.5)	(8.7)	(6.4)
Other income (expense), net	0.6	0.7	(0.9)	0.2
Impairment of available-for-sale debt securities	—	(1.0)	—	—
Income (loss) before income taxes and income from equity method investment	2.5	2.6	(6.5)	(9.5)
Provision for (benefit from) income taxes	0.8	0.5	(2.0)	(2.2)
Income (loss) before income from equity method investment	1.7	2.1	(4.6)	(7.3)
Income from equity method investment	0.1	—	—	—
Net income (loss)	1.8%	2.1%	(4.6)%	(7.3)%

Comparison of the Three Months Ended March 31, 2020 and 2021

Revenue

	Three Months Ended March 31,		\$ change	% change
	2020	2021		
	(in thousands, except percentages)			
Revenue by type				
Transaction	\$ 45,586	\$ 61,388	\$15,802	34.7%
Subscription	54,235	65,493	11,258	20.8%
Partner	5,974	7,751	1,777	29.7%
Total revenue	\$ 105,795	\$ 134,632	\$28,837	27.3%

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Total revenue for the three months ended March 31, 2021 increased \$28.8 million, or 27.3%, compared to the three months ended March 31, 2020. The increase was primarily driven by increases in transaction revenue and subscription revenue. Transaction revenue was 43.1% and 45.6% of total revenue for the three months ended March 31, 2020 and 2021, respectively, and subscription revenue was 51.3% and 48.6% of total revenue for the three months ended March 31, 2020 and 2021, respectively.

Transaction revenue for the three months ended March 31, 2021 increased \$15.8 million, or 34.7%, compared to the three months ended March 31, 2020, driven by a 31.4% increase in the number of transactions and a 6.2% improvement in average order value.

Subscription revenue for the three months ended March 31, 2021 increased \$11.3 million, or 20.8%, compared to the three months ended March 31, 2020. The increase was primarily due to a 22.4% increase in the number of subscription units. The increase in subscription units was driven in part by strong growth in the number of transactions in the second half of 2020. Strong performance from our registered agent subscription services drove the largest contribution of growth to the number of subscription units.

Partner revenue for the three months ended March 31, 2021 increased \$1.8 million, or 29.7%, compared to the three months ended March 31, 2020. The increase was primarily due to higher transaction volumes.

Cost of revenue

	Three Months Ended March 31,		\$ change	% change
	2020	2021		
	(in thousands, except percentages)			
Cost of revenue	\$35,112	\$43,960	\$ 8,848	25.2%

Cost of revenue for the three months ended March 31, 2021 increased \$8.8 million, or 25.2%, compared to the three months ended March 31, 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

	Three Months Ended March 31,	
	2020	2021
Gross margin	66.8%	67.3%

Gross margin for the three months ended March 31, 2021 increased 0.5% to 67.3%. The increase was primarily due to the April 2020 sale of our subsidiary, Beaumont, which negatively impacted gross margin for the three months ended March 31, 2020.

Sales and marketing

	Three Months Ended March 31,		\$ change	% change
	2020	2021		
	(in thousands, except percentages)			
Sales and marketing	\$43,481	\$71,361	\$27,880	64.1%

Sales and marketing expenses for the three months ended March 31, 2021 increased \$27.9 million, or 64.1%, compared to the three months ended March 31, 2020. The increase was primarily due to an increase in customer

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acquisition marketing spend of \$23.6 million and media production spend of \$3.0 million. Customer acquisition marketing spend was \$30.1 million and \$53.7 million for the three months ended March 31, 2020 and March 31, 2021, respectively, as we invested to expand our customer base and build our digital brand leadership and awareness.

Technology and development

	Three Months Ended March 31,		\$ change	% change
	2020	2021		
	(in thousands, except percentages)			
Technology and development	\$10,543	\$10,499	\$ (44)	(0.4)%

Technology and development expenses for the three months ended March 31, 2021 remained consistent compared to the three months ended March 31, 2020.

General and administrative

	Three Months Ended March 31,		\$ change	% change
	2020	2021		
	(in thousands, except percentages)			
General and administrative	\$12,661	\$13,165	\$ 504	4.0%

General and administrative expenses for the three months ended March 31, 2021 increased \$0.5 million, or 4.0%, compared to the three months ended March 31, 2020. The increase was primarily due to higher professional services costs for recruiting and legal fees offset by lower travel and entertainment spend due to the impact of COVID-19 beginning March 2020.

Impairment of long-lived and other assets

	Three Months Ended March 31,		\$ change	% change
	2020	2021		
	(in thousands, except percentages)			
Impairment of long-lived and other assets	\$ 555	\$ —	\$ (555)	(100)%

In March 2020, prior to the disposition of Beaumont, we recorded an impairment charge of \$0.6 million related to its property and equipment.

Interest expense, net

	Three Months Ended March 31,		\$ change	% change
	2020	2021		
	(in thousands, except percentages)			
Interest expense, net	\$(9,270)	\$(8,654)	\$ 616	(6.6)%

Interest expense, net, for the three months ended March 31, 2021 decreased \$0.6 million, or 6.6%, compared to the three months ended March 31, 2020. The decrease was primarily a result of a decrease in LIBOR on our 2018 Term Loan partially offset by costs related to our interest rate swaps and amortization of debt issuance costs.

[Table of Contents](#)**Other (expense) income, net**

	Three Months Ended March 31,		\$ change	% change
	2020	2021		
	(in thousands, except percentages)			
Other (expense) income, net	\$(1,106)	\$248	\$ 1,354	122.4%

Other (expense) income, net for the three months ended March 31, 2021 increased \$1.4 million, or 122.4%, compared to the three months ended March 31, 2020. The increase was primarily due to changes in foreign currency movements related to our intercompany loans which are denominated in GBP.

Benefit from income taxes

	Three Months Ended March 31,		\$ change	% change
	2020	2021		
	(in thousands, except percentages)			
Benefit from income taxes	\$(2,055)	\$(2,936)	\$ 881	42.9%
Effective tax rate	30%	23%		

The benefit from income taxes increased by \$0.9 million primarily due to the tax impact from the decrease in U.S income compared to the three months ended March 31, 2020.

Comparison of the Years Ended December 31, 2019 and 2020**Revenue**

	Year Ended December 31,		\$ change	% change
	2019	2020		
	(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	<u>\$ 408,380</u>	<u>\$ 470,636</u>	<u>\$62,256</u>	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 17.8% increase in the number of subscription units coupled with a 0.9% 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.

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Cost of revenue

	<u>Year Ended December 31,</u>		<u>\$ change</u>	<u>% change</u>
	<u>2019</u>	<u>2020</u>		
	(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

	<u>Year Ended December 31,</u>		
	<u>2019</u>	<u>2020</u>	
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

	<u>Year Ended December 31,</u>		<u>\$ change</u>	<u>% change</u>
	<u>2019</u>	<u>2020</u>		
	(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. We increased our customer acquisition marketing costs beginning in the second quarter of 2020 in anticipation of growing demand. Customer acquisition marketing spend was \$67.2 million and \$119.2 million for 2019 and 2020, respectively.

Technology and development

	<u>Year Ended December 31,</u>		<u>\$ change</u>	<u>% change</u>
	<u>2019</u>	<u>2020</u>		
	(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

	<u>Year Ended December 31,</u>		<u>\$ change</u>	<u>% change</u>
	<u>2019</u>	<u>2020</u>		
	(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.

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Impairment of goodwill, long-lived and other assets

	<u>Year Ended December 31,</u>		<u>\$ change</u>	<u>% change</u>
	<u>2019</u>	<u>2020</u>		
	<u>(in thousands, except percentages)</u>			
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

	<u>Year Ended December 31,</u>		<u>\$ change</u>	<u>% change</u>
	<u>2019</u>	<u>2020</u>		
	<u>(in thousands, except percentages)</u>			
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

	<u>Year Ended December 31,</u>		<u>\$ change</u>	<u>% change</u>
	<u>2019</u>	<u>2020</u>		
	<u>(in thousands, except percentages)</u>			
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

	<u>Year Ended December 31,</u>		<u>\$ change</u>	<u>% change</u>
	<u>2019</u>	<u>2020</u>		
	<u>(in thousands, except percentages)</u>			
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

	<u>Year Ended December 31,</u>		<u>\$ change</u>	<u>% change</u>
	<u>2019</u>	<u>2020</u>		
	<u>(in thousands, except percentages)</u>			
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.

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Provision for income taxes

	Year Ended December 31,		\$ change	% change
	2019	2020		
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 March 31, 2021, our principal sources of liquidity were cash and cash equivalents of \$141.2 million, which consisted of cash on deposit with banks and money market funds, of which \$1.9 million related to our foreign subsidiaries. Our cash and cash equivalents increased in June 2021 by \$25.0 million upon the lapse of our restricted cash equivalent upon the release of collateral related to a personal loan by a former executive. 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 New 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 unremitted 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

2018 Credit Facility

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 first lien 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. 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

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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 March 31, 2021. 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 March 31, 2021, we had approximately \$523.0 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.

New Credit Facility

We expect to enter into the New Credit Facility (as defined below) concurrently with the consummation of this offering. Despite our expectations, the entering into the New Credit Facility and the terms of such credit facility are subject to a number of factors, and we cannot assure you that we will enter into a credit facility on such terms or at all.

LegalZoom.com, Inc. will be the borrower under the New Credit Facility. The New Credit Facility will be set forth in an amendment and restatement of our 2018 Credit Agreement, and is expected to permit revolving borrowings of up to \$150.0 million.

Subject to the satisfaction of certain criteria, we will be able to increase the facility by an amount equal to the sum of (i) the greater of \$90.0 million and 75% of consolidated last twelve months Cash EBITDA, or LTM Cash EBITDA, plus (ii) unused amounts under the general debt basket (i.e., an amount equal to the greater of \$50.0 million and an equivalent percentage of consolidated LTM Cash EBITDA), plus (iii) an unlimited amount so long as the borrower is in pro forma compliance with the Financial Covenant (as defined below), in each case, with the consent of the lenders participating in the increase. The New Credit Facility is expected to provide for the issuance of up to \$20.0 million of letters of credit as well as borrowings on same-day notice, referred to as swingline loans, in an amount of up to \$10.0 million.

Borrowings under the New Credit Facility are generally expected to bear interest at a rate equal to, at our option, either (a) a base rate equal to the greatest of (i) the administrative agent's prime rate; (ii) the federal funds effective rate plus 1/2 of 1.0% and (iii) one month LIBOR plus 1.0% (subject to a 1.00% floor), plus 1.00% or (b) LIBOR (subject to a 0.00% floor) plus 2.00%. The interest rate margins under the New Credit Facility are subject to one reduction of 0.25% and a further reduction of 0.25%, in each case, upon achieving certain total net first lien leverage ratios forth in the documentation in respect of the New Credit Facility.

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We will be required to pay a commitment fee in respect of unutilized commitments under the New Credit Facility. The commitment fee will be, initially, 0.35% per annum. The commitment fee is subject to one reduction of 0.10% upon achieving certain total net first lien leverage ratios set forth in the documentation in respect of the New Credit Facility. We will also be required to pay customary letter of credit fees and agency fees.

We will have the option to voluntarily repay outstanding loans at any time without premium or penalty, other than customary “breakage” costs with respect to LIBOR loans. There will be no scheduled amortization under the New Credit Facility. The principal amount outstanding will be due and payable in full at maturity, five years from the closing date of the New Credit Facility.

Obligations under the New Credit Facility will be guaranteed by our existing and future direct and indirect material wholly-owned domestic subsidiaries, subject to certain exceptions. The New Credit Facility will be secured by a first-priority security interest in substantially all of the assets of the borrower and the guarantors, subject to certain exceptions.

The New Credit Facility will contain a number of covenants that, among other things and subject to certain exceptions, restrict our ability and the ability of our restricted subsidiaries to:

- incur additional indebtedness and guarantee indebtedness;
- create or incur liens;
- pay dividends and distributions or repurchase capital stock;
- merge, liquidate and make asset sales;
- change lines of business;
- change our fiscal year;
- incur restrictions on our subsidiaries’ ability to make distributions and create liens;
- modify our organizational documents;
- make investments, loans and advances; and
- enter into certain transactions with affiliates.

The New Credit Facility will require compliance with a total net first lien leverage ratio of 4.50 to 1.00, or the Financial Covenant. The Financial Covenant will be tested at quarter-end only if the total principal amount of all revolving loans, swingline loans and drawn letters of credit that have not been reimbursed exceeds 35% of the total commitments under the New Credit Facility on the last day of such fiscal quarter.

The New Credit Facility will also contain certain customary affirmative covenants and events of default for facilities of this type, including relating to a change of control. If an event of default occurs, the lenders under the New Credit Facility will be entitled to take various actions, including the acceleration of amounts due under the New Credit Facility and all actions permitted to be taken by secured creditors under applicable law.

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Cash flows

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

	Year Ended December 31,		Three Months Ended March 31,	
	2019	2020	2020	2021
	(in thousands)		(in thousands)	
Net cash provided by operating activities	\$ 52,695	\$ 93,049	\$21,889	\$31,415
Net cash used in investing activities	(20,717)	(12,727)	(1,988)	(2,911)
Net cash (used in) provided by financing activities	(12,852)	(15,089)	36,589	(1,834)
Effect of exchange rates on cash, cash equivalents and restricted cash equivalent	(495)	57	(185)	35
Net increase in cash, cash equivalents and restricted cash equivalent	<u>\$ 18,631</u>	<u>\$ 65,290</u>	<u>\$56,305</u>	<u>\$26,705</u>

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 \$39.9 million and net cash flow provided by changes in operating assets and liabilities of \$5.4 million. The \$5.4 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.

For the three months ended March 31, 2021, cash provided by operating activities was \$31.4 million resulting from a net loss of \$9.8 million, adjusted for non-cash expenses of \$6.5 million and net cash flow provided by changes in operating assets and liabilities of \$34.7 million. The \$34.7 million of net cash flows provided from changes in our operating assets and liabilities included a \$18.4 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 \$14.1 million increase in accrued expenses and other current liabilities and \$6.0 million in accounts payable, due to the timing of our payments.

For the three months ended March 31, 2020, cash provided by operating activities was \$21.9 million resulting from a net loss of \$4.9 million, adjusted for non-cash expenses of \$9.2 million and net cash flow provided by changes in operating assets and liabilities of \$17.6 million. The \$17.6 million of net cash flows provided from changes in our operating assets and liabilities included a \$9.6 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 \$7.5 million increase in accrued expenses and other current 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.

For the three months ended March 31, 2021 and 2020, net cash used in investing activities was \$2.9 million and \$2.0 million, respectively, resulting primarily from purchases of property and equipment, including capitalized internal-use software.

Net cash (used in) provided by 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, repurchases 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.

For the three months ended March 31, 2021, net cash used in financing activities was \$1.8 million, resulting primarily from repayments on our 2018 Term Loan of \$1.3 million.

For the three months ended March 31, 2020, net cash provided by financing activities was \$36.6 million, resulting primarily from the drawdown of the full \$40.0 million from our 2018 Revolving Facility in response to macroeconomic concerns with regards to COVID-19, offset in part by repurchases of common stock for tax withholding obligations of \$2.0 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. We currently intend to use a portion of the net proceeds to us from this offering to repay the outstanding indebtedness under the 2018 Credit Facility. We have operating lease commitments primarily related to

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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. Our disclosure 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.

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 (loss) 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. 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. We define net income (loss) margin as net income (loss) 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, 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

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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 that are not considered representative of our underlying performance, which reduce cash available to us.

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

	Year		Three Months Ended	
	Ended December 31,		March 31,	
	2019	2020	2020	2021
	(in thousands)		(in thousands)	
Reconciliation of Net Income (loss) to Adjusted EBITDA				
Net income (loss)	\$ 7,443	\$ 9,896	\$ (4,878)	\$ (9,823)
Interest expense, net	38,559	35,504	9,270	8,654
Provision for (benefit from) income taxes	3,161	2,429	(2,055)	(2,936)
Depreciation and amortization	16,390	20,097	4,920	4,166
Other (income) expense, net	(2,577)	(3,713)	1,106	(248)
Stock-based compensation ⁽¹⁾	5,181	12,894	4,088	3,786
Impairment of goodwill, long-lived and other assets	14,321	1,105	555	—
Impairment of available-for-sale debt securities	—	4,818	—	—
Acquisition related expenses	5,433	132	—	—
Restructuring expenses ⁽²⁾	1,600	2,524	348	—
Legal reserves and settlements ⁽³⁾	735	525	—	—
Certain other non-recurring expenses ⁽⁴⁾	6,911	1,764	—	—
Adjusted EBITDA	<u>\$ 97,157</u>	<u>\$ 87,975</u>	<u>\$ 13,354</u>	<u>\$ 3,599</u>
Net income (loss) margin	1.8%	2.1%	(4.6)%	(7.3)%
Adjusted EBITDA margin	<u>23.8%</u>	<u>18.7%</u>	<u>12.6%</u>	<u>2.7%</u>

(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) Restructuring expenses relate to certain one-time severance events for different components of our business, which was part of our overall reset of business strategy during 2019 and 2020. See Note 17 to our consolidated financial statements included elsewhere in this prospectus.

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- (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 to 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 \$9.2 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. Adjusted EBITDA decreased \$9.8 million from \$13.4 million for the three months ended March 31, 2020 to \$3.6 million for the three months ended March 31, 2021. The decrease primarily reflects an investment in customer acquisition media spend, which increased by \$23.6 million, filing fee expense which increased by \$6.2 million in cost of revenue, media production spend which increased by \$3.0 million and salaries and benefits which increased by \$3.6 million from our investment in headcount, which was partially offset by a \$28.8 million increase in revenue. We expect our Adjusted EBITDA to increase in absolute dollars in the longer 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		Three Months	
	Ended December 31,	2020	Ended March 31,	2021
	2019	2020	2020	2021
	(in thousands)		(in thousands)	
Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow				
Net cash provided by operating activities	\$ 52,695	\$ 93,049	\$21,889	\$31,415
Purchase of property and equipment	(18,349)	(10,587)	(1,988)	(2,911)
Free cash flow	<u>\$ 34,346</u>	<u>\$ 82,462</u>	<u>\$19,901</u>	<u>\$28,504</u>

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 \$17.6 million in deferred revenue driven by an increase in subscription units as well as a \$8.5 million increase in accounts payable due to the timing of our payments. We experienced an increase in our free cash flow for the three months ended March 31, 2020 as compared to the three months ended March 31, 2021 as a result of an increase of \$8.8 million in deferred revenue primarily as a result of the growth of our subscription units, which are predominantly billed in advance.

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of our revenue recognition, a \$6.6 million increase in accrued expenses and other current liabilities and \$2.7 million in accounts payable, due to the timing of our payments. Additionally, in the year ended 2020 as compared to 2019, we recorded a decrease in purchase of property and equipment related to less capitalization of internal-use software projects. In the three months ended March 31, 2021, we recorded an increase in purchase of property and equipment related to additional capitalization of internal-use software projects, associated with scaling our operations, technology and infrastructure to support our growth. 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, 2020 and the three months ended March 31, 2020 and 2021, our free cash flow included cash payments for interest related to our 2018 Credit Facility of \$37.3 million, \$27.9 million, \$8.3 million and \$6.1 million, respectively.

Quarterly Results of Operations

The following table sets forth our unaudited quarterly consolidated results of operations by quarter from the first quarter of 2019 to the first quarter of 2021. The unaudited quarterly consolidated results of operations set forth below have been prepared on the same basis as our audited consolidated financial statements and in our opinion contain all adjustments, consisting only of normal and recurring adjustments, necessary for the fair statement of this financial information. The following information should be read in conjunction with the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the accompanying notes thereto included elsewhere in this prospectus. The results of historical periods are not necessarily indicative of the results for any future period, and the results for any quarter are not necessarily indicative of results to be expected for a full year or any other period.

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Quarterly Consolidated Statement of Operations Data

	Three Months Ended								
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021
	<i>(In thousands)</i>								
Revenue (1)	\$ 102,177	\$103,506	\$ 103,977	\$ 98,720	\$ 105,795	\$111,007	\$ 131,595	\$ 122,239	\$ 134,632
Cost of revenue	35,947	35,999	34,144	30,825	35,112	35,759	43,841	39,851	43,960
Gross margin	66,230	67,507	69,833	67,895	70,683	75,248	87,754	82,388	90,672
Operating expenses:									
Sales and marketing	34,328	26,765	27,414	27,406	43,481	40,173	46,833	40,903	71,361
Technology and development	8,230	8,728	9,420	10,826	10,543	10,165	10,911	10,244	10,499
General and administrative	12,015	13,252	17,044	15,451	12,661	12,612	10,424	15,320	13,165
Impairment of goodwill, long-lived and other assets	—	—	—	14,321	555	—	—	550	—
Loss on sale of business	—	—	—	—	—	1,764	—	—	—
Total operating expenses	54,573	48,745	53,878	68,004	67,240	64,714	68,168	67,017	95,025
Income (loss) from operations	11,657	18,762	15,955	(109)	3,443	10,534	19,586	15,371	(4,353)
Interest expense, net	(9,826)	(9,838)	(9,665)	(9,230)	(9,270)	(8,857)	(8,658)	(8,719)	(8,654)
Other income (expense), net	1,037	(1,000)	(1,079)	3,619	(1,106)	(355)	1,610	3,564	248
Impairment of available-for-sale debt securities	—	—	—	—	—	(4,818)	—	—	—
Income (loss) before income taxes and income from equity method investment	2,868	7,924	5,211	(5,720)	(6,933)	(3,496)	12,538	10,216	(12,759)
Provision for (benefit from) income taxes	1,107	2,492	1,932	(2,370)	(2,055)	563	3,126	795	(2,936)
Income (loss) before income on equity method investment	1,761	5,432	3,279	(3,350)	(4,878)	(4,059)	9,412	9,421	(9,823)
Income from equity method investment	—	—	—	321	—	—	—	—	—
Net income (loss)	\$ 1,761	\$ 5,432	\$ 3,279	\$ (3,029)	\$ (4,878)	\$ (4,059)	\$ 9,412	\$ 9,421	\$ (9,823)

(1) Includes revenue by type as follows:

	Three Months Ended								
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021
	<i>(In thousands)</i>								
Transaction	\$ 45,772	\$ 45,350	\$ 41,376	\$ 35,807	\$ 45,586	\$ 50,429	\$ 63,850	\$ 52,249	\$ 61,388
Subscription	47,419	50,175	53,879	54,974	54,235	53,832	59,348	62,425	65,493
Partner	8,986	7,981	8,722	7,939	5,974	6,746	8,397	7,565	7,751
Total revenue	\$ 102,177	\$103,506	\$ 103,977	\$ 98,720	\$ 105,795	\$111,007	\$ 131,595	\$ 122,239	\$ 134,632

Quarterly Revenue, Cost and Operating Expense Trends

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 transactions placed in the first quarter but fulfilled in the second quarter. Also, historically we generally see demand for our services decline in the last two months of the fourth quarter as a result of the winter holidays. For example, in 2019, we saw our highest number of transaction orders in the first quarter. Although the number of transactions declined in the second quarter as compared to the first quarter of 2019, our revenue increased as we fulfilled a number of transaction orders placed in the first quarter. In addition, starting in the second quarter of 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.

Generally, these seasonal trends also apply to our cost of revenue, which includes all costs of fulfilling our services, such as government filing fees and costs associated with customer care that scale with order volumes.

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 April 2020. Customer acquisition media spend has historically been highest in the first quarter of the year when customer demand is strongest, while other operating expenses such as technology and development and general and administrative expenses typically exhibit less seasonal fluctuation. We expect our sales and marketing expenses will continue to increase in absolute dollars and be our largest operating expense category for the foreseeable future as we invest to drive additional revenue, further penetrate our expanding addressable market and build on our digital brand leadership and awareness. We also expect technology and development expenses to increase in absolute dollars going forward as we invest in new products and services, enhancing our customer experience, and production automation technologies. Additionally, we expect our general and administrative expenses to increase as we expand our headcount to support our growth and meet our obligations as a public company following the completion of this offering. In addition, during the second and third quarters of 2020, we saw the impact of the COVID-19 pandemic impact these trends, which cannot be quantified and may not continue in future periods.

Non-GAAP Financial Measures

The following table presents a reconciliation of net income (loss) to Adjusted EBITDA, the most directly comparable financial measure calculated in accordance with GAAP. For more information as to the limitations of using non-GAAP measurements, please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures.”

Reconciliation of Net Income (Loss) to Adjusted EBITDA

	Three Months Ended								
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021
	(In thousands)								
Net income (loss)	\$ 1,761	\$ 5,432	\$ 3,279	\$ (3,029)	\$ (4,878)	\$ (4,059)	\$ 9,412	\$ 9,421	\$ (9,823)
Interest expense, net	9,826	9,838	9,665	9,230	9,270	8,857	8,658	8,719	8,654
Provision for (benefit from) income taxes	1,107	2,492	1,932	(2,370)	(2,055)	563	3,126	795	(2,936)
Depreciation and amortization	4,397	4,072	4,226	3,695	4,920	4,827	4,415	5,935	4,166
Other (income) expense, net	(1,037)	1,000	1,079	(3,619)	1,106	355	(1,610)	(3,564)	(248)
Stock-based compensation ⁽¹⁾	1,185	1,309	1,144	1,543	4,088	3,090	2,712	3,004	3,786
Impairment of goodwill, long-lived and other assets	—	—	—	14,321	555	—	—	550	—
Impairment of available-for-sale debt securities	—	—	—	—	—	4,818	—	—	—
Acquisition related expenses	5	2,244	2,695	489	—	—	38	94	—
Restructuring expenses ⁽²⁾	363	258	137	842	348	64	155	1,957	—
Legal reserves and settlements ⁽³⁾	—	—	—	735	—	—	525	—	—
Certain other non-recurring expenses ⁽⁴⁾	306	847	3,806	1,952	—	1,764	—	—	—
Adjusted EBITDA	17,913	27,492	27,963	23,789	13,354	20,279	27,431	26,911	3,599
Net income (loss) margin	1.7%	5.2%	3.2%	(3.1)%	(4.6)%	(3.7)%	7.2%	7.7%	(7.3)%
Adjusted EBITDA margin	17.5%	26.6%	26.9%	24.1%	12.6%	18.3%	20.8%	22.0%	2.7%

- (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) Restructuring expenses relate to certain one-time severance events for different components of our business, which were part of our overall reset of business strategy during 2019 and 2020. Such expenses are not expected to recur in the near or longer term. Due to continued decline in the business performance of Beaumont, our conveyancing business in the United Kingdom, we conducted a phased restructuring during 2019. In the fourth quarter of 2019, we restructured our United Kingdom Research and Development team, as part of the reset of our product strategy. In the first half of 2020, we restructured our United Kingdom business, mainly in our leadership and technology team. In the fourth quarter of 2020, we incurred \$2.0 million in severance costs related to a reduction in headcount in our U.S. workforce.
- (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 during the first and second quarters of 2019 and which was later withdrawn in the third quarter of 2019, \$1.9 million of compensation expense recorded in general and administrative expenses related to the establishment of a financial guarantee for a former executive officer in the fourth quarter of 2019, and \$0.4 million for other transaction related expenses. In the second quarter of 2020, we incurred a loss on sale from the disposal of Beaumont, our conveyancing business in the United Kingdom, of \$1.8 million.

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

Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

	Three Months Ended								
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020	September 30, 2020	December 31, 2020	March 31, 2021
	(In thousands)								
Net cash provided by operating activities	\$ 23,102	\$ 4,885	\$ 14,410	\$ 10,298	\$ 21,889	\$ 27,431	\$ 32,749	\$ 10,980	\$ 31,415
Purchase of property and equipment	(5,442)	(4,784)	(4,281)	(3,842)	(1,988)	(2,503)	(3,328)	(2,768)	(2,911)
Total free cash flow	<u>\$ 17,660</u>	<u>\$ 101</u>	<u>\$ 10,129</u>	<u>\$ 6,456</u>	<u>\$ 19,901</u>	<u>\$ 24,928</u>	<u>\$ 29,421</u>	<u>\$ 8,212</u>	<u>\$ 28,504</u>
Cash interest paid	\$ 9,473	\$ 9,809	\$ 9,386	\$ 8,608	\$ 8,278	\$ 7,062	\$ 6,283	\$ 6,242	\$ 6,065

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 includes filing fees and is 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.

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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.

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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. For these services, revenue includes 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 other services provided by third-parties, including deed transfer, accounting, tax, credit monitoring, business data protection and logo design services, revenue is recognized net of fees payable to third-parties. 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.

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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.

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- *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 (loss) for 2019, 2020 and the three months ended March 31, 2020 and 2021, 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):

	<u>Year Ended December 31,</u>		<u>Three Months Ended</u>
	<u>2019</u>	<u>2020</u>	<u>March 31,</u> <u>2020</u>
Expected term (years)	5.1	5.2	5.1
Risk-free interest rate	1.5%	1.1%	1.6%
Expected volatility	44%	45%	43%
Expected dividend yield	—	—	—

We did not grant any stock options in the three months ended March 31, 2021. Our types of stock option awards are 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

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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 and March 31, 2021, 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 that vests depending upon the fair value of our common stock appreciation compared to the grant date fair value of our common stock upon the earlier of (i) consummation of a CIC event, which includes a merger, acquisition, or sale of more than 50% of our assets, or (ii) upon the fourth anniversary of the grant date, provided that the holder remains employed through such date. This option does not vest upon an IPO. 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 and March 31, 2021, there was \$9.2 million and \$8.4 million of unrecognized stock-based compensation expense related to this option, respectively.

For time-based options granted to certain executive officers, vesting will accelerate 50% of their unvested options upon a change in ownership of more than 50%, sale, merger, disposition, dissolution or liquidation. Vesting does not accelerate upon an IPO. Furthermore, the time-based options 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. 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 and March 31, 2021, there was \$17.9 million and \$27.5 million of unrecognized stock-based compensation expense related to these RSUs, respectively. There has been no compensation expense recognized as both the CIC event and service-based vesting condition had not been satisfied as of March 31, 2021.

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 and March 31, 2021, there was \$0.3 million of unrecognized stock-based compensation expense related to these RSUs.

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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 and March 31, 2021, there was \$0.2 million of unrecognized stock-based compensation expense related to these RSUs.

For 509,165 RSUs granted to an executive officer, vesting will accelerate on 25% of their unvested RSUs upon a CIC event including an IPO, or will accelerate 100% if the executive officer is terminated without cause by us or by the executive officer for good reason. At December 31, 2020, total remaining stock-based compensation expense for the RSU award was \$5.0 million, of which \$1.3 million will be expensed upon the consummation of a CIC event.

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 determine our enterprise value using an income approach and market approach. The income approach estimates our enterprise value based on estimates of future cash flows that are discounted to their present values using a discount rate reflective of the risk associated with the future cash flows. As of each valuation date, we update our forecasts, as applicable, considering our recent results, changes in our expectations and any new strategic

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initiatives implemented at the time of the valuation. Under the market approach, we use the guideline public company method to estimate our enterprise value based on a comparison to similar publicly traded companies and other companies that have recently completed an IPO. From these comparable companies, we determine representative multiples for revenue and Adjusted EBITDA, which is then applied to our revenue and Adjusted EBITDA estimates. Once our enterprise value is determined, we then adjust for any excess working capital and other similar items, excess cash and the fair value of our debt to arrive at an equity value.

Once our equity value is determined, we utilize 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 \$25.50 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 March 31, 2021 was \$247.8 million, of which \$55.2 million related to vested options and \$192.6 million related to unvested options, and the intrinsic value of RSUs outstanding as of March 31, 2021 was \$84.4 million.

Option modifications in connection with this offering. For retention purposes, in connection with this offering, we amended the vesting conditions of 4,477,218 outstanding performance options of certain executive officers and employees so that the performance options do not fully vest immediately upon an IPO. Instead, subject to and contingent upon the effective date of an IPO, the modified performance options for executive officers will vest monthly over a four-year period from their original vesting commencement dates and the modified performance options of certain employees will vest 25% on the first anniversary from the vesting commencement date, and then vest monthly over the remaining service period, subject to continued employment through the applicable vesting dates. As the modified awards contain a performance condition that is satisfied upon an IPO, we remeasured the fair value of the performance options on the date of modification. This new fair value of approximately \$76.4 million will be recognized as stock-based compensation expense using the graded vesting method, with an immediate stock-based compensation expense recognized on the effective date of our IPO for the modified performance options for which the service vesting condition was satisfied through the effective date of the IPO, and all remaining compensation will be recognized thereafter over the remaining service period. No compensation expense is recognized for these modified performance options until our IPO is declared effective.

In addition, in connection with this offering, we amended the vesting conditions of 3,627,936 outstanding performance options of an executive officer so that in the event of an IPO the modified 2019 performance option will vest monthly over a four-year period from the vesting commencement date in 2019, subject to continued employment of the executive officer, rather than vesting upon the fourth anniversary of the original date of grant

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based on achieving certain stock price thresholds. Incremental stock-based compensation expense as a result of the modification is approximately \$11.4 million and was measured using a Monte Carlo simulation immediately prior to the modification date and a Black-Scholes Option Pricing Model immediately after the modification date. Upon an IPO, we will recognize stock-based compensation expense for the modified 2019 performance option for which the service vesting condition was satisfied through the effective date of the IPO and all remaining compensation will be recognized thereafter over the remaining service period using the graded vesting method.

In addition, we modified the vesting conditions of 111,902 outstanding performance RSUs of certain employees so that the modified performance RSUs do not vest immediately upon an IPO. Instead, subject to and contingent upon the effective date of an IPO, the modified performance RSUs will vest 25% on the first anniversary from the original vesting commencement dates, then vest monthly over the remaining service period, subject to the continued employment through the applicable vesting dates. As the modified RSUs contain a performance condition that is satisfied upon an IPO, we remeasured the fair value of the performance RSUs on the date of modification. This new fair value of approximately \$2.9 million will be recognized as stock-based compensation expense using the graded vesting method, with an immediate stock-based compensation expense recognized on the effective date of our IPO for the performance RSUs for which the service vesting condition was satisfied through the effective date of the IPO, and all remaining compensation will be recognized thereafter over the remaining service period. No compensation expense is recognized for these modified performance RSUs until our IPO is declared effective.

In addition, we modified the vesting conditions of 1,725,942 outstanding LERSUs and 1,706,888 outstanding time-based options of certain executive officers to amend the severance vesting acceleration benefit applicable for the LERSUs and remove the CIC vesting acceleration benefit for the time-based options. There was no incremental stock-based compensation associated with the modification of the time-based options. We remeasured the fair value of the LERSUs on the date of modification and this new fair value of approximately \$44.0 million will be recognized using the graded vesting method, with an immediate stock-based compensation expense recognized on the effective date of an IPO for the modified LERSUs that have satisfied the service-vesting condition through the effective date, and all remaining compensation will be recognized thereafter over the remaining service period. No compensation expense is recognized for these modified LERSUs until our IPO is declared effective.

The fair value of the modified performance options, 2019 performance option, performance RSUs and LERSUs were remeasured using the fair value of our common stock, as approved by the Pricing Committee of our Board of Directors, which was \$25.50 per share, the midpoint of the price range set forth on the cover page of this prospectus.

Based on our estimate of the effectiveness of this offering, we estimate that we will record stock-based compensation expense of approximately \$42.3 million upon the effectiveness of this offering relating to our stock-based awards, including the modified awards discussed above, where vesting was contingent upon our IPO. However, the stock-based compensation expense to be recognized upon the effectiveness of this offering will vary depended upon the effective date of this offering.

IPO Grants. In June 2021, we granted RSUs to our executive officers that are contingent on the effectiveness of a registration statement, or IPO RSU Grants. The IPO RSU Grants will have a grant-date fair value of approximately \$10.9 million and the number of shares underlying the IPO RSU Grants will be based on the IPO price to the public. In addition, we granted options to purchase shares of common stock, or IPO Options, with an exercise price that will be equal to the IPO price to the public for the number of shares equal to 2.5 times the number of shares subject to the IPO RSU. Because the number of shares and exercise price of the IPO Options is based on the IPO price, the grant date for accounting purposes will not be established until the effective date of an IPO. As the IPO is a performance condition, no stock-based compensation expense is recognized until our IPO is declared effective and then stock-based compensation will be recognized over a weighted-average requisite service period of approximately 4.0 years. The actual amount of stock-based compensation cost for the IPO options is dependent upon the IPO price to the public.

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, 2020 and March 31, 2021, we had cash and cash equivalents of \$114.5 million and \$141.2 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 and \$523.0 million in principal as of December 31, 2020 and March 31, 2021. 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 and the three months ended March 31, 2021, with all other variables held constant, would have resulted in an increase or decrease of \$5.4 million or \$1.3 million in our reported interest expense for 2020 or the three months ended March 31, 2021, respectively. 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, and \$0.1 million in the three months ended March 31, 2021. A 10% adverse change in foreign exchange rates on foreign-denominated accounts for the year ended December 31, 2020 or three months ended March 31, 2021, including intercompany balances, would have resulted in a \$1.2 million or \$0.1 million decrease in our reported foreign currency income for 2020 or the three months ended March 31, 2021, respectively. 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.

We are in the early stages of designing and implementing a plan to remediate the material weaknesses identified. Our plans include:

- hiring additional experienced accounting, financial reporting and internal control personnel and changing roles and responsibilities of our personnel as we transition to being a public company and are required to comply with Section 404 of the Sarbanes Oxley Act of 2002. We have recently hired additional resources and we are engaging with a third-party consulting firm to assist us with our formal internal control plan and provide staff augmentation of our internal audit function;
- 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 these measures will significantly improve or remediate the material weaknesses described above. The implementation of these remediation measures is in the early stages and will require validation and testing of the design and operating effectiveness of internal controls over a sustained period of financial reporting cycles and as a result the timing of when we will be able to fully remediate the material weaknesses is uncertain and we may not fully remediate these material weaknesses during 2021. 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 or 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

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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.

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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, 28,000 trademark applications were made through LegalZoom in the United States in 2020. 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 believe 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%, and \$105.8 million and \$134.6 million for the three months ended March 31, 2020 and 2021, respectively, representing a period-over-period increase of 27.3%. We had net income (loss) of \$7.4 million, \$9.9 million, \$(4.9) million and \$(9.8) million in 2019, 2020, and the three months ended March 31, 2020 and 2021, respectively. The increase in net income between 2019 and 2020 was driven by higher revenue, which was partially offset by our investments in marketing spend to expand our customer base and build on our digital brand leadership. The increase in net loss between March 31, 2020 and 2021 largely resulted from increased investment in marketing spend, which nearly offset the increase in revenue. Adjusted EBITDA decreased from \$97.2 million in 2019 to \$88.0 million in 2020 and from \$13.4 million to \$3.6 million in the three months ended March 31, 2020 and 2021, respectively, as we invested further in marketing spend to expand our customer base and build on our digital brand leadership. Cash flows from operating activities increased from \$52.7 million in 2019 to \$93.0 million in 2020 and increased from \$21.9 million in the three months ended March 31, 2020 to \$31.4 million in the three months ended March 31, 2021. Free cash flow increased from \$34.3 million in 2019 to \$82.5 million in 2020, primarily as a result of growth in 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. Free cash flow increased from \$19.9 million in the three months ended March 31, 2020 to \$28.5 million in the three months ended March 31, 2021, primarily as a result of growth in deferred revenue driven by an increase in the number of transactions and subscription units. For 2019, 2020, and the three months ended March 31, 2020 and 2021, our free cash flow included cash payments for interest of \$37.3 million, \$27.9 million, \$8.3 million and \$6.1 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 2020.

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 26 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. According to the World Justice

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Project, as of 2019, over 60% of people needing legal assistance with their everyday legal problems in the United States are unable to get it. Requirements for a small business in particular 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. For example, according to Clio Legal Trends, 91% of attorneys can't calculate the ROI of advertising spend. 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 approximately 70% of financial services and, according to Ernst & Young, 30% to 45% of healthcare services. According to the American Bar Association, more than 40% of solo attorneys do not have a website.

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

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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.

	<u>Total Addressable Businesses</u> <i>(in millions)</i>	<u>Current Spending—SAM</u> <u>% Usage(1)</u>	<u>Total Spend</u> <i>(in millions)</i>
<i>Business Formation and Attach Opportunity</i>			
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
<i>Post-Business Formation Opportunity</i>			
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
			\$ 8,830
Total SAM			\$ 48,728

Source: U.S. Census Bureau (businesses) as of 2017 and Kantar Consulting (usage and spend) as of 2019, 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 and the three months ended March 31, 2021, 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 often through our free proprietary educational content, through which we earn trust and drive significant organic traffic.

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, of 51, which is over double that of traditional offline attorneys, who have an NPS of 25, and our NPS for our independent attorney network is 77, which is three times that of traditional offline attorneys, helping us form a trusted relationship with small business owners. Based on this trusted relationship, during 2020 and the three months ended March 31, 2021, 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. Of the customers who purchased a LLC, corporation, or non-profit product in the first quarter of 2021, less than 10% scheduled a consultation with a legal plan attorney between the date of purchase and June 14, 2021.

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 and the three months ended March 31, 2021, 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. For each year since 2017, an average of 28% of our U.S. customers who purchased a transaction in such year had also purchased a transaction product in a prior year.

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, plus 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 our business formation products, which is over double the score of traditional offline attorneys, and our NPS for our independent attorney network, which is three times that of traditional offline attorneys. The independent attorneys in our network have on average of 15 years of experience and an average customer review rating of 4.8 stars. 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 69 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 611,000 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. We helped form 378,000 businesses in 2020 and helped create 250,000 estate plan documents in 2020. In 2020, approximately 10% of new LLCs and 5% of new corporations in the United States were formed through LegalZoom. In addition, 28,000 trademark applications were made through LegalZoom in the United States in 2020. 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. Since inception, we have served as registered agent for more than 1.5 million current and former customers. 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. Since inception, we have helped form over 2.8 million businesses, helped create over 3.5 million estate plan documents and served over 4.0 million customers.

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. Our compliance platform allows our customers to stay focused on running their businesses, while we help them manage the ever-changing regulations and filing deadlines. Our compliance database tracks rules and deadlines across multiple jurisdictions and our platform provides notifications of rule changes and deadlines to our customers. In 2020, we sent approximately seven million notifications to our customers. 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

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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, based on customer surveys, we estimate 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. Our customers often interact 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 use software to abstract the many archaic and last mile processes that are involved in processing formations at the state level. We deploy machine learning and natural language processing to power our registered agent offering, in order to scan and sort mail for our small business customers, allowing them to stay compliant and focus on running their businesses. 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. And over time, we have collected over 1.5 billion answers as part of the user-friendly questionnaires our customers complete as part of their experience with our products. We are able to leverage this data, in accordance with relevant privacy laws and our data stewardship principles, 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. In addition, we plan to leverage machine learning further to create personalized experiences for potential customers, making them more likely to see the value of our platform.
- **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 March 31, 2021, we had over 135,000 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. We also expect to leverage machine learning even further to create a more bespoke experience for our customers. 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.

Customer Success Stories

The following customer stories are a couple of examples of how some of our customers have used and benefited from our platform.

Shannon Greevy: A Bigger Room Consulting

Like so many small business owners, Shannon Greevy spent years in corporate America before deciding the moment was right to strike out on her own. Her last day of full-time employment was on February 27, 2020, she formed her LLC through LegalZoom on March 11, and her business was born on March 13. On March 16, San Francisco went into lockdown due to the COVID-19 pandemic. Rather than panicking as she watched potential clients close their businesses and lay off employees, Shannon decided she would focus on what she could control; learning about the elements of running a business for herself. Shannon enrolled in LegalZoom's tax advisory plan and business legal advisory plan where she consulted with tax professionals and business attorneys to learn about the most important facets of staying compliant while running her business.

As she closes out her first year in business, she boasts a growing client list and considers herself a pandemic success. Contrary to her fears of not finding clients, she says "It turned out that I had a special skill the universe needed. Many of my clients were people who found themselves suddenly needing to pivot from B2B or wholesale to B2C, and I was able to help them establish a social media presence and stay in business."

Drs. Toya and Tonya Harris: The Blueprint

As twin sisters and chiropractors, you might say Drs. Toya and Tonya Harris are joined at the hip. After pursuing their chiropractic doctorate, a second masters degree in functional nutrition, and graduating as the Valedictorian and Salutatorian from Parker University, they decided to open their own practice in Dallas, Texas. Their ultimate goal is to keep their patients happy and moving, so that their patients are able to do whatever they want in life.

The Harris sisters made it official in January 2021 by forming The Blueprint: A Body Lab, LLC through LegalZoom. They added LegalZoom's registered agent service, DBA, and secured required business licenses through LegalZoom's partner ecosystem. The twins stated "LegalZoom made it easy for us to focus on the other aspects of starting a practice. Their team made the process pretty seamless. Whenever we had questions, they were always there to help!"

When asked what's next, the Harris twins said they'd love to set up a charitable scholarship for minorities looking to pursue careers as doctors in any healthcare profession. When Drs. Toya and Tonya are ready to set up their non-profit corporation, LegalZoom will be there to help.

Mike Roberts: The Horse's Axe

Mike Roberts first became a LegalZoom customer in 2016 and has since formed five LLCs, including The Horse's Axe, an axe throwing and billiards bar opened in November 2020. Signing a lease just when the pandemic hit was a bit of a stumbling block, but Mike and his wife Holly found ways to drum up their Denton, Texas business after they opened. Handing out thousands of free face masks with The Horse's Axe logo printed on the front at local high school football games and businesses around town, they spread the word about their new bar. Smart marketing and innovative ideas have paid off and they are in the process of opening a second location in Denison, Texas.

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In addition to forming his business through LegalZoom, Mike purchased several additional related products and services such as protection of his business name, logo and mascot through LegalZoom’s attorney-assisted trademark service, a DBA, an operating agreement, an amendment package, and a last will and testament. Then in January 2021, Mike came back to LegalZoom for annual report compliance for all five of his companies. As Mike says with “LLC’s, trademarks, annual report compliance and several other services... LegalZoom helped us through every step.”

Mark and Victoria Thompson: GenFree LLC

Mark and Victoria Thompson worked hard to build successful careers in IT after growing up in underserved and disadvantaged communities. The Thompsons have always felt passionate about supporting others in their community by sponsoring the next generation through educational and financial support. In 2020, they established their own LLC, formed a non-profit, and updated their estate plan within three months— all through LegalZoom. GenFree LLC, the for-profit venture they formed through LegalZoom, is dedicated to building businesses that invest and create opportunities in the black community. Wanting to do even more for their community, the Thompsons also launched their non-profit, Ready for the World, through LegalZoom in February 2020. Ready for the World provides educational programs and mentorship opportunities to women of all ages.

Understanding that a new business and non-profit would require ongoing legal support, the Thompsons enrolled in LegalZoom’s business legal advisory plans for both entities, which provides them access to a third party attorney for their businesses, when they need it. The Thompsons also continue to use LegalZoom for their annual report compliance. Through this journey, Mark and Victoria quickly realized they didn’t have an estate plan for their family. Within hours, they crafted their living will and trust with LegalZoom and enrolled in the personal legal advisory plan, providing them access to an attorney to answer additional questions about their estate plan or other legal matters that might arise.

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, 892,000 and 276,000 transaction orders in 2019, 2020 and the three months ended March 31, 2021, respectively.

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Our transaction products are described in the following table.

Transaction Products for Small Businesses

Business Formation

Limited Liability Company (LLC) Formation
Incorporation of C and S Corporations
Nonprofit Formation
Doing-Business-As (DBA)
Corporate Changes and Filings
Business Licenses
Legal Forms

Intellectual Property

Trademark Application
Copyright Registration
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 and March 31, 2021 were annual plans billed in advance. Our primary subscription services are described in the following table:

Small Business Subscriptions

Registered Agent
Compliance
Attorney Advice
Tax Advice
Legal Forms

Transaction Products for Consumers

Consumer Estate Planning

Last Will and Testament
Living Will
Living Trust
Power of Attorney

Other Legal Matters

Name Change
Uncontested Divorce
Real Estate Deed Transfer
Real Estate Leases
Legal Forms

Consumer Subscriptions

Attorney Advice through our Legal Plans
Estate Planning Bundle
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

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and corporations through us in 2020 and the three months ended March 31, 2021 used us as their registered agent as of each period end, and approximately 60% of our subscription units as of December 31, 2020 and March 31, 2021 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-refundable during their term, including any renewal term, after a 60-day refund period at the beginning of the initial term and any renewal term. 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. We generally do not issue pro rata refunds outside of the applicable 60-day refund period. 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,

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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 89.3. 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. For the three months ended March 31, 2021, the share of trademark customers selecting this service rose to 51%. 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 our more than 1,650 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, sorting, 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

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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 and the three months ended March 31, 2021, our network completed over 80,000 and 22,000 consultations, respectively, bringing our total completed consultations, since the launch of our attorney assistance division in 2011, to over 611,000. 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 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 89.3 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 March 31, 2021, 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.

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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.

Human Capital Management

As of March 31, 2021, we, together with all our subsidiaries, had 1,055 employees worldwide. As of March 31, 2021, we also engage 17 contractors and consultants. None of our employees are 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;

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- 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.

Environmental, Social, and Governance

We believe legal help should be available to everyone, and take to heart the responsibility that comes with our mission of democratizing law. According to the Center for American Progress, 40-60% of the middle class have legal needs that go unmet, which contributes to economic and entrepreneurial inequality, especially in under-represented communities. The cost and complexity of legal assistance is daunting for many without the financial means and legal training. LegalZoom set out to make legal resources more accessible and disrupt an industry many believed couldn’t be disrupted given the rules and regulations of the legal system. We built a platform of technology and people to demystify and simplify complicated processes, creating user-friendly and cost-effective experiences for our customers while keeping their data and privacy top-of-mind. Fast-forward 20 years, now people can form a business starting at a flat fee of \$79 (plus state-imposed filing fees), a significant cost savings compared to traditional offline legal services. We are committed to continuing to work so that anyone with a dream can protect their business, family and creative work by accessing our small business, estate planning, tax, and intellectual property products.

We believe that we also have a responsibility to serve those who do not have access to legal services because of who they are, who they love, where they live, the color of their skin, or their economic status. While the inherent nature of our business opens up new opportunity for many who may not have had it otherwise, we aim to do more to empower under-represented communities. That is why we partnered with Accion Opportunity Fund (AOF), who provides microloans to small business owners who face hurdles in accessing capital. They focus on people of color, women, and immigrant-owned businesses and, by joining forces with them, we can bring two critical components – access to capital and legal services – to communities that need them the most. By donating funds to their Small Business Relief Fund, LegalZoom has helped provide immediate loan payment relief and loan deferments to small business owners. To-date, 85% of the overall fund recipients are people of color, 67% low to moderate income, and 31% female. We are strategizing on providing in-kind support through product donation to their clients, and we are identifying ways to offer AOF’s loan products to our customers.

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Aside from helping those with legal matters that tie closely to our business, we also feel a responsibility to contribute to the larger access to justice movement, no matter what type of legal matter it is. That is why we helped fund the first national disaster relief pro bono portal built by Paladin, a justice technology b-corp. The portal is the result of a partnership with the American Bar Association Young Lawyer's Disaster Legal Services Program, the exclusive legal services coordinator for the Federal Emergency Management Agency, or FEMA, and it connects legal nonprofits all over the country with attorneys who raise their hand to provide legal assistance during times of crisis. The COVID-19 crisis and other national disasters have created immediate legal needs for millions of Americans. With many people now having to navigate unlawful evictions, loss of wages and benefits, delays in court proceedings and more, there is an unprecedented need to connect low-income Americans to pro bono attorneys. Since inception, the portal has connected 5,300 Americans with attorneys to pro bono legal support.

Our social impact goes beyond our external partnership efforts and support—it's embedded in our culture and employee experience. Addressing inequities starts internally, which is why we made hires for roles in diversity, equity, and inclusion to help us be the most diverse and inclusive company we can be. We have created new roles to ensure these priorities continue to rise in importance, including senior roles: Head of Social Impact and Director of Diversity Equity & Inclusion. 63% of our C-Suite identify as either female or people of color.

Being a purpose-driven company is crucial to our employee experience, which is why we have dedicated groups, events, initiatives, and programs that help contribute to the greater good. We also support giving back outside of our walls through our employee giving and volunteerism programs. Every full-time employee has two volunteer PTO days, and can apply for a company donation match to organizations they fundraise for. Finally, we are part of the Time to Vote initiative, a nonpartisan movement led by the business community to contribute to the culture shift needed to increase voter participation in our country's elections. We have made the presidential Election Day a company holiday to ensure that every employee can participate in the democratic process and make time to vote.

Aside from our social initiatives, we also find environmental issues to be important. LegalZoom is committed to clean, renewable energy. In our Austin, Texas office, we have installed a 520 kW solar electric system. This produces 756,000 kWh of energy per year. The environmental impact amounts to an annual reduction of 1,180,000 pounds, or 536 tons of carbon dioxide emissions, an environmental benefit equivalent to planting 8,000 carbon-sequestering trees.

Data security and privacy is also important to our operations. Ensuring that we meet or exceed expectations with respect to maintaining the confidentiality of the information in our possession is embedded throughout our operations. Our customers and employees trust us with their most sensitive information, including business plans, intellectual property, tax information, and the intimate details of their personal documents (e.g. wills). To ensure the security of this data, we have implemented security practices that maintain physical, technical and administrative safeguards. We also conduct regular risk assessments to evaluate the effectiveness of our program to ensure that we are continuing to expand and adapt to a changing threat landscape.

We are equally committed to protecting our customers' privacy. As part of this commitment, we have adopted data stewardship principles that inform our partnerships with third parties and other data sharing arrangements. These principles, which are based on principles of transparency and consent, align with our commitment to never sell our customers' data. We conduct robust privacy reviews of our vendors for new or modified internal processes. Finally, despite the invalidation of Privacy Shield, we have opted to continue to participate in third-party audits of our privacy practices to help supplement our internal privacy program activities.

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 March 31, 2021, 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 and contracts with 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

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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 June 1, 2021:

<u>Name</u>	<u>Age</u>	<u>Position(s)</u>
Executive Officers		
Dan Wernikoff	49	Chief Executive Officer and Director
Nicole Miller	38	General Counsel
Rich Preece	46	Chief Operating Officer and Chief Product Officer
Shrisha Radhakrishna	44	Chief Technology Officer
Noel Watson	46	Chief Financial Officer
Key Employees		
John Buchanan	47	Chief Marketing Officer
Sheily Chhabria Panchal	37	Chief People Officer
Kathy Tsitovich	47	Chief Partnership Officer
Non-Employee Directors		
Jeffrey Stibel	47	Chairman
Dipanjan “DJ” Deb (2)	52	Director
Khai Ha (3)	38	Director
John Murphy (1)(3)	53	Director
Dipan Patel (2)	38	Director
Brian Ruder (3)	48	Director
Christine Wang (1)(3)	34	Director
David Yuan (1)(2)	46	Director

(1) Member of the audit committee.

(2) Member of the compensation committee.

(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 Executive Vice President and General Manager of Intuit’s Consumer Tax Group from May 2016 to May 2018. Before that role he was the General Manager 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.

Nicole Miller has served as our General Counsel since June 2020, and as our Secretary since August 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.

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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 B.Eng. degree in Information Science from Bangalore University and an M.B.A. from the Kellogg School of Management at Northwestern University.

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.

Key Employees

John Buchanan has served as our Chief Marketing Officer since August 2020. From May 2019 to August 2020, Mr. Buchanan 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 Marketing 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.

Sheily Chhabria Panchal has served as our Chief People Officer since April 2021. From October 2019 to April 2021, Ms. Panchal served as Vice President of Global Human Resources at Activision Blizzard. Prior to that, she served as Executive Vice President of People Operations for ServiceTitan, Inc. from January 2017 to May 2019. From August 2006 to February 2016, Ms. Panchal held various leadership positions at Google, Inc., most recently serving as Director of Global Trust and Safety Operations. Ms. Panchal holds a B.S. in Business Administration and Management from the University of Southern California.

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 of the 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.

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) from July 2015 to March 2018. Prior to that, Mr. Stibel was President and Chief Executive Officer of

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Web.com, Inc. (Nasdaq). From December 2006 to January 2019, Mr. Stibel served as a member of the board of directors of AutoWeb, Inc. (Nasdaq). He holds a B.S. in psychology, philosophy, and cognitive science from Tufts University and an M.Sc. 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.

Dipanjani (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.

Khari 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 B.Comm. in Finance and Economics 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.

John Murphy has served as a member of our board of directors since June 2021. Mr. Murphy has served as the Executive Vice President and Chief Financial Officer of Adobe Systems, Inc., since April 2018, and served as Adobe's Senior Vice President, Chief Accounting Officer and Corporate Controller from March 2017 until April 2018. Prior to joining Adobe, Mr. Murphy served as Senior Vice President, Chief Accounting Officer and Corporate Controller of Qualcomm Incorporated from September 2014 to March 2017. He previously served as Senior Vice President, Controller and Chief Accounting Officer of DIRECTV Inc. from November 2007 to August 2014, and Vice President and General Auditor of DIRECTV from October 2004 to November 2007. Prior to joining DIRECTV he worked at several global companies, including Experian, Nestle, and Atlantic Richfield (ARCO), in a variety of finance and accounting roles. He served as Director of DirecTV Holdings LLC from November 2007 until August 2014. Mr. Murphy serves on the Corporate Advisory Board of the Marshall School of Business at the University of Southern California. He holds an M.B.A. from the Marshall School of Business at the University of Southern California, and a B.S. in Accounting from Fordham University. We believe that Mr. Murphy's extensive experience in finance and accounting, as well as his background in the technology sector, qualifies him to serve on our board of directors.

Dipani 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

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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 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.

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 A.B. in economics from Harvard College and an M.B.A. 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. 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 Khai Ha, Dipan Patel and Christine Wang, and their terms will expire at the annual meeting of stockholders to be held in 2022;
- The Class II directors will be Dipanjan Deb, Brian Ruder and David Yuan, and their terms will expire at the annual meeting of stockholders to be held in 2023; and

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- The Class III directors will be John Murphy, Jeff Stibel and Dan Wernikoff, 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.

In June 2021, we entered into a director nomination agreement (the “Director Nomination Agreement”) with each of (i) LucasZoom, LLC (collectively with its affiliated investment entities, “Permira”) and (ii) FPLZ I, L.P. and FPLZ II, L.P. (together with FPLZ I, L.P. and their affiliated investment entities, “FP”, and together with Permira, the “Lead Sponsors”) to provide certain rights with respect to their ability to designate members of our board of directors (the “Sponsor Designees”).

Pursuant to the Director Nomination Agreement, we will have the obligation to support the nomination of, and to cause our board of directors to include in the slate of nominees recommended to our stockholders for election, a number of designees equal to at least: (i) two individuals for so long as each Lead Sponsor continuously from the time of the completion of this offering beneficially owns shares of common stock representing at least 50% of the shares of common stock owned by such Lead Sponsor immediately following the completion of this offering and (ii) one individual for so long as each Lead Sponsor continuously from the time of the completion of this offering beneficially owns shares of common stock representing at least 25% but less than 50% of the shares of common stock owned by such Lead Sponsor immediately following the completion of this offering.

The nomination of each Sponsor Designee shall be subject to the reasonable and good faith determination of a majority of our disinterested directors, after consultation with our outside legal counsel, that such Sponsor Designee is qualified to serve as a member of our board of directors under applicable laws, the rules of the Nasdaq Stock Market LLC, our amended and restated bylaws and any of our company policies. If a Sponsor Designee resigns from his or her seat on our board of directors or is removed or does not become a director for any reason, the vacancy will be filled by the election or appointment of another Sponsor Designee of the applicable Lead Sponsor as soon as reasonably practicable, subject to compliance with applicable laws, rules and regulations.

Director independence

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 Jeff Stibel, representing seven 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 Nasdaq Stock Market LLC. Our board of directors has determined that Dan Wernikoff, by virtue of his position as our Chief Executive Officer, as well as Jeff Stibel, by virtue of his relationship with Bryant Stibel Growth, LLC and its former consulting relationship with us, are not independent under applicable rules and regulations of the SEC and The Nasdaq Stock Market LLC. 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,

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the independent directors of the board may or may not elect a lead independent director. 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, 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 The Nasdaq Stock Market LLC, which we will post on our corporate website upon completion of this offering.

Audit committee

Our audit committee consists of John Murphy, David Yuan and Christine Wang. Our board of directors has determined that each of Mr. Murphy, Mr. Yuan and Ms. Wang satisfies the independence requirements under The Nasdaq Stock Market LLC listing standards and Rule 10A-3(b)(1) of the Exchange Act. The chair of our audit committee is Mr. Murphy, who our board of directors has determined is an "audit committee financial expert" within the meaning of SEC regulations. Each member of our audit committee can read and understand fundamental financial statements in accordance with applicable requirements. In arriving at these determinations, our board of directors has examined each audit committee member's scope of experience and the nature of their employment in the corporate finance sector. The principal duties and responsibilities of our audit committee include, among other things:

- selecting a qualified firm to serve as the independent registered public accounting firm to audit our financial statements;
- helping to ensure the independence and performance of the independent registered public accounting firm;
- helping to maintain and foster an open avenue of communication between management and the independent registered public accounting firm;
- discussing the scope and results of the audit with the independent registered public accounting firm, and reviewing, with management and the independent registered public accounting firm, our interim and year-end operating results;
- developing procedures for employees to submit concerns anonymously about questionable accounting or audit matters;
- reviewing our policies on risk assessment and risk management;
- reviewing related party transactions;
- obtaining and reviewing a report by the independent registered public accounting firm at least annually, that describes its internal quality-control procedures, any material issues with such procedures, and any steps taken to deal with such issues when required by applicable law; and
- approving (or, as permitted, pre-approving) all audit and all permissible non-audit services to be performed by the independent registered public accounting firm.

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Our audit committee will operate under a written charter, to be effective prior to the completion of this offering, that satisfies the applicable listing standards of The Nasdaq Stock Market LLC.

Compensation committee

Our compensation committee consists of Dipanjan Deb, Dipan Patel, and David Yuan. The chair of our compensation committee is Mr. Deb. Our board of directors has determined that each of Mr. Deb, Mr. Patel and Mr. Yuan is independent under The Nasdaq Stock Market LLC listing standards and a “non-employee director” as defined in Rule 16b-3 promulgated under the Exchange Act.

The principal duties and responsibilities of our compensation committee is include, among other things:

- approving the retention of compensation consultants and outside service providers and advisors;
- reviewing and approving, or recommending that our board of directors approve, the compensation, individual and corporate performance goals and objectives and other terms of employment of our executive officers, including evaluating the performance of our chief executive officer and, with his assistance, that of our other executive officers;
- reviewing and recommending to our board of directors the compensation of our directors;
- administering our equity and non-equity incentive plans;
- reviewing our practices and policies of employee compensation as they relate to risk management and risk-taking incentives;
- reviewing and evaluating succession plans for the executive officers;
- reviewing and approving, or recommending that our board of directors approve, incentive compensation and equity plans; and
- reviewing and establishing general policies relating to compensation and benefits of our employees and reviewing our overall compensation philosophy.

Our compensation committee will operate under a written charter, to be effective prior to the completion of this offering, that satisfies the applicable listing standards of The Nasdaq Stock Market LLC.

Nominating and corporate governance committee

Our nominating and corporate governance committee will consist of Khai Ha, John Murphy, Brian Ruder, and Christine Wang. The chair of our nominating and corporate governance committee will be Mr. Ruder. Our board of directors has determined that each of Mr. Ha, Mr. Murphy, Mr. Ruder and Ms. Wang is independent under The Nasdaq Stock Market LLC listing standards.

The nominating and corporate governance committee’s responsibilities include, among other things:

- identifying, evaluating, and selecting, or recommending that our board of directors approve, nominees for election to our board of directors and its committees;
- approving the retention of director search firms;
- evaluating the performance of our board of directors and of individual directors;
- considering and making recommendations to our board of directors regarding the composition of our board of directors and its committees;
- evaluating the adequacy of our corporate governance practices and reporting; and
- overseeing an annual evaluation of the board’s performance.

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Our nominating and corporate governance committee will operate under a written charter, to be effective prior to the completion of this offering, that satisfies the applicable listing standards of The Nasdaq Stock Market LLC.

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 have adopted a Code of Conduct that applies to all our employees, officers and directors. This includes our principal executive officer, principal financial officer and principal accounting officer or controller, or persons performing similar functions. The full text of our Code of Conduct will be posted on our corporate website upon completion of this offering. We intend to disclose on our website any future amendments of our Code of Conduct or waivers that exempt any principal executive officer, principal financial officer, principal accounting officer or controller, persons performing similar functions or our directors from provisions in the Code of Conduct. Information contained on, or that can be accessed through, our website is not incorporated by reference into this prospectus, and you should not consider information on our website to be part of this prospectus.

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.

Such limitation of liability does not apply to liabilities arising under federal securities laws and does not affect the availability of equitable remedies such as injunctive relief or rescission.

Our amended and restated certificate of incorporation that will be in effect immediately after the completion of this offering will authorize us to indemnify our directors, officers, employees and other agents to the fullest extent permitted by the DGCL. Our amended and restated bylaws that will be in effect immediately prior to the completion of this offering will provide that we are required to indemnify our directors and officers to the fullest extent permitted by the DGCL and may indemnify our other employees and agents. Our amended and restated bylaws that will be in effect immediately prior to the completion of this offering will also provide that, on satisfaction of certain conditions, we will advance expenses incurred by a director or officer in advance of the final disposition of any action or proceeding, and permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his or her actions in that capacity regardless of whether we would otherwise be permitted to indemnify him or her under the provisions of the DGCL. We have entered and expect to continue to enter into agreements to indemnify our directors, executive officers and other

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employees as determined by our board of directors. With certain exceptions, these agreements provide for indemnification for related expenses including attorneys' fees, judgments, fines and settlement amounts incurred by any of these individuals in any action or proceeding. We believe 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. We also maintain customary directors' and officers' liability insurance.

The limitation of liability and indemnification provisions in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. They may also reduce the likelihood of derivative litigation against our directors and officers, even though an action, if successful, might benefit us and other stockholders. 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 officers as required by these indemnification provisions.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted for directors, executive officers or persons controlling us, we have been informed that, 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 <i>Chief Executive Officer and Director</i>	2020	800,000	250,000(4)	—	3,401,916	4,451,916
Shrisha Radhakrishna(5) <i>Chief Technology Officer</i>	2020	136,923	93,000(4)	4,000,000	—	4,222,923
Noel Watson(6) <i>Chief Financial Officer</i>	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.

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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."

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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.

Name	Grant Date	Option Awards				Stock Awards	
		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 \$(6)
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(4)	9.82	9/23/2030	—	—
	—	—	—	—	—	407,332(5)	4,684,318
Noel Watson	11/18/2020	—	763,747(4)	9.82	11/18/2030	—	—
	—	—	—	—	—	509,165(5)	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 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. Pursuant to his amended and restated employment agreement, immediately prior to the effectiveness of the registration statement of which this prospectus forms a part, this option will be amended so that the vesting acceleration upon a change in control described in the second sentence of this paragraph will no longer apply. The option will be subject to the applicable vesting acceleration provisions described below under “—Potential Payments and Benefits Upon Termination or Change in Control.”
- (4) Subject to optionee’s continuous service as of the vesting date, the total shares of common stock underlying these options vest immediately prior to, but conditioned on the closing of, a “liquidity event” (which, in the case of Mr. Radhakrishna and Mr. Watson, includes the completion of this offering) on an interpolated linear basis starting at 0% and ending at 100% of the options vesting, depending on the per share common stock valuation at the time of the “liquidity event.” For retention purposes, and pursuant to each

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named executive officer's amended and restated employment agreement, immediately prior to the effectiveness of the registration statement of which this prospectus forms a part, the vesting schedule of these options will be amended so that these options do not vest immediately upon a liquidity event but is instead subject to a time-based vesting schedule, such that 1/48th of the total shares of common stock underlying this option will vest each month following the vesting commencement date, subject to continued service through each applicable vesting date. The vesting commencement date for the option will be October 1, 2019 for Mr. Wernikoff, August 15, 2020 for Mr. Radhakrishna and November 15, 2020 for Mr. Watson. The option will be subject to the applicable vesting acceleration provisions described below under "—Potential Payments and Benefits Upon Termination or Change in Control."

- (5) 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. Pursuant to Messrs. Radhakrishna's and Watson's amended and restated employment agreements, immediately prior to the effectiveness of the registration statement of which this prospectus forms a part, the restricted stock units will be amended such that the full acceleration of the service-based condition upon a qualifying termination described above would occur only if the qualifying termination occurs on, or within 24 months following, a "change in control" and the named executive officer timely executes and does not revoke a release of claims in our favor. In addition, the restricted stock units will also be amended so that upon a qualifying termination described above prior to a change in control, the full acceleration of the service based condition will not apply, and instead the service-based condition will be accelerated only as to a number of restricted stock units that would have otherwise vested had the named executive officer remained employed through the first anniversary of such termination. The restricted stock units will also be subject to certain other vesting acceleration benefits described below under "—Potential Payments and Benefits Upon Termination or Change in Control."
- (6) 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.

IPO Grants

In June 2021, we granted certain of our executives, including each of our named executive officers, restricted stock units under our 2016 Plan that will be contingent on the effectiveness of this registration statement. The restricted stock units will have a grant date fair value of approximately \$10.9 million (\$3.25 million, \$1.255 million and \$1.245 million in the case of Messrs. Wernikoff, Radhakrishna and Watson, respectively) and the number of shares of our common stock underlying the restricted stock units will be based on our initial public offering price, or the IPO RSU Grants. In addition, we also granted certain of our executives, including each of our named executive officers, options to purchase a number of shares of common stock, or IPO Options, under our 2016 Plan that will be contingent on the effectiveness of this registration statement, in each case with a per share exercise price equal to the initial public offering price and for a number of shares equal to 2.5 times the number of shares subject to the applicable IPO RSU Grant, together with the IPO RSU Grants, the IPO Grants. The number of shares and exercise price of the IPO Options is based on the initial public offering price and therefore the grant date for the IPO Options will not be established until the time of the consummation of this offering. The IPO Grants will each vest over a four-year period, with 25% of the shares underlying the applicable IPO Grant vesting on the one-year anniversary of the "vesting commencement date" (as defined in each named executive officer's amended and restated employment agreement), and the remainder of the applicable IPO Grant vesting in 12 equal quarterly installments thereafter, in each case subject to the executive's continued service with us through each vesting date.

Executive Employment Agreements

Below are descriptions of the material terms of our employment agreements with each of our named executive officers. Each of our named executive officers has executed our standard form of confidential information and employee invention assignment agreement.

Agreement with Dan Wernikoff

We entered into an amended and restated employment agreement with Dan Wernikoff, our Chief Executive Officer, effective immediately prior to the effectiveness of the registration statement of which this prospectus forms a part. The agreement has no specific term and provides that Mr. Wernikoff is an at-will employee.

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Pursuant to the terms of the agreement, Mr. Wernikoff (a) is entitled to an annual base salary of \$500,000, (b) is eligible for a target annual performance bonus equal to 75% of his annual base salary, based on the achievement of performance objectives determined by our board of directors, (c) is eligible to receive the applicable IPO Grants described above under “—IPO Grants,” and (d) is eligible for severance benefits, as described below under “—Potential Payments and Benefits Upon Termination or Change in Control.”

In addition, the agreement provides for certain amendments to Mr. Wernikoff’s time-based option and performance option, as described in more detail below under “2020 Outstanding Equity Awards at Year-End.”

Agreement with Shrisha Radhakrishna

We entered into an amended and restated employment agreement with Shrisha Radhakrishna, our Chief Technology Officer, effective immediately prior to the effectiveness of the registration statement of which this prospectus forms a part. The agreement has no specific term and provides that Mr. Radhakrishna is an at-will employee. Pursuant to the terms of the agreement, Mr. Radhakrishna (a) is entitled to an annual base salary of \$400,000, (b) is eligible for a target annual performance bonus equal to 50% of his annual base salary, based on the achievement of performance objectives determined by our board of directors (or its compensation committee), (c) is eligible to receive the applicable IPO Grants described above under “—IPO Grants,” and (d) is eligible for severance benefits, as described below under “—Potential Payments and Benefits Upon Termination or Change in Control.”

In addition, the agreement provides for certain amendments to Mr. Radhakrishna’s performance option and restricted stock units, as described in more detail below under “2020 Outstanding Equity Awards at Year-End.”

Agreement with Noel Watson

We entered into an amended and restated employment agreement with Noel Watson, our Chief Financial Officer, effective immediately prior to the effectiveness of the registration statement of which this prospectus forms a part. The agreement has no specific term and provides that Mr. Watson is an at-will employee. Pursuant to the terms of the agreement, Mr. Watson (a) is entitled to an annual base salary of \$450,000, (b) is eligible for a target annual performance bonus equal to 50% of his annual base salary, based on the achievement of performance objectives determined by our board of directors (or its compensation committee), (c) is eligible to receive the applicable IPO Grants described above under “—IPO Grants,” and (d) is eligible for severance benefits, as described below under “—Potential Payments and Benefits Upon Termination or Change in Control.”

Mr. Watson previously received a one-time signing bonus of \$300,000, which is subject to prorated repayment if we terminate Mr. Watson’s employment for “cause” or Mr. Watson resigns without “good reason” (each term as defined in his amended and restated employment agreement), in each case on or prior to the one-year anniversary of his employment start date.

In addition, the agreement provides for certain amendments to Mr. Watson’s performance option and liquidity event restricted stock units, as described in more detail below under “2020 Outstanding Equity Awards at Year-End.”

Potential Payments and Benefits Upon Termination or Change in Control

Regardless of the manner in which a named executive officer’s employment with us terminates, the named executive officer is entitled to receive amounts earned during his or her term of service, including salary or other cash compensation and accrued unused vacation pay, if applicable. Our named executive officers are also eligible for the following severance benefits subject to their timely execution and non-revocation of a release of claims in our favor.

Severance Benefits Outside of the Change in Control Period

Pursuant to the terms of the amended and restated employment agreements we entered into with our named executive officers, if a named executive officer's employment is terminated by us without "cause" (excluding by reason of death or disability) or by him for "good reason", in either case outside of the 24-month period following a "change in control" (each term as defined in the named executive officer's amended and restated employment agreement), or the Change in Control Period, then the named executive officer will be eligible to receive the following severance benefits: (i) continued cash payments of his then-current annual base salary for 12 months; (ii) reimbursement of the cost (to the same extent the Company was paying as of immediately before the termination date) for group health benefits continuation coverage under COBRA for up to 12 months; (iii) immediate vesting acceleration of the named executive officer's options that were granted to him before the effectiveness of his amended and restated employment agreement, or the Pre-Existing Option Grants, to the extent outstanding and unvested as of the named executive officer's employment termination date, in each case as to the number of shares subject to such award that otherwise would have vested had the named executive officer remained employed by us through the 12-month anniversary of his employment termination date; and (iv) extension of the post-termination exercise period of the named executive officer's Pre-Existing Option Grants and IPO Option Grant, to the extent outstanding and vested as of the named executive officer's employment termination date (after giving effect to the vesting acceleration described in (iii) above and any other applicable vesting acceleration), such that each option will remain outstanding and exercisable until the earlier of (a) the expiration of the original term of such option, (b) the one-year anniversary of (or, for the IPO Option Grant, 90 days following) his employment termination date, and (c) immediately prior to the effective time of a change in control if such option is not assumed, continued or substituted by the surviving or acquiring entity (or its parent) in connection with such change in control.

In addition, pursuant to the terms of Mr. Wernikoff's amended and restated employment agreement, if, following the end of the fiscal year in which Mr. Wernikoff's termination of employment occurs, the Company determines in good faith that the applicable performance bonus objectives and milestones for that fiscal year have been achieved, Mr. Wernikoff will be eligible to receive a performance bonus in the amount so determined by the Company, which will be prorated based on Mr. Wernikoff's employment termination date.

Severance Benefits Within the Change in Control Period

Pursuant to the terms of the amended and restated employment agreements we entered into with our named executive officers, if a named executive officer's employment is terminated by us without cause (excluding by reason of death or disability) or by him for good reason, in either case within the Change in Control Period (as defined above), then the named executive officer will be eligible to receive the following severance benefits: (i) a lump sum cash payment equal to the sum of (a) 12 months (or 18 months in the case of Mr. Wernikoff) of his then-current annual base salary, plus (b) a cash payment equal to 100% (or 150% in the case of Mr. Wernikoff) of the amount of his then-current target annual performance bonus; (ii) reimbursement of the cost (to the same extent the Company was paying as of immediately before the termination date) for group health benefits continuation coverage under COBRA for up to 12 months (or 18 months in the case of Mr. Wernikoff); (iii) immediate vesting acceleration of 100% of the named executive officer's Pre-Existing Option Grants, IPO Grants and, for Messrs. Radhakrishna and Watson, the restricted stock units that were granted to them before the effectiveness of their respective amended and restated employment agreements, or the Pre-Existing RSU Grants, to the extent outstanding and unvested as of the named executive officer's employment termination date; and (iv) extension of the post-termination exercise period of the named executive officer's Pre-Existing Option Grants and IPO Option Grant, to the extent outstanding and vested as of the named executive officer's employment termination date (after giving effect to the vesting acceleration described in (iii) above and any other applicable vesting acceleration), such that each option will remain outstanding and exercisable until the earlier of (a) the expiration of the original term of such option, (b) the one-year anniversary of his employment termination date, and (c) immediately prior to the effective time of a change in control if such option is not assumed, continued or substituted by the surviving or acquiring entity (or its parent) in connection with such change in control.

Severance Benefits in the Event of Termination Due to Death or Disability

Pursuant to the terms of the amended and restated employment agreements we entered into with our named executive officers, if a named executive officer's employment with us terminates due to death or "disability" (as defined in the named executive officer's amended and restated employment agreement), then the named executive officer will be eligible to receive the following severance benefits: (i) immediate vesting acceleration of 100% of the named executive officer's Pre-Existing Option Grants, IPO Grants and, for Messrs. Radhakrishna and Watson, Pre-Existing RSU Grants, to the extent outstanding and unvested immediately prior to the named executive officer's termination of employment; and (ii) extension of the post-termination exercise period of the named executive officer's Pre-Existing Option Grants and IPO Option Grant, to the extent outstanding and vested as of the named executive officer's employment termination date (after giving effect to the vesting acceleration described in (iii) above and any other applicable vesting acceleration), such that each option will remain outstanding and exercisable until the earlier of (a) the expiration of the original term of such option, (b) the one-year anniversary of his employment termination date, and (c) immediately prior to the effective time of a change in control if such option is not assumed, continued or substituted by the surviving or acquiring entity (or its parent) in connection with such change in control.

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 June 2021, 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 18,946,871 shares of our common stock, which is the sum of (i) 15,921,156 new shares, plus (ii) an additional number of shares not to exceed 3,025,715 shares,

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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) 5.0% 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 56,840,613 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

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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

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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, following the completion of this offering, to any non-employee director with respect to any fiscal year, including awards granted and cash fees paid by us to such non-employee director, will not exceed \$750,000 in total value, except such amount will increase to \$1,500,000 for the non-executive chair of our board of directors, and for first fiscal 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 June 2021, 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.

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Share reserve. Our ESPP authorizes the issuance of 3,552,538 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) 1.5% of the total number of shares of our common stock outstanding on December 31 of the immediately preceding year; and (ii) 7,105,076 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 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 March 31, 2021, options to purchase 14,952,784 shares of our common stock with a weighted-average exercise price of \$8.93 per share and RSUs covering 3,308,780 shares of our common stock were outstanding under our 2016 Plan, and 4,899,218 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 (i) awards held by participants in our 2016 Plan whose status as an employee, director, or consultant of ours has not terminated prior

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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 (ii) 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.

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. Mr. Murphy joined our board of directors in June 2021 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.”

<u>Name(1)</u>	<u>Fees Earned or Paid in Cash (\$)</u>	<u>Total (\$)</u>
Jeffrey Stibel	75,000	75,000
Dipanjan “DJ” Deb	—	—
Khai Ha	—	—
Dipan Patel	—	—
Brian Ruder	—	—
Rob Singer(2)	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.

<u>Name</u>	<u>Option Awards Outstanding at Year-End (#)</u>
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.

(2) Mr. Singer resigned from our board of directors on June 1, 2021.

Eligible Director Compensation Policy

In June 2021, our board of directors approved our Eligible Director Compensation Policy, or the Policy, to be effective as of the date of effectiveness of the registration statement of which this prospectus forms a part, or the Effective Date. The Policy provides each member of our board of directors who is not also serving as our employee or as an employee of any of our subsidiaries and is not associated with or nominated by a private equity fund, venture capital fund or other entity that owned shares of our capital stock prior to the Effective Date, or each Eligible Director, with fixed annual cash retainer fees as well as long-term equity compensation awards for their service on the board of directors. Additional fixed annual cash retainer fees are paid to Eligible Directors for committee membership and chairperson service.

The Eligible Director initially eligible to participate in the Policy is John Murphy.

Certain principal features of the compensation provided under the Policy are described in more detail below. The summary is qualified in its entirety by reference to the complete text of the Policy.

Annual Cash Compensation

The annual cash compensation amounts set forth below are payable to Eligible Directors in equal quarterly installments, payable in arrears on the last day of each fiscal quarter in which the service occurred. The first quarterly installment payable after the Effective Date to Eligible Directors in office as of the Effective Date will be pro-rated for the partial quarter measured from the Effective Date to the last day of the quarter. Further, if an Eligible Director joins the board of directors or a committee thereof at a time other than effective as of the first day of a fiscal quarter, his or her first quarterly installment will be pro-rated based on days served in the applicable quarter. All annual cash fees are vested upon payment.

- Annual Board Service Retainer:
 - All Eligible Directors: \$35,000
 - Non-executive Chair (if any): \$85,000 (inclusive of Annual Board Service Retainer)
 - Lead Independent Director (if any): \$51,500 (in lieu of above)
- Annual Committee Member (non-Chair) Service Retainer:
 - Member of the Audit Committee: \$10,000
 - Member of the Compensation Committee: \$7,500
 - Member of the Nominating and Corporate Governance Committee: \$4,000
- Annual Committee Chair Service Retainer (inclusive of Committee Member Service Retainer):
 - Chair of the Audit Committee: \$20,000
 - Chair of the Compensation Committee: \$15,000
 - Chair of the Nominating and Corporate Governance Committee: \$8,000

Prior to the start of each fiscal year beginning after the Effective date, an Eligible Director may elect to receive 100% of his or her annual cash compensation for the next fiscal year as RSUs under the 2021 Plan (or any successor equity plan) for that number of shares equal to (a) the projected annual cash compensation for such Eligible Director for the fiscal year based on board of director and committee membership as of the first day of such fiscal year divided by (b) the average closing price of our common stock, as reported on the Nasdaq Stock Exchange, over the 30 calendar day period ending five calendar days before the date of grant, or the Share Price. Any such RSU grant is referred to as the “Optional RSU Grant.”

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Equity Compensation

Without any further action of the board of directors, each person who, after the Effective Date, is elected or appointed for the first time to be an Eligible Director will automatically, upon the date of his or her initial election or appointment, be granted an RSU for that number of shares of our common stock equal to \$200,000 divided by the Share Price, rounded to the nearest whole share. Each such initial grant will vest in a series of equal annual installments on the first, second and third anniversary of the date of grant, provided in each case that the Eligible Director continues to be an Eligible Director on such vesting date.

Without any further action of the board of directors, at the close of business on the date of each annual meeting of our stockholders, each person who is then an Eligible Director will automatically be granted an RSU for that number of shares of common stock equal to \$200,000 divided by the Share Price, rounded to the nearest whole share. Each such annual grant will vest in a single installment on the earlier to occur of (a) our next annual meeting of stockholders and (b) the first anniversary of the date of grant, provided that the Eligible Director continues to be an Eligible Director on such vesting date.

Without any further action of the board of directors, each person who, after the Effective Date, is elected or appointed for the first time to be an Eligible Director on a date other than at an annual stockholder meeting will automatically, on the date of his or her initial election or appointment to be an Eligible Director, be granted an RSU for that number of shares of our common stock equal to (i) \$200,000 multiplied by a fraction, the numerator of which is the number of days between such date of appointment or election and the next June 1, divided by (ii) the Share Price, rounded to the nearest whole share. Each such pro-rated annual grant will vest in a single installment on the earlier to occur of (a) the close of business on the day before our next annual meeting of stockholders and (b) the next June 1, provided that the Eligible Director continues to be an Eligible Director on such vesting date.

Notwithstanding the foregoing, for each Eligible Director in office as of immediately prior to the closing of a Change in Control (as defined in the 2021 Plan), his or her then-outstanding equity awards granted pursuant to the Policy will become fully vested immediately prior to the closing of such Change in Control.

In the event any grant date set forth above for any RSU grant to be made under the Policy is not a trading day on the Nasdaq Stock Exchange (e.g., a weekend or holiday), then the grant date shall be the next trading day, and if there is no effective registration statement on Form S-8 covering such grant filed with the SEC on such grant date, the grant date shall be the trading day following the date there is such a filed and effective registration statement.

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 may also 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 180 days after the date of this offering, subject to early release or 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.

Concurrent Private Placement

Entities affiliated with TCV, a beneficial owner of more than 5% of a class of our voting securities and an affiliate of Dave Yuan, will purchase from us in a concurrent private placement, subject to certain conditions, a number of shares of our common stock with an aggregate purchase price of approximately \$90.0 million, at a price per share equal to the initial public offering price. Based upon an assumed initial public offering price of \$25.50 per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, this would be 3,529,000 shares of common stock. Sales of these shares to entities affiliated with TCV will not be registered in this offering. In addition, TCV has agreed to a 180-day lock-up agreement pursuant to which the common stock purchased in the concurrent private placement will be locked up for a period of 180 days, subject to early termination as described in the section titled “Underwriting.” We refer to the concurrent private placement of these shares of common stock as the concurrent private placement.

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.

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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.

<u>Name</u>	<u>Common Stock Sold (#)</u>	<u>Aggregate Proceeds (\$)</u>
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.

<u>Name</u>	<u>Common Stock Purchased (#)</u>	<u>Aggregate Purchase Price (\$)</u>
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.

<u>Name</u>	<u>Common Stock Purchased (#)</u>	<u>Aggregate Purchase Price (\$)</u>
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 Senior Advisor at TCV.

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.

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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 was a member of our board of directors until June 1, 2021.
- (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

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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. On June 3, 2021, the Collateral Agreement between LZ Financial Services, LLC and Lender was terminated and the Lender released the Cash Collateral to LZ Financial Services, LLC. Additionally, Mr. Suh's right to sell up to \$25,000,000 of LegalZoom stock to us has expired.

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 and this offering, 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 completion of a deemed liquidation event, or with respect to any particular holder, on the date such holder, together with its permitted transferees, affiliates and co-investors, beneficially owns less than 1% of our outstanding Common Stock and such holder can sell its shares under Rule 144 of the Securities Act, or Rule 144. For a description of the registration rights, see the section titled "Description of Capital Stock—Registration Rights."

Director Nomination Agreement

In June 2021, we entered into a Director Nomination Agreement with each of Permira and FP to provide certain rights with respect to their ability to designate members of our board of directors. See the section titled "Management—Board Composition" for additional information regarding the Director Nomination Agreement.

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. 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 the DGCL. 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 that any request for us to enter into a transaction with an executive officer, director, nominee for election as a director, beneficial owner of more than 5% of any class of our common stock or any member of the immediate family of any of the foregoing persons, in which the amount involved exceeds \$120,000 and such person would have a direct or indirect interest, must be presented to our board of directors or our audit committee for review, consideration and approval. In approving or rejecting any such proposal, our board of directors or our audit committee is to consider the material facts of the transaction, including whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related party’s interest in the transaction.

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 STOCKHOLDERS

The following table sets forth, as of April 30, 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; and
- all of our executive officers and directors as a group.

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 April 30, 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.

The percentage ownership information under the column titled “Before Offering” is based on shares of common stock outstanding as of April 30, 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 194,319,901 shares outstanding as of April 30, 2021, after giving effect to (i) 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, and (ii) the sale of 22,650,000 shares of common stock by us in this offering and the concurrent private placement (assuming an initial public offering price of \$25.50 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. The percentage ownership information under the column titled “After Offering” does not include the number of shares issuable upon the settlement of RSUs that have satisfied the performance and service-based conditions as of this offering or the number of shares to be withheld to satisfy the employees tax obligation upon the settlement of RSUs. We are unable to quantify these obligations as of April 30, 2021 and will remain unable to quantify them until the RSUs are settled, as the withholding obligations and the number of shares withheld will be based on the value of the shares on the settlement date.

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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	Beneficial Ownership Prior to this Offering		Beneficial Ownership After this Offering	
	Number of Shares Beneficially Owned (#)	Percentage of Beneficial Ownership (%)	Number of Shares Beneficially Owned (#)	Percentage of Beneficial Ownership (%)
5% Stockholders				
LucasZoom, LLC ⁽¹⁾	38,012,988	22.1	38,012,988	19.6
Entities affiliated with Francisco Partners ⁽²⁾	28,625,744	16.7	28,625,744	14.7
Entities affiliated with BSG ⁽³⁾	10,853,116	6.3	10,853,116	5.6
Institutional Venture Partners XIII, L.P. ⁽⁴⁾	12,940,536	7.5	12,940,536	6.7
KPCB Holdings, Inc., as Nominee ⁽⁵⁾	10,900,908	6.3	10,900,908	5.6
GPI Capital Gemini HoldCo LP ⁽⁶⁾	9,541,916	5.6	9,541,916	4.9
Entities affiliated with TCV ⁽⁷⁾	11,087,788	6.5	14,616,788	7.5
Named Executive Officers and Directors				
Dan Wernikoff ⁽⁸⁾	1,360,476	*	1,360,476	*
Shrisha Radhakrishna	—	—	—	—
Noel Watson	—	—	—	—
Jeffrey Stibel ⁽⁹⁾	10,971,676	6.4	10,971,676	5.6
Dipanjan Deb ⁽¹⁰⁾	28,625,744	16.7	28,625,744	14.7
Khari Ha ⁽¹¹⁾	9,541,916	5.6	9,541,916	4.9
John Murphy	—	—	—	—
Dipan Patel ⁽¹²⁾	38,012,988	22.1	38,012,988	19.6
Brian Ruder ⁽¹³⁾	38,012,988	22.1	38,012,988	19.6
Christine Wang	—	—	—	—
David Yuan	—	—	—	—
All executive officers and directors as a group (15 persons) ⁽¹⁴⁾	88,512,800	51.1	88,512,800	45.2%

* Represents beneficial ownership of less than 1%.

- (1) Consists of (i) 1,475,300 shares of common stock and (ii) 36,537,688 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) 23,854,788 shares of common stock held by FPLZ I, L.P. and (ii) 4,770,956 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) 10,629,008 shares of common stock held by BSG, (ii) 210,524 shares of common stock held by Bryant Stibel Fund, I, LLC, and together with BSG, Bryant Stibel, and (iii) 13,584 shares of common stock underlying stock options that are exercisable within 60 days of April 30, 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) 3,583,360 shares of common stock and (ii) 9,357,176 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

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- 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) 10,275,196 shares of common stock held by KPCB Digital Growth Fund, LLC, or KPCB DGF, and (ii) 625,712 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 9,541,916 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) 7,847,138 shares of common stock held by TCV IX, L.P., or TCV IX, (ii) 1,714,832 shares of common stock held by TCV IX (A), L.P., or TCV IX (A), (iii) 419,095 shares of common stock held by TCV IX (B), L.P., or TCV IX (B), (iv) 607,380 shares of common stock held by TCV Member Fund, L.P., or Member Fund and (v) 499,343 shares of common stock held by TCV IX (A) Opportunities, L.P., or and together with TCV IX, TCV IX (A), TCV IX (B) and Member Fund, 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. Jay C. Hoag, Jon Q. Reynolds Jr., Timothy P. McAdam and Christopher P. Marshall are the Class A Directors of Management IX, and each disclaims beneficial ownership of the securities held by the TCV IX Funds except to the extent of his pecuniary interest therein. Shares of common stock beneficially owned after this offering and the concurrent private placement include 3,529,000 shares of common stock to be purchased by entities affiliated with TCV in the concurrent private placement, based upon an assumed initial public offering price of \$25.50 per share, the midpoint of the estimated price range set forth on the cover page of this prospectus. The address for these entities is 250 Middlefield Road, Menlo Park, CA 94025.
 - (8) Consists of 1,360,476 shares subject to options that are exercisable within 60 days of April 30, 2021.
 - (9) Consists of (i) the shares held by BSG and BS Fund and shares of common stock underlying stock options that are exercisable within 60 days of April 30, 2021 held by BS Fund disclosed in footnote (3) above, (ii) 56,448 shares of common stock held directly by Mr. Stibel, and (iii) 62,112 shares of common stock underlying stock options held by Mr. Stibel that are exercisable within 60 days of April 30, 2021. 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).
 - (10) 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.
 - (11) 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).
 - (12) 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.
 - (13) 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) 87,076,628 shares beneficially owned by our current executive officers and directors, and (ii) 1,436,172 shares subject to options exercisable within 60 days of April 30, 2021, all of which are vested as of such date. Some of our current directors and executive officers also hold RSUs, which will become vested in connection with this offering.

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 1,000,000,000 shares of common stock, par value \$0.001 per share, and 100,000,000 shares of preferred stock, par value \$0.001 per share.

Common Stock

Outstanding shares

At March 31, 2021, we had 171,461,546 shares of common stock outstanding, held of record by 538 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 and the concurrent private placement, all outstanding shares of our redeemable convertible preferred stock will convert into shares of our common stock on a one-for-two basis. At March 31, 2021, 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 100,000,000 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 March 31, 2021, (1) 14,952,784 shares of common stock were issuable upon the exercise of outstanding stock options, at a weighted-average exercise price of \$8.93 per share, pursuant to our 2016 Plan, and (2) RSUs covering 3,308,780 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 fourth amended and restated investors’ rights agreement which is 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 upon the completion of a deemed liquidation event, or with respect to any particular holder, on the date such holder, together with its permitted transferees, affiliates and co-investors, beneficially owns less than 1% of our outstanding Common Stock and such holder can sell its shares under Rule 144.

Demand registration rights

Upon the completion of this offering and the concurrent private placement, holders of 79,709,648 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, as well as the holders of the shares of our common stock sold in the concurrent private placement, or their permitted transferees, 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 134,290,984 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 134,290,984 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 134,290,984 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, as well as the holders of the shares of our common stock sold in the concurrent private placement, or their permitted transferees, 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 and the concurrent private placement, holders of 134,290,984 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, as well as the holders of the shares of our common stock sold in the concurrent private placement, or their permitted transferees, 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

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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

Because our stockholders do not have cumulative voting rights, stockholders holding a majority of the voting power of our shares of common stock will be able to elect all of our directors. Our amended and restated certificate of incorporation to be effective immediately following the completion of this offering and amended and restated bylaws to be effective immediately prior to the completion of this offering will 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.

A special meeting of stockholders may be called by a majority of our board of directors, the chair of our board of directors, our chief executive officer or our lead independent director. Our amended and restated bylaws to be effective immediately prior to the completion of this offering will establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to our board of directors.

In accordance with our amended and restated certificate of incorporation to be effective immediately following the completion of this offering, immediately after this offering, our board of directors will be divided into three classes with staggered three-year terms.

The foregoing provisions will make it more difficult for another party to obtain control of us by replacing our board of directors. Since 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 preserve our existing control structure after completion of this offering, facilitate our continued product innovation and the risk-taking that it requires, permit us to continue to prioritize our long-term goals rather than short-term results, enhance the likelihood of continued stability in the composition of our board of directors and its policies and to discourage certain types of transactions that may involve an actual or threatened acquisition of us. These provisions are also designed to reduce our vulnerability to an unsolicited acquisition proposal 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 deterring hostile takeovers or 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.

Choice of Forum

Our amended and restated certificate of incorporation to be effective immediately following the completion of this offering will provide that unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) and any appellate court therefrom shall be the sole and exclusive forum for the following claims or causes of action under Delaware statutory or common law: (A) any derivative claim or cause of action brought on our behalf; (B) any claim or cause of action for breach of a fiduciary duty owed by any of our current or former directors, officers or other employees to us or our stockholders; (C) any claim or cause of action against us or any of our current or former directors, officers or other employees arising out of or pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or amended and restated bylaws (as each may be amended from time to time); (D) any claim or cause of action seeking to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or amended and restated bylaws (as each may be amended from time to time, including any right, obligation, or remedy thereunder); (E) any claim or cause of action as to which the Delaware General Corporation Law confers jurisdiction on the Court of Chancery of the State of Delaware; and (F) any claim or cause of action against us or any of our current or former directors, officers or other employees governed by the internal-affairs doctrine or otherwise related to our internal affairs, in all cases to the fullest extent permitted by law and subject to the court having personal jurisdiction over the indispensable parties named as defendants; provided, that, this Delaware forum provision set forth in our amended and restated certificate of incorporation to be effective immediately following the completion of this offering shall not apply to claims or causes of action brought to enforce a duty or liability created by the Securities Act or the Exchange Act, or any other claim for which the federal courts have exclusive jurisdiction.

Further, our amended and restated certificate of incorporation to be effective immediately following the completion of this offering will provide that unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act, including all causes of action asserted against any defendant named in 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 for 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.

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Additionally, our amended and restated certificate of incorporation to be effective immediately following the completion of this offering will provide that any person or entity holding, owning or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to these provisions.

Corporate Opportunity Doctrine

Delaware law permits corporations to adopt provisions renouncing any interest or expectancy in certain opportunities that are presented to the corporation or its officers, directors or stockholders. Our amended and restated certificate of incorporation will, to the fullest extent permitted from time to time by Delaware law, renounce any interest or expectancy that we otherwise would have in, all rights to be offered an opportunity to participate in, any business opportunity that are from time to time may be presented to LucasZoom, LLC, Permira Advisers LLC, FPLZ I, L.P., FPLZ II, L.P., GPI Capital Gemini Holdco, LP, TCV IX, L.P., TCV IX (A), L.P., TCV IX (B), L.P., TCV Member Fund, L.P., Bryant Stibel Growth, LLC and Bryant-Stibel Fund, I LLC, in each case together with their respective affiliates, and its and their affiliates' directors, partners, principals, officers, members, managers and/or employees (each such person, an "exempt person"). Our amended and restated certificate of incorporation will provide that, to the fullest extent permitted by law and in accordance with Section 122(17) of the DGCL, (1) no exempt person will have any duty to refrain from (x) engaging in a corporate opportunity in the same or similar business activities or lines of business in which we or our subsidiaries from time to time are engaged or proposes to engage or (y) otherwise competing, directly or indirectly, with the us or any of our subsidiaries; and (2) if any exempt person acquires knowledge of a potential transaction or other business opportunity which may be a corporate opportunity both for such exempt person or any of its, his or her respective affiliates, on the one hand, and for us or our subsidiaries, on the other hand, such exempt person shall have no duty to communicate or offer such transaction or business opportunity to us or our subsidiaries and such exempt person may take any and all such transactions or opportunities for itself or offer such transactions or opportunities to any other person. To the fullest extent permitted by Delaware law, no potential transaction or business opportunity may be deemed to be a corporate opportunity of us or our subsidiaries unless (1) we or our subsidiaries would be permitted to undertake such transaction or opportunity in accordance with the amended and restated certificate of incorporation, (2) we or our subsidiaries, at such time have sufficient financial resources to undertake such transaction or opportunity, (3) we or our subsidiaries have an interest or expectancy in such transaction or opportunity, (4) such transaction or opportunity would be in the same or similar line of our or our subsidiaries' business in which we or our subsidiaries are engaged or a line of business that is reasonably related to, or a reasonable extension of, such line of business and (5) such transaction or opportunity would be of practical advantage to us or our subsidiaries.

Limitations of Liability and Indemnification

See the section titled "Management—Limitations of Liability and Indemnification Matters."

Market Listing

We have applied for listing of our common stock on The Nasdaq Global Select Market under the symbol "LZ."

Transfer Agent and Registrar

The transfer agent and registrar for our common stock will be Computershare Trust Company, N.A. The transfer agent and registrar's address is 250 Royall Street, Canton, Massachusetts 02021, and its telephone number is (800) 962-4284.

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 March 31, 2021, upon the closing of this offering and concurrent private placement 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 (3) no exercise of outstanding options or vesting of outstanding restricted stock units, we will have outstanding an aggregate of approximately 194,111,546 shares of common stock. Of these shares, all of the 19,121,000 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 March 31, 2021, 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:

<u>Approximate Number of Shares</u>	<u>First Date Available for Sale into Public Market</u>
174,990,546 shares	181 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 below, 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 1,941,115 shares of common stock immediately upon the completion of this offering and the concurrent private placement (calculated as of March 31, 2021 on the basis of the assumptions described above and assuming no exercise of the underwriter’s option to purchase additional shares from us and no exercise of outstanding options); or
- the average weekly trading volume of our common stock on The Nasdaq Stock Market LLC 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 below 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

We and our directors, our executive officers and substantially all of the holders of our outstanding shares of common stock or securities convertible into or exchangeable into shares of our common stock outstanding upon the completion of this offering, including the shares of common stock to be issued in the concurrent private placement to entities affiliated with TCV, an existing stockholder, (the “lock-up parties”), have agreed, subject to certain exceptions, with the underwriters not to, during the period ending 180 days following the date of this prospectus (the “lock-up period”):

- (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, 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 the lock-up party in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a stock option or warrant), or publicly disclose the intention to make any offer, sale, pledge or disposition;
- (ii) 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 common stock or such other securities, whether any such transaction described in this clause (ii) or clause (i) above is to be settled by delivery of common stock or such other securities, in cash or otherwise; or
- (iii) make any demand for or exercise any right with respect to the registration of any shares of common stock or any security convertible into or exercisable or exchangeable for common stock.

The lock-up party acknowledges and agrees in the lock-up agreement that the lock-up party is precluded 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 (whether by the lock-up party or any other person) of any economic consequences of ownership, in whole or in part, directly or indirectly, of any common stock or any securities convertible or exercisable or exchangeable into common stock, whether any such transaction or arrangement (or instrument provided for thereunder) would be settled by delivery of such securities, in cash or otherwise. The lock-up party further confirms in the lock-up agreements that it has furnished J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC with the details of any transaction that the lock-up party, or any of its affiliates, is a party to as of the date of the relevant lock-up agreement, which transaction would have been restricted by such lock-up agreement.

Notwithstanding the foregoing, if (a) at least 130 days have elapsed since the date of the public offering, (b) we have issued quarterly earnings releases for the two quarters following the most recent period for which financial statements are included in this prospectus, in each case announced by press release through a major news service, or on a report on Form 8-K, which earnings releases, for this purpose, may not include the reporting of “flash” numbers or preliminary or partial earnings and (c) the lock-up period is scheduled to end during a blackout period (as defined below) or within ten trading days prior to a blackout period, the lock-up period shall end immediately prior to the opening of trading on the tenth trading day prior to the commencement of the blackout period. For this purpose, “blackout period” means a broadly applicable and regularly scheduled period during which trading in our securities would not be permitted under our insider trading policy. For the avoidance of doubt, notwithstanding anything to the contrary, in no event will the lock-up period end earlier than 130 days after the commencement of this public offering.

In addition, if (a) we have issued a quarterly earnings release for the first quarter following the most recent period for which financial statements are included in this prospectus by press release through a major news service, or on a report on Form 8-K, which earnings release, for this purpose, may not include the reporting of “flash” numbers or preliminary or partial earnings and (b) the last reported closing price of our common stock on

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the exchange on which our common stock is listed is at least 30% greater than the initial public offering price per share set forth on the cover page of this prospectus for at least 10 trading days (including the date on which these conditions are satisfied) in any 15-day consecutive trading day period, then 10% of the aggregate number of shares of common stock owned by the lock-up party or issuable upon exercise of vested equity awards owned by the lock-up party, which percentage shall be calculated based on the lock-up party's ownership as of the date of this prospectus, will be automatically released from such restrictions immediately prior to the opening of trading on the exchange on which the common stock is listed on the third trading day following the date on which the above conditions are satisfied; provided that if such early release date occurs during a blackout period, such early release date will be delayed until the opening of trading on the first trading day immediately following such blackout period. For the purposes of the lock-up agreements, a "trading day" is a day on which the NYSE or Nasdaq is open for buying and selling securities.

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 and the concurrent private placement, the holders of up to 134,290,984 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

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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 certain 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.

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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 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 have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, we 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:

<u>Name</u>	<u>Number of Shares</u>
J.P. Morgan Securities LLC	
Morgan Stanley & Co. LLC	
Barclays Capital Inc.	
BofA Securities, Inc.	
Citigroup Global Markets Inc.	
Credit Suisse Securities (USA) LLC	
Jefferies LLC	
JMP Securities LLC	
Raymond James & Associates, Inc.	
William Blair & Company, L.L.C.	
AmeriVet Securities, Inc.	
Penserra Securities LLC	
Siebert Williams Shank & Co., LLC	
Telsey Advisory Group LLC	
Total	19,121,000

The underwriters are committed to purchase all the shares offered by us 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 2,868,150 additional shares of common stock from us 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 cornerstone investors have indicated an interest in purchasing up to an aggregate of up to \$75.0 million each (up to \$150.0 million in the aggregate) of the shares of common stock offered in this offering at the initial public offering price. Because this indication of interest is not a binding agreement or commitment to purchase, the cornerstone investors may decide to purchase more, less or no shares of our common stock in this offering, or the underwriters may decide to sell more, less or no shares of our common stock in this offering to the cornerstone investors. The underwriters will receive the same discount from any shares of common stock sold to the cornerstone investors as they will from any other shares of common stock sold to the public in this offering.

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The underwriting fee is equal to the public offering price per share of common stock less the amount paid by the underwriters to us 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 \$5,000,000. We have agreed to reimburse the underwriters for certain other expenses in an amount up to \$40,000.

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 180 days after the date of this prospectus, other than the shares of our common stock to be sold in this offering.

We and our directors, our executive officers and substantially all of the holders of our outstanding shares of common stock or securities convertible into or exchangeable into shares of our common stock outstanding upon the completion of this offering (the "lock-up parties"), have agreed, subject to certain exceptions, with the underwriters not to, during the period ending 180 days following the date of this prospectus (the "lock-up period"):

- (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, 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 the lock-up party in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a stock option or warrant), or publicly disclose the intention to make any offer, sale, pledge or disposition;
- (ii) 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 common stock or such other securities, whether any such transaction described in this clause (ii) or clause (i) above is to be settled by delivery of common stock or such other securities, in cash or otherwise; or

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- (iii) make any demand for or exercise any right with respect to the registration of any shares of common stock or any security convertible into or exercisable or exchangeable for common stock.

The lock-up party acknowledges and agrees in the lock-up agreement that the lock-up party is precluded 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 (whether by the lock-up party or any other person) of any economic consequences of ownership, in whole or in part, directly or indirectly, of any common stock or any securities convertible or exercisable or exchangeable into common stock, whether any such transaction or arrangement (or instrument provided for thereunder) would be settled by delivery of such securities, in cash or otherwise. The lock-up party further confirms in the lock-up agreements that it has furnished J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC with the details of any transaction that the lock-up party, or any of its affiliates, is a party to as of the date of the relevant lock-up agreement, which transaction would have been restricted by such lock-up agreement.

Notwithstanding the foregoing, if (a) at least 130 days have elapsed since the date of the public offering, (b) we have issued quarterly earnings releases for the two quarters following the most recent period for which financial statements are included in this prospectus, in each case announced by press release through a major news service, or on a report on Form 8-K, which earnings releases, for this purpose, may not include the reporting of “flash” numbers or preliminary or partial earnings and (c) the lock-up period is scheduled to end during a blackout period (as defined below) or within ten trading days prior to a blackout period, the lock-up period shall end immediately prior to the opening of trading on the tenth trading day prior to the commencement of the blackout period. For this purpose, “blackout period” means a broadly applicable and regularly scheduled period during which trading in our securities would not be permitted under our insider trading policy. For the avoidance of doubt, notwithstanding anything to the contrary, in no event will the lock-up period end earlier than 130 days after the commencement of this public offering.

In addition, if (a) we have issued a quarterly earnings release for the first quarter following the most recent period for which financial statements are included in this prospectus by press release through a major news service, or on a report on Form 8-K, which earnings release, for this purpose, may not include the reporting of “flash” numbers or preliminary or partial earnings and (b) the last reported closing price of our common stock on the exchange on which our common stock is listed is at least 30% greater than the initial public offering price per share set forth on the cover page of this prospectus for at least 10 trading days (including the date on which these conditions are satisfied) in any 15-day consecutive trading day period, then 10% of the aggregate number of shares of common stock owned by the lock-up party or issuable upon exercise of vested equity awards owned by the lock-up party, which percentage shall be calculated based on the lock-up party’s ownership as of the date of this prospectus, will be automatically released from such restrictions immediately prior to the opening of trading on the exchange on which the common stock is listed on the third trading day following the date on which the above conditions are satisfied; provided that if such early release date occurs during a blackout period, such early release date will be delayed until the opening of trading on the first trading day immediately following such blackout period. For the purposes of the lock-up agreements, a “trading day” is a day on which the NYSE or Nasdaq is open for buying and selling securities.

The restrictions described in (i)-(iii) above are subject to certain additional exceptions, including the following transfers of the lock-up party’s common stock or securities convertible into or exercisable or exchangeable for common stock (including without limitation, common stock or such other securities which may be deemed to be beneficially owned by the lock-up party in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a stock option or warrant):

- (1) as a bona fide gift or gifts;
- (2) by will or intestacy; provided that any such securities transferred or disposed of by directors or officers shall remain subject to the terms of the lock-up agreement;

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- (3) to any trust for the direct or indirect benefit of the lock-up party or the immediate family of the lock-up party, or if a lock-up party is a trust, to a trustor or beneficiary of the trust or to the estate of a beneficiary of such trust in a transaction not including a disposition for value; provided that any shares of such securities transferred or disposed of shall remain subject to the terms of the lock-up agreement; for purposes of the lock-up agreements, “immediate family” shall mean any relationship by blood, current or former marriage, domestic partnership or adoption, not more remote than first cousin;
- (4) to a nominee or custodian of a person or entity to whom a disposition or transfer would be permissible under clauses (1) through (3) above, and in each such case, subject to the same conditions;
- (5) by operation of law pursuant to a final qualified domestic order, divorce settlement, divorce decree or separation agreement or other final court order;
- (6) to us pursuant to agreements under which we have (A) the option to repurchase such shares or (B) a right of first refusal with respect to transfers of such shares upon termination of service of the lock-up party;
- (7) if the lock-up party is a corporation, partnership, limited liability company, trust or other business entity, (A) to another corporation, partnership, limited liability company, trust or other business entity that is an affiliate (as defined in Rule 405 promulgated under the Securities Act) of the lock-up party, or to any investment fund or other entity controlling, controlled by, managing or managed by or under common control with the lock-up party or affiliates of the lock-up party (including, for the avoidance of doubt, where the lock-up party is a partnership, to its general partner or a successor partnership or fund, or any other funds managed by such partnership), or (B) as part of a distribution, transfer or disposition without consideration by the lock-up party to its stockholders, partners, members or other equity holders;
- (8) that the lock-up acquired (A) in this public offering if the lock-up party is not an officer or director or (B) in open market transactions after the completion of this public offering;
- (9) (A) to us for the purposes of exercising (including for the payment of tax withholdings or remittance payments due as a result of such exercise) on a “net exercise” or “cashless” basis options, warrants or other rights to purchase shares of common stock and (B) in connection with the vesting or settlement of restricted stock units, by way of any transfer to us for the payment of tax withholdings or remittance payments due as a result of the vesting or settlement of such restricted stock units, and/or if the lock-up party is not an officer or director, any transfer of shares of common stock necessary to generate such amount of cash needed for the payment of taxes, including estimated taxes, due as a result of the vesting or settlement of restricted stock units; provided that in all such cases under clause (A) or (B), any such options, warrants, rights or restricted stock units were issued pursuant to equity awards granted under a stock incentive plan or other equity award plan; provided further that any shares of such securities received as a result of such exercise, vesting or settlement shall be subject to the terms of the lock-up agreement;
- (10) pursuant to a bona fide third-party tender offer, merger, consolidation or other similar transaction that is approved by our board of directors involving a change of control of the Company in which the acquiring party becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 of the Exchange Act) of more than 50% of total voting power of our voting stock following such transaction; provided that all of the securities subject to the lock-up agreement that are not so transferred, sold, tendered or otherwise disposed of remain subject to the lock-up agreement; provided further, that in the event that such tender offer, merger, consolidation or other similar transaction is not completed, the lock-up party’s securities shall remain subject to the provisions of lock-up agreement; or
- (11) in connection with the conversion of outstanding shares of our preferred stock into common stock as described herein relating to this public offering, or any reclassification or conversion of the common stock, provided that any common stock received upon such conversion or reclassification will be subject to the restrictions set forth in this paragraph;

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provided that: (i) in the case of any transfer or distribution pursuant to clause (1), (3), (4), (5), and (7), each donee, transferee or distributee must execute and deliver to the Representatives a lock-up agreement; (ii) in the case of any transfer or distribution pursuant to clause (1), (3) or (4), no filing by any party (donor, donee, transferor or transferee) under the Exchange Act, or other public announcement reporting a reduction in beneficial ownership of shares of common stock shall be required or shall be made voluntarily in connection with such transfer or distribution (other than a filing on a Form 5 made after the lock-up period); (iii) in the case of any transfer or distribution pursuant to clause (7) and (8), no filing by any party (donor, donee, transferor or transferee) under the Exchange Act, or other public announcement shall be required or shall be made voluntarily in connection with such transfer or distribution (other than a filing on a Form 5 made after the lock-up period); and (iv) in the case of any transfer or distribution pursuant to clause (5), (6), (9) and (11), it shall be a condition to such transfer that any filing under Section 16 of the Exchange Act, or other public filing, report or announcement reporting a reduction in beneficial ownership of shares of common stock shall clearly indicate in the footnotes thereto the nature and conditions of such transfer.

Furthermore, notwithstanding the foregoing, the lock-up party may exercise an option or other equity award to purchase shares of common stock or exercise warrants, provided that the shares of common stock issued upon such exercise shall continue to be subject to the restrictions on transfer set forth in the lock-up agreement.

If the lock-up party is an officer or director, (i) at least three business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of shares of common stock, J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC on behalf of the underwriters will notify us of the impending release or waiver, and (ii) we will announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC on behalf of the underwriters to any such officer or director shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (a) the release or waiver is effected solely to permit a transfer not for consideration and (b) the transferee has agreed in writing to be bound by the same terms described herein to the extent and for the duration that such terms remain in effect at the time of the transfer.

The lock-up agreements do not prevent the lock-up party from establishing any contract, instruction or plan meeting the requirements of Rule 10b5-1 under the Exchange Act for the transfer of shares of common stock, provided that (1) such contract, instruction or plan does not provide for the sale of securities subject to the lock-up agreement during the lock-up period and (2) no filing by any person under the Exchange Act or other public announcement shall be required or shall be made voluntarily in connection with the establishment of such contract, instruction or plan.

J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC, in their sole discretion, may release shares of our common stock and other securities subject to the lock-up agreements described above in whole or in part at any time.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

We have applied to have our common stock approved for listing/quotation on The Nasdaq Global Select Market 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

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“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 Nasdaq Global Select Market, 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 and the representatives of the underwriters. In determining the initial public offering price, we 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 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. The underwriters acted as placement agents in connection with the concurrent private placement and will receive a placement agent fee equal to 5.5% of the total purchase price of the private placement shares. 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 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.”

CONCURRENT PRIVATE PLACEMENT

Entities affiliated with TCV will purchase from us in a concurrent private placement, subject to certain conditions, a number of shares of common stock with an aggregate purchase price of approximately \$90.0 million, at a price per share equal to the initial public offering price. Based upon an assumed initial public offering price of \$25.50 per share, the midpoint of the estimated price range set forth on the cover page of this prospectus, this would be 3,529,000 shares of common stock. The sale of these shares to entities affiliated with TCV will not be registered in this offering. The underwriters acted as placement agents in connection with the concurrent private placement and will receive a placement agent fee equal to 5.5% of the total purchase price of the private placement shares.

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.

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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. 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	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	<u>\$ 200,006</u>	<u>\$ 252,064</u>
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	<u>686,091</u>	<u>731,790</u>
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	<u>(556,991)</u>	<u>(550,632)</u>
Total liabilities, redeemable convertible preferred stock and stockholders' deficit	<u>\$ 200,006</u>	<u>\$ 252,064</u>

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	<u>\$ 1,320</u>	<u>\$ 1,796</u>

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	<u>52,695</u>	<u>93,049</u>
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	<u>(20,717)</u>	<u>(12,727)</u>
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	<u>(12,852)</u>	<u>(15,089)</u>
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	<u>\$ 74,180</u>	<u>\$ 139,470</u>
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	<u>\$ 74,180</u>	<u>\$ 139,470</u>
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, 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;

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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

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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.

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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:

	<u>Useful Life (Years)</u>
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

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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.

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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 includes filing fees and is net of cancellations, promotional discounts and sales allowances. Until April 2020, when we ceased providing such services, we also

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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	<u>\$ 408,380</u>	<u>\$ 470,636</u>

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

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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

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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. For these services, revenue includes 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 other services provided by third parties, including deed transfer, accounting, tax, credit monitoring, business data protection and logo design services, revenue is recognized net of fees payable to third parties. 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

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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.

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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.

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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*

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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.

[Table of Contents](#)**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	54	39
Net income attributable to common stockholders—diluted	<u>\$ 5,476</u>	<u>\$ 7,262</u>
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	<u>128,546</u>	<u>127,259</u>
Net income per share attributable to common stockholders—basic	<u>\$ 0.04</u>	<u>\$ 0.06</u>
Net income per share attributable to common stockholders—diluted	<u>\$ 0.04</u>	<u>\$ 0.06</u>

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	<u>8,340</u>	<u>14,864</u>

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	<u>\$ 2,461</u>	<u>\$ 5,256</u>

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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 revenue	1,860	1,967
Other current assets	1,572	1,392
Total prepaid expenses and other current assets	<u>\$10,091</u>	<u>\$ 10,536</u>

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	<u>\$36,426</u>	<u>\$ 41,028</u>

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	<u>\$ 4,651</u>	<u>\$ 4,856</u>

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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	<u>\$ 16,390</u>	<u>\$ 20,097</u>

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 noncurrent 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.

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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	<u>\$ 60,059</u>	<u>\$ 51,374</u>

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-

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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 development 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	<u>\$ 11,404</u>

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	<u>\$15,472</u>	<u>\$ 12,394</u>	<u>\$ 3,078</u>

	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	<u>\$14,130</u>	<u>\$ 13,315</u>	<u>\$ 815</u>

For 2019 and 2020, we recorded amortization expense of \$4.3 million and \$2.8 million, respectively.

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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	<u>\$815</u>

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	<u>\$ 2,999</u>	<u>\$ 3,029</u>
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	<u>\$515,391</u>	<u>\$512,362</u>

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	<u>\$518,950</u>

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

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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):

	As of 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.

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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	<u>\$ 648</u>	<u>\$ 5,408</u>

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):

Years Ending December 31,	Operating Leases
2021	\$ 3,195
2022	1,776
Total minimum lease payments	<u>\$ 4,971</u>

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. We have not recorded any loss or accrual in the accompanying consolidated financial statements at December 31, 2020 for this matter as a loss is not probable and reasonably estimable. There is at least a reasonable possibility that a loss may have been incurred for this contingency, however, we cannot make an estimate of the possible loss or range of loss. 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

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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. We have not recorded any loss or accrual in the accompanying consolidated financial statements at December 31, 2020 for this matter as a loss is not probable and reasonably estimable. There is at least a reasonable possibility that a loss may have been incurred for this contingency, however, we cannot make an estimate of the possible loss or range of loss. 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. We have not recorded any loss or accrual in the accompanying consolidated financial statements at December 31, 2020 for this matter as a loss is not probable and reasonably estimable. There is at least a reasonable possibility that a loss may have been incurred for this contingency, however, we cannot make an estimate of the possible loss or range of loss. 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.

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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 (in thousands):

	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

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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	<u>15,235</u>	<u>\$ 8.78</u>	<u>8.7</u>	<u>\$ 15,873</u>
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 2020 performance options, which will only vest upon the consummation of a CIC event and upon an IPO (as defined below), and \$9.2 million for 2019 performance options, which is expected to be recognized over 2.8 years unless a CIC event (as defined below) 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, we granted 3,627,936 nonqualified stock options to a new executive officer 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 or the fourth anniversary on the date of grant, or 2019 performance options, providing the executive officer remains employed through such date. A CIC event is a merger, acquisition or sale of more than 50% of our assets. The 2019 performance options do not vest upon an IPO. The 2019 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 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

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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%.

In 2020, we granted 4,509,041 nonqualified stock options 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 solely upon the earlier of a CIC event or an IPO, or 2020 performance options, providing the executive officer or employee remains employed through the date of such event. A CIC event is a merger, acquisition or sale of more than 50% of our assets. The 2020 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 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 5,334,824 time-based options granted to certain executive officers, vesting will accelerate 50% of their unvested options upon a change in ownership of more than 50%, sale, merger, disposition, dissolution or liquidation. Vesting does not accelerate upon an IPO. Furthermore, the time-based options will accelerate 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. Unrecognized compensation for these time-based options as of December 31, 2020 was \$19.5 million.

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

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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 RSUs upon a CIC event including an IPO, or will accelerate 100% if the executive officer is terminated without cause

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by us or by the executive officer for good reason. At December 31, 2020, total remaining stock-based compensation expense for the RSU award was \$5.0 million of which \$1.3 million will be expensed upon the consummation of a CIC event.

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	<u>\$30,083</u>	<u>\$ —</u>	<u>\$5,528</u>
Interest rate caps and swaps	\$ —	5,405	\$ —
Financial guarantee	—	—	1,900
Total liabilities	<u>\$ —</u>	<u>\$5,405</u>	<u>\$1,900</u>

	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	<u>\$30,208</u>	<u>\$ —</u>	<u>\$1,050</u>
Interest rate caps and swaps	\$ —	5,817	\$ —
Financial guarantee	—	—	150
Contingent consideration	—	—	1,250
Total liabilities	<u>\$ —</u>	<u>\$5,817</u>	<u>\$1,400</u>

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	<u>\$5,528</u>	<u>\$ 1,050</u>

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	<u>\$1,900</u>	<u>\$ 150</u>

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	<u>\$ 10,604</u>	<u>\$ 12,325</u>

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	<u>1,232</u>	<u>1,104</u>
Deferred		
Federal	2,944	2,322
State	(1,015)	(997)
Foreign	—	—
Total deferred provision	<u>1,929</u>	<u>1,325</u>
Total provision for income tax	<u>\$ 3,161</u>	<u>\$ 2,429</u>

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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	<u>\$ 3,161</u>	<u>\$ 2,429</u>

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	<u>30,147</u>	<u>31,647</u>
Deferred tax liabilities		
Depreciation and amortization	(7,491)	(6,024)
State taxes	(2,406)	(2,816)
Net deferred tax liabilities	<u>(9,897)</u>	<u>(8,840)</u>
Net deferred tax assets and liabilities	<u>\$20,250</u>	<u>\$ 22,807</u>

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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	<u>\$ 7,816</u>	<u>\$ 12,950</u>

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	<u>\$ 7,231</u>

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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.

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Note 20. Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive income (loss) consisted of the following:

	Year Ended December 31, 2019		
	Before Tax Amount	Tax Effect	Net of Tax Amount
<i>(in thousands)</i>			
<i>Foreign currency translation adjustments:</i>			
Beginning balance	\$ 789	\$ —	\$ 789
Change during period	(2,507)	—	(2,507)
Ending balance	\$ (1,718)	\$ —	\$ (1,718)
<i>Available-for-sale debt securities:</i>			
Beginning balance	\$ —	\$ —	\$ —
Unrealized gains	565	—	565
Reclassification upon conversion into other equity security	(334)	—	(334)
Ending balance	\$ 231	\$ —	\$ 231
<i>Cash flow hedges:</i>			
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)
<i>Accumulated other comprehensive loss:</i>			
Beginning balance	\$ 396	\$ —	\$ 396
Other comprehensive loss	(7,510)	1,387	(6,123)
Ending balance	\$ (7,114)	\$ 1,387	\$ (5,727)
	Year Ended December 31, 2020		
	Before Tax Amount	Tax Effect	Net of Tax Amount
<i>(in thousands)</i>			
<i>Foreign currency translation adjustments:</i>			
Beginning balance	\$ (1,718)	\$ —	\$ (1,718)
Change during period	(1,296)	—	(1,296)
Ending balance	\$ (3,014)	\$ —	\$ (3,014)
<i>Available-for-sale debt securities:</i>			
Beginning balance	\$ 231	\$ —	\$ 231
Unrealized gains	144	(36)	108
Loss from impairment	(94)	—	(94)
Ending balance	\$ 281	\$ (36)	\$ 245
<i>Cash flow hedges:</i>			
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)
<i>Accumulated other comprehensive loss:</i>			
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.

LegalZoom.com, Inc.
Unaudited Condensed Consolidated Balance Sheets
December 31, 2020 and March 31, 2021
(In thousands, except par values)

	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2021</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 114,470	\$ 141,175
Accounts receivable	8,555	10,713
Prepaid expenses and other current assets	10,536	12,227
Total current assets	133,561	164,115
Property and equipment, net	51,374	50,361
Goodwill	11,404	11,411
Intangible assets, net	815	543
Deferred income taxes	22,807	25,032
Restricted cash equivalent	25,000	25,000
Available-for-sale debt securities	1,050	1,073
Other assets	6,053	7,274
Total assets	<u>\$ 252,064</u>	<u>\$ 284,809</u>
Liabilities, redeemable convertible preferred stock and stockholders' deficit		
Current liabilities:		
Accounts payable	\$ 28,734	\$ 35,287
Accrued expenses and other current liabilities	41,028	56,415
Deferred revenue	127,142	145,888
Current portion of long-term debt	3,029	3,035
Total current liabilities	199,933	240,625
Long-term debt, net of current portion	512,362	511,594
Deferred revenue	2,937	2,570
Other liabilities	16,558	12,734
Total liabilities	<u>731,790</u>	<u>767,523</u>
Commitments and contingencies (Note 6)		
Series A redeemable convertible preferred stock, \$0.001 par value; 30,512 shares authorized at December 31, 2020 and March 31, 2021; 23,081 issued and outstanding at December 31, 2020 and March 31, 2021	70,906	70,906
Stockholders' deficit:		
Common stock, \$0.001 par value; 264,720 shares authorized; 125,037 and 125,299 shares issued and outstanding at December 31, 2020 and March 31, 2021, respectively	126	126
Additional paid-in capital	102,417	106,288
Accumulated deficit	(639,348)	(649,171)
Accumulated other comprehensive loss	(13,827)	(10,863)
Total stockholders' deficit	<u>(550,632)</u>	<u>(553,620)</u>
Total liabilities, redeemable convertible preferred stock and stockholders' deficit	<u>\$ 252,064</u>	<u>\$ 284,809</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

LegalZoom.com, Inc.
Unaudited Condensed Consolidated Statements of Operations
Three months ended March 31, 2020 and 2021
(In thousands, except per share amounts)

	Three Months Ended March 31,	
	2020	2021
Revenue	\$ 105,795	\$ 134,632
Cost of revenue	35,112	43,960
Gross profit	70,683	90,672
Operating expenses:		
Sales and marketing	43,481	71,361
Technology and development	10,543	10,499
General and administrative	12,661	13,165
Impairment of long-lived and other assets	555	—
Total operating expenses	67,240	95,025
Income (loss) from operations	3,443	(4,353)
Interest expense, net	(9,270)	(8,654)
Other (expense) income, net	(1,106)	248
Loss before income taxes	(6,933)	(12,759)
Benefit from income taxes	(2,055)	(2,936)
Net loss	\$ (4,878)	\$ (9,823)
Net loss attributable to common stockholders – basic and diluted	\$ (4,878)	\$ (9,823)
Net loss per share attributable to common stockholders – basic and diluted	\$ (0.04)	\$ (0.08)
Weighted-average shares used to compute net loss per share attributable to common stockholders – basic and diluted	124,411	125,065

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

LegalZoom.com, Inc.
Unaudited Condensed Consolidated Statements of Comprehensive Loss
Three Months Ended March 31, 2020 and 2021
(In thousands)

	Three Months Ended March 31,	
	2020	2021
Net loss	\$ (4,878)	\$ (9,823)
Other comprehensive loss (income), net of tax:		
Change in foreign currency translation adjustments:	2,272	(147)
Unrealized gains from available-for-sale debt securities:	—	13
Change in unrealized (loss) gain on cash flow hedges:		
Unrealized (loss) gain on interest rate cap and swaps	(7,286)	2,081
Reclassification of prior hedge effectiveness and losses from interest rate cap to net loss	122	1,017
Total net changes in cash flow hedges	(7,164)	3,098
Total other comprehensive (loss) income	(4,892)	2,964
Total comprehensive loss	<u>\$ (9,770)</u>	<u>\$ (6,859)</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

LegalZoom.com, Inc.
Unaudited Condensed Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Deficit
Three Months Ended March 31, 2020 and 2021
(In thousands)

	Series A Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit
	Shares	Amount	Shares	Amount				
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	—	—	410	—	158	—	—	158
Issuance of common stock upon vesting of restricted stock awards	—	—	136	—	—	—	—	—
Shares surrendered for settlement of minimum statutory tax withholdings	—	—	(197)	—	(2,124)	—	—	(2,124)
Stock-based compensation	—	—	—	—	4,102	—	—	4,102
Net issuance and repayments of full recourse notes receivable	—	—	—	—	(6)	—	—	(6)
Special dividends	—	—	—	—	(73)	—	—	(73)
Other comprehensive loss	—	—	—	—	—	—	(4,892)	(4,892)
Net loss	—	—	—	—	—	(4,878)	—	(4,878)
Balance at March 31, 2020	<u>23,081</u>	<u>\$70,906</u>	<u>124,731</u>	<u>\$ 125</u>	<u>\$ 94,973</u>	<u>\$ (649,183)</u>	<u>\$ (10,619)</u>	<u>\$ (564,704)</u>
Balance at December 31, 2020	23,081	\$70,906	125,037	\$ 126	\$ 102,417	\$ (639,348)	\$ (13,827)	\$ (550,632)
Issuance of common stock upon exercise of stock options	—	—	244	—	151	—	—	151
Issuance of common stock upon vesting of restricted stock awards	—	—	27	—	—	—	—	—
Stock-based compensation	—	—	—	—	3,799	—	—	3,799
Shares surrendered for settlement of minimum statutory tax withholdings	—	—	(9)	—	(100)	—	—	(100)
Net interest and repayment of full recourse notes receivables	—	—	—	—	44	—	—	44
Special dividends	—	—	—	—	(23)	—	—	(23)
Other comprehensive income	—	—	—	—	—	—	2,964	2,964
Net loss	—	—	—	—	—	(9,823)	—	(9,823)
Balance at March 31, 2021	<u>23,081</u>	<u>\$70,906</u>	<u>125,299</u>	<u>\$ 126</u>	<u>\$ 106,288</u>	<u>\$ (649,171)</u>	<u>\$ (10,863)</u>	<u>\$ (553,620)</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

LegalZoom.com, Inc.
Unaudited Condensed Consolidated Statements of Cash Flows
Three Months Ended March 31, 2020 and 2021
(In thousands)

	Three Months Ended March 31,	
	2020	2021
Cash flows from operating activities		
Net loss	\$ (4,878)	\$ (9,823)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	4,920	4,166
Amortization of debt issuance costs	647	634
Amortization of prior hedge effectiveness	98	1,328
Stock-based compensation	4,088	3,786
Impairment of long-lived assets	555	—
Deferred income taxes	(2,389)	(3,259)
Financial guarantee	(1,200)	(75)
Change in fair value of derivative instruments	73	28
Unrealized foreign exchange loss (gain)	2,362	(107)
Other	(1)	4
Changes in operating assets and liabilities:		
Accounts receivable	(636)	(2,156)
Prepaid expenses and other current assets	(2,014)	(1,344)
Other assets	(99)	(215)
Accounts payable	3,335	6,026
Accrued expenses and other liabilities	7,461	14,062
Income tax payable	6	(1)
Deferred revenue	9,561	18,361
Net cash provided by operating activities	<u>21,889</u>	<u>31,415</u>
Cash flows from investing activities		
Purchase of property and equipment	(1,988)	(2,911)
Net cash used in investing activities	<u>(1,988)</u>	<u>(2,911)</u>
Cash flows from financing activities		
Repayment of capital lease obligations	(8)	(8)
Repayment of 2018 Term Loan	(1,337)	(1,337)
Repayment of hybrid debt	—	(546)
Proceeds from 2018 Revolving Facility	40,000	—
Deferred offering costs	—	(8)
Payment of special dividends	(101)	(25)
Shares surrendered for settlement of minimum statutory tax withholdings	(2,002)	(100)
Proceeds from exercise of stock options, net of cash paid for employee tax withholding	37	190
Net cash provided by (used in) financing activities	<u>36,589</u>	<u>(1,834)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash equivalent	(185)	35
Net increase in cash, cash equivalents and restricted cash equivalent	56,305	26,705
Cash, cash equivalents and restricted cash equivalent, at beginning of the period	74,180	139,470
Cash, cash equivalents and restricted cash equivalent, at end of the period	<u>\$ 130,485</u>	<u>\$ 166,175</u>

LegalZoom.com, Inc.
Unaudited Condensed Consolidated Statements of Cash Flows (continued)
Three Months Ended March 31, 2020 and 2021
(In thousands)

	Three Months Ended March 31,	
	2020	2021
Reconciliation of cash, cash equivalents, and restricted cash equivalent reported in the consolidated balance sheets		
Cash and cash equivalents	\$ 105,485	\$ 141,175
Restricted cash equivalent	25,000	25,000
Total cash, cash equivalents, and restricted cash equivalent shown in the consolidated statements of cash flows	<u>\$ 130,485</u>	<u>\$ 166,175</u>
Non-cash investing and financing activities		
Purchase of property and equipment included in accounts payable and accrued expenses and other current liabilities	\$ 729	\$ 1,009
Change in fair value of hedged interest rate swaps and interest rate cap	(2,642)	(2,771)
Transfer of interest rate swaps derivative liability to hybrid debt	12,345	—
Deferred offering costs included in accounts payable and accrued expenses and other current liabilities	—	1,288

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements

LegalZoom.com, Inc.
Notes to Unaudited Condensed Consolidated Financial Statements

Note 1. Description of 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, Texas and London in the 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

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with GAAP for interim financial information. Certain information and disclosures normally included in consolidated financial statements prepared in accordance with GAAP have been condensed or omitted. Accordingly, these condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2020 and the related notes thereto. The December 31, 2020 condensed consolidated balance sheet was derived from our audited consolidated financial statements as of that date. Our unaudited condensed consolidated financial statements include, in the opinion of management, all adjustments, consisting of normal and recurring items, necessary for the fair statement of the condensed consolidated financial statements. All intercompany balances and transactions have been eliminated in consolidation. There have been no significant changes in accounting policies during the three months ended March 31, 2021 from those disclosed in the annual consolidated financial statements for the year ended December 31, 2020 and the related notes.

The operating results for the three months ended March 31, 2021 are not necessarily indicative of the results expected for the full year ending December 31, 2021.

Segment Reporting and Geographic Information

Our Chief Executive Officer, as the 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 3% and 1% of our consolidated revenue for the three months ended March 31, 2020 and 2021, respectively. Our property and equipment located outside of the United States was 1% of our consolidated property and equipment as of December 31, 2020 and March 31, 2021.

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 unaudited condensed 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.

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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 March 31, 2021 and through the date of issuance of these unaudited condensed 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 unaudited condensed consolidated financial statements at and for the three months ended March 31, 2021, our future assessment of the magnitude and duration of COVID-19, as well as other factors, could result in material impacts to our unaudited condensed consolidated financial statements in future reporting periods.

Certain Risks and Concentrations

We maintain accounts in U.S. and U.K. banks with funds insured by the FDIC and the FSCS. 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.

No single customer comprised 10% or more of our total revenues for the three months ended March 31, 2020 and 2021. At December 31, 2020 there was one customer who accounted for 20% of our accounts receivable balance. No single customer had an account receivable balance of 10% or greater of the total receivable as of March 31, 2021.

Foreign Currency

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 the accumulated other comprehensive loss as a component of our unaudited condensed consolidated statements of redeemable convertible preferred stock and stockholders' deficit. We recognized foreign currency transaction losses of \$2.4 million and gains of \$0.1 million during the three months ended March 31, 2020 and 2021, respectively.

Revenue Recognition

For the three months ended March 31, 2020 and 2021, revenue comprises the following (in thousands):

	Three	
	Months Ended March 31,	
	2020	2021
Transaction	\$ 45,586	\$ 61,388
Subscription	54,235	65,493
Partner	5,974	7,751
Total revenue	<u>\$ 105,795</u>	<u>\$ 134,632</u>

Deferred Offering Costs

Deferred offering costs of \$1.3 million have been recorded as other assets on the unaudited condensed consolidated balance sheets as of March 31, 2021 and consist of costs incurred in connection with the anticipated

sale of our common stock in our IPO including certain legal, accounting, printing, and other IPO related costs. After completion of our IPO, deferred offering costs are recorded in stockholders' deficit as a reduction from the proceeds of the offering. Should we terminate our planned IPO or if there is a significant delay, the deferred offering costs would be immediately expensed in our condensed consolidated statements of operations. There were no deferred offering costs as of December 31, 2020.

Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, or ASU 2019-12. This Update removes certain exceptions for performing intraperiod tax allocations, recognizing deferred taxes for investments, and calculating income taxes in interim periods. The guidance also simplifies the accounting for franchise taxes, transactions that result in a step-up in the tax basis of goodwill, and the effect of enacted changes in tax laws or rates in interim periods. We early adopted ASU 2019-12 in the first quarter of 2021 and the adoption had no material impact to our unaudited condensed 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.

Note 3. Other Financial Statement Information*Accounts Receivable*

Changes in the allowance consisted of the following (in thousands):

	Three Months Ended March 31,	
	2020	2021
Beginning balance	\$ 2,461	\$ 5,256
Add: amounts recognized as a reduction of revenue	1,725	1,582
Add: bad debt expense recognized in general and administrative expense	—	15
Less: write-offs, net of recoveries	(2,820)	(2,144)
Ending balance	<u>\$ 1,366</u>	<u>\$ 4,709</u>

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):

	December 31, 2020	March 31, 2021
Prepaid expenses	\$ 7,177	\$ 8,127
Deferred cost of revenue	1,967	2,399
Other current assets	1,392	1,701
Total prepaid expenses and other current assets	<u>\$ 10,536</u>	<u>\$ 12,227</u>

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

	December 31, 2020	March 31, 2021
Accrued payroll and related expenses	\$ 16,135	\$ 13,759
Accrued vendor payables	10,854	16,718
Derivative liabilities and hybrid debt	5,131	5,472
Sales allowances	4,856	4,309
Accrued sales, use and business taxes	1,789	1,825
Accrued advertising	173	12,143
Other	2,090	2,189
Total accrued expenses and other current liabilities	<u>\$ 41,028</u>	<u>\$ 56,415</u>

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Changes in sales allowances relating to chargebacks, sales credits and refunds consisted of the following (in thousands):

	Three Months Ended March 31,	
	2020	2021
Beginning balance	\$ 4,651	\$ 4,856
Add: increase in sales allowances	9,913	7,583
Less: utilization of reserves	(9,800)	(8,130)
Ending balance	<u>\$ 4,764</u>	<u>\$ 4,309</u>

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):

	Three Months Ended March 31,	
	2020	2021
Cost of revenue	\$1,958	\$1,678
Sales and marketing	1,849	1,475
Technology and development	650	587
General and administrative	463	426
Total depreciation and amortization expense	<u>\$4,920</u>	<u>\$4,166</u>

Deferred Revenue

Deferred revenue as of December 31, 2020 and March 31, 2021 was \$130.1 million and \$148.5 million, respectively. The Company recognized \$53.6 million and \$66.6 million of revenues during the three months ended March 31, 2020 and 2021, respectively, that was included in the deferred revenue balances as of December 31, 2019 and 2020, respectively. We expect to recognize substantially all of the remaining deferred revenue as of December 31, 2020 as revenue in 2021. We expect substantially all of the deferred revenue at March 31, 2021 will be recognized as revenue within the next twelve months.

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 4. Long-term Debt

A reconciliation of the scheduled maturities to the consolidated balance sheets is as follows (in thousands):

	December 31, 2020	March 31, 2021
Current portion of 2018 Term Loan	\$ 5,350	\$ 5,350
Current portion of discount and unamortized debt issuance costs	(2,321)	(2,315)
Total current portion of long-term debt	<u>\$ 3,029</u>	<u>\$ 3,035</u>
Noncurrent portion of 2018 Term Loan	\$ 518,950	\$517,613
Noncurrent portion of discount and unamortized debt issuance costs	(6,588)	(6,019)
Total long-term debt, net of current portion	<u>\$ 512,362</u>	<u>\$511,594</u>

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At March 31, 2021, aggregate future principal payments are as follows (in thousands):

2021 (remaining nine months)	\$ 4,013
2022	5,350
2023	5,350
2024	508,250
Total outstanding principal of 2018 Term Loan	522,963
Less: current portion of 2018 Term Loan	(5,350)
Outstanding principal of 2018 Term Loan, net of current portion	<u>\$517,613</u>

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 in May 2020.

As of March 31, 2021, total borrowings under our 2018 Term Loan was \$523.0 million. We determined that the fair value of our long-term debt approximates its carrying value as of December 31, 2020 and March 31, 2021. We estimated the fair value of our long-term debt using Level 2 inputs based on recent observable trades of our 2018 Term Loan. The effective interest rate of the 2018 Term Loan is 5.1% and 5.0% for December 31, 2020 and March 31, 2021, respectively. At December 31, 2020 and March 31, 2021, we had no amounts outstanding under our 2018 Revolving Facility or any outstanding letters of credit. We were in compliance with the financial covenants under the 2018 Credit Facility as of December 31, 2020 and March 31, 2021.

Note 5. Derivatives

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.

Our interest rate cap matured on March 31, 2021.

Derivative financial instruments and hybrid debt consisted of the following (in thousands):

	December 31, 2020	March 31, 2021
Interest rate swaps derivative liability, current portion	\$ 2,177	\$ 2,253
Interest rate swaps	\$ 3,640	\$ 793
Financial guarantee	150	75
Total derivative liability, net of current portion	<u>\$ 3,790</u>	<u>\$ 868</u>
Hybrid debt, current portion	<u>\$ 2,954</u>	<u>\$ 3,219</u>
Hybrid debt, net of current portion	<u>\$ 8,152</u>	<u>\$ 7,342</u>

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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):

	Three Months Ended March, 31	
	2020	2021
Net payments upon settlement of interest rate swaps	\$329	\$ 444
Amortization of prior hedge effectiveness	—	1,328
Amortization of interest rate cap premium	62	28
Interest expense on hybrid debt	11	188
Total, recorded in interest expense, net	<u>\$402</u>	<u>\$1,988</u>

Note 6. Commitments and Contingencies

Operating Leases

We conduct operations from certain leased facilities in various locations. At March 31, 2021, 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 at March 31, 2021 are as follows (in thousands):

	Operating Leases
2021 (remaining nine months)	\$ 2,457
2022	1,786
Total minimum lease payments	<u>\$ 4,243</u>

Advertising, Media and Other Commitments

We use a variety of media to advertise our services, including search engine marketing, television and radio. At March 31, 2021, we had non-cancelable minimum advertising and media commitments for future advertising spots of \$3.4 million, substantially all of which will be paid during 2021. We also have non-cancelable agreements with various vendors, which require us to pay \$13.4 million over a five-year period, of which \$8.9 million remains to be paid as of March 31, 2021.

Legal Proceedings

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. We have not recorded any loss or accrual in the accompanying consolidated financial statements at March 31, 2021 for this matter as a loss is not probable and reasonably estimable. There is at least a reasonable possibility that a loss may have been incurred for this contingency, however, we cannot make an estimate of the possible loss or range of loss. 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

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contract and breach of the covenant of good faith and fair dealing, seeking declaratory relief and at least \$6.1 million in damages. We replied to the counterdemand on January 19, 2021. A hearing has been scheduled for November 19, 2021. 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. We have not recorded any loss or accrual in the accompanying consolidated financial statements at March 31, 2021 for this matter as a loss is not probable and reasonably estimable. There is at least a reasonable possibility that a loss may have been incurred for this contingency, however, we cannot make an estimate of the possible loss or range of loss. 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 and removed to federal court on March 11, 2021, 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 filed a motion to compel arbitration on April 16, 2021. 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. We have not recorded any loss or accrual in the accompanying consolidated financial statements at March 31, 2021 for this matter as a loss is not probable and reasonably estimable. There is at least a reasonable possibility that a loss may have been incurred for this contingency, however, we cannot make an estimate of the possible loss or range of loss. 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.

Note 7. Stock-based Compensation

Stock-based Compensation Cost

We recorded stock-based compensation cost in the following categories in the accompanying consolidated statements of operations and balance sheets (in thousands):

	Three Months Ended March 31,	
	2020	2021
Cost of revenue	\$ 37	\$ 59
Sales and marketing	2,697	3,150
Technology and development	643	207
General and administrative	950	526
Total stock-based compensation expense	4,327	3,942
Amount capitalized to internal-use software	15	13
Total stock-based compensation	<u>\$4,342</u>	<u>\$3,955</u>

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Stock Options

Stock option activity for the three months ended March 31, 2021 is as follows (in thousands, except weighted-average exercise price and remaining contract life):

	<u>Number of Options</u>	<u>Weighted- Average Exercise Price</u>	<u>Weighted- Average Remaining Contractual Life (in Years)</u>	<u>Aggregate Intrinsic Value</u>
Outstanding at December 31, 2020	15,235	\$ 8.78	8.7	\$ 15,873
Granted	—	—		
Exercised	(244)	0.61		
Cancelled/forfeited	(38)	1.76		
Outstanding at March 31, 2021	<u>14,953</u>	<u>\$ 8.93</u>	8.5	\$113,655
Vested and expected to vest at March 31, 2021	10,416	\$ 8.56	8.1	\$ 82,985
Exercisable at March 31, 2021	2,753	\$ 5.45	6.7	\$ 30,503

We did not grant stock options during the three months ended March 31, 2021. 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:

	<u>Three Months Ended March 31, 2020</u>
Expected life (years)	5.1
Risk-free interest rate	1.6%
Expected volatility	43%
Expected dividend yield	—

At March 31, 2021, total remaining stock-based compensation expense for unvested awards is \$34.5 million, of which \$17.9 million for time-based options are expected to be recognized over a weighted-average period of 2.6 years, up to \$8.2 million for various performance options, which will only vest upon the consummation of a CIC event and \$8.4 million for a performance option, which is expected to be recognized over a remaining period of 2.5 years unless a CIC event occurs beforehand.

Restricted Stock Units

A summary of RSU activity for the three months ended March 31, 2021 is as follows (in thousands, except weighted-average grant-date fair value):

	<u>Number of Options</u>	<u>Weighted- Average Grant- Date Fair Value</u>
Unvested at December 31, 2020	2,499	\$ 9.53
Granted	864	11.15
Cancelled/forfeited	(19)	11.01
Vested	(35)	10.84
Unvested at March 31, 2021	<u>3,309</u>	<u>\$ 9.93</u>

The fair value of vested RSUs for the three months ended March 31, 2020 and 2021 was \$1.7 million and \$0.4 million, respectively. Our RSUs consist of time-based RSUs and various performance RSUs. At March 31, 2021,

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total remaining stock-based compensation expense for unvested RSU awards is \$32.2 million, of which \$4.1 million for time-based RSUs is expected to be recognized over a weighted-average period of 2.3 years, and up to \$28.1 million for various performance RSUs, which will vest upon the consummation of a CIC event and subsequently thereafter for any remaining service period.

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.

Note 8. Income Taxes

We account for income taxes in accordance with ASC 740, *Income Taxes*, which requires an estimate of the annual effective tax rate for the full year to be applied to the interim period, taking into account year-to-date amounts and projected results for the full year. Our effective tax rate could fluctuate significantly from quarter to quarter based on recurring and nonrecurring factors including, but not limited to: variations in the estimated and actual level of pre-tax income or loss by jurisdiction; changes in enacted tax laws and regulations, and interpretations thereof, including with respect to tax credits and state and local income taxes; developments in tax audits and other matters; recognition of excess tax benefits and tax deficiencies from stock-based compensation and certain nondeductible expenses. Changes in judgment from the evaluation of new information resulting in the recognition, derecognition, or remeasurement of a tax position taken in a prior annual period are recognized separately in the quarter of the change.

We recorded a benefit from income taxes of \$2.1 million and \$2.9 million for the three months ended March 31, 2020 and 2021, respectively. The effective tax rate for the three months ended March 31, 2020 of 30% differed from the federal statutory rate of 21% primarily due to the valuation allowance against foreign losses, the recognition of significant excess tax benefits of stock-based compensation and other discrete adjustments. The effective tax rate for the three months ended March 31, 2021 of 23% differed from the federal statutory rate of 21% primarily due to the valuation allowance against foreign losses and recognition of excess tax benefits of stock-based compensation.

Gross unrecognized tax benefits were \$7.2 million and \$7.5 million as of December 31, 2020 and March 31, 2021, respectively. The gross unrecognized tax benefits, if recognized by us, will result in a reduction of approximately \$7.4 million to the provision for income taxes thereby favorably impacting our effective tax rate. Our policy is to recognize interest and penalties related to income tax matters in income tax expense. For the periods presented, interest and penalties related to income tax positions were not material to our unaudited condensed consolidated financial statements.

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 9. Basic and Diluted Earnings Per Share

Basic net loss attributable to common stockholders per share is computed by dividing the net loss by the weighted average number of common stock outstanding for the period. For periods in which we have reported net losses, diluted net loss per share attributable to common stockholders is the same as basic net loss per share, since the impact of potentially dilutive common stock and other equity instruments is anti-dilutive.

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The following table presents the number of options, restricted stock units and restricted stock excluded from the calculation of diluted net loss per share attributable to common stockholders because they are anti-dilutive (in thousands):

	As of March 31,	
	2020	2021
Options to purchase common stock	12,490	14,953
Restricted stock units	1,002	3,309
Restricted stock	150	50
Total	<u>13,642</u>	<u>18,312</u>

Note 10. 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, 2020 and March 31, 2021, 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 represent Level 1 inputs in the fair value hierarchy. Our interest rate swaps and interest rate cap are valued using observable market inputs including 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.

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, 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	<u>\$30,208</u>	<u>\$ —</u>	<u>\$ 1,050</u>
Interest rate caps and swaps	\$ —	\$ 5,817	\$ —
Financial guarantee	—	—	150
Contingent consideration	—	—	1,250
Total liabilities	<u>\$ —</u>	<u>\$ 5,817</u>	<u>\$ 1,400</u>

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	March 31, 2021		
	Level 1	Level 2	Level 3
Available-for-sale debt securities	\$ —	\$ —	\$ 1,073
Money market fund	5,210	—	—
Restricted money market fund	25,000	—	—
Total assets	<u>\$30,210</u>	<u>\$ —</u>	<u>\$ 1,073</u>
Interest rate caps and swaps	\$ —	\$3,046	\$ —
Financial guarantee	—	—	75
Contingent consideration	—	—	1,250
Total liabilities	<u>\$ —</u>	<u>\$3,046</u>	<u>\$ 1,325</u>

Note 11. Accumulated Other Comprehensive Loss

Changes in accumulated other comprehensive income (loss) consisted of the following:

<i>(in thousands)</i>	Three Months Ended March 31, 2020		
	Before Tax Amount	Tax Effect	Net of Tax Amount
<i>Foreign currency translation adjustments:</i>			
Beginning balance	\$ (1,718)	\$ —	\$ (1,718)
Change during period	2,272	—	2,272
Ending balance	\$ 554	\$ —	\$ 554
<i>Available-for-sale debt securities:</i>			
Beginning balance	\$ 231	\$ —	\$ 231
Unrealized gains	—	—	—
Ending balance	\$ 231	\$ —	\$ 231
<i>Cash flow hedges:</i>			
Beginning balance	\$ (5,627)	\$ 1,387	\$ (4,240)
Unrealized loss on interest rate swaps and cap	(9,704)	2,418	(7,286)
Reclassification of losses from interest rate cap to net loss	64	(16)	48
Reclassification of prior hedge effectiveness to net loss	98	(24)	74
Ending balance	\$(15,169)	\$3,765	\$(11,404)
<i>Accumulated other comprehensive loss:</i>			
Beginning balance	\$ (7,114)	\$ 1,387	\$ (5,727)
Other comprehensive loss	(7,270)	2,378	(4,892)
Ending balance	<u>\$(14,384)</u>	<u>\$3,765</u>	<u>\$(10,619)</u>

<i>(in thousands)</i>	Three Months Ended March 31, 2021		
	Before Tax Amount	Tax Effect	Net of Tax Amount
<i>Foreign currency translation adjustments:</i>			
Beginning balance	\$ (3,014)	\$ —	\$ (3,014)
Change during period	(147)	—	(147)
Ending balance	<u>\$ (3,161)</u>	<u>\$ —</u>	<u>\$ (3,161)</u>
<i>Available-for-sale debt securities:</i>			
Beginning balance	\$ 281	\$ (36)	\$ 245
Unrealized gain	17	(4)	13
Ending balance	<u>\$ 298</u>	<u>\$ (40)</u>	<u>\$ 258</u>
<i>Cash flow hedges:</i>			
Beginning balance	\$(14,708)	\$ 3,650	\$(11,058)
Unrealized gains on interest rate swaps and cap	2,772	(691)	2,081
Reclassification of losses from interest rate cap to net loss	28	(8)	20
Reclassification of prior hedge effectiveness to net loss	1,328	(331)	997
Ending balance	<u>\$(10,580)</u>	<u>\$ 2,620</u>	<u>\$ (7,960)</u>
<i>Accumulated other comprehensive loss:</i>			
Beginning balance	\$(17,441)	\$ 3,614	\$(13,827)
Other comprehensive income	3,998	(1,034)	2,964
Ending balance	<u>\$(13,443)</u>	<u>\$ 2,580</u>	<u>\$(10,863)</u>

Note 12. Subsequent Events

Contingent consideration of \$0.5 million was paid in April 2021 in connection with our acquisition of Pure.

In April and May 2021, we granted 322,998 and 181,489 LERSUs, respectively, to various employees. The LERSUs have a weighted-average grant-date fair value of \$16.53 per share.

On May 7, 2021, the plaintiffs of the class action complaint set forth in Note 6, filed a notice of dismissal without prejudice. Should the plaintiffs refile in court or arbitration, we believe we have meritorious defenses to the claims and will vigorously defend any action.

We evaluated all subsequent events through May 17, 2021, the date these condensed consolidated financial statements were available to be issued.

Events Subsequent to Original Issuance of Condensed Consolidated Financial Statements

Modification of Stock-based compensation awards

In June 2021, we modified the vesting conditions of certain stock options and RSUs as described below.

We modified the vesting conditions of 4,477,218 outstanding performance options of certain executive officers and employees so that the performance options do not fully vest immediately upon an IPO. Instead, subject to and contingent upon the effective date of an IPO, the modified performance options for executive officers will vest monthly over a four-year period from their original vesting commencement dates and the modified performance options of certain employees will vest 25% on the first anniversary from the

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vesting commencement date, and then vest monthly over the remaining service period, subject to continued employment through the applicable vesting dates. As the modified awards contain a performance condition that is satisfied upon an IPO, we remeasured the fair value of the performance options on the date of modification. This new fair value of approximately \$76.4 million will be recognized as stock-based compensation expense using the graded vesting method, with an immediate stock-based compensation expense recognized on the effective date of our IPO for the modified performance options for which the service vesting condition was satisfied through the effective date of the IPO, and all remaining compensation will be recognized thereafter over the remaining service period. No compensation expense is recognized for these modified performance options until our IPO is declared effective.

We modified the vesting conditions of 3,627,936 outstanding 2019 performance options of an executive officer so that in the event of an IPO the modified 2019 performance options will vest monthly over a four-year period from the original vesting commencement date in 2019, subject to continued employment of the executive officer, rather than vesting upon the fourth anniversary of the original date of grant based on achieving certain stock price thresholds. Incremental stock-based compensation expense as a result of the modification is approximately \$11.4 million and was measured using a Monte Carlo simulation immediately prior to the modification date and a Black-Scholes Option Pricing Model immediately after the modification date. Upon an IPO, we will recognize stock-based compensation expense for the modified 2019 performance options for which the service vesting condition was satisfied through the effective date of the IPO, and all remaining compensation will be recognized thereafter over the remaining service period using the graded vesting method.

We modified the vesting conditions of 111,902 outstanding performance RSUs of certain employees so that the modified performance RSUs do not vest immediately upon an IPO. Instead, subject to and contingent upon the effective date of an IPO, the modified performance RSUs will vest 25% on the first anniversary from the vesting commencement dates, then vest monthly over the remaining service period, subject to the continued employment through the applicable vesting dates. As the modified RSUs contain a performance condition that is satisfied upon an IPO, we remeasured the fair value of the performance RSUs on the date of modification. This new fair value of approximately \$2.9 million will be recognized as stock-based compensation expense using the graded vesting method, with an immediate stock-based compensation expense recognized on the effective date of our IPO for the performance RSUs for which the service vesting condition was satisfied through the effective date of the IPO, and all remaining compensation will be recognized thereafter over the remaining service period. No compensation expense is recognized for these modified performance RSUs until our IPO is declared effective.

We modified the vesting conditions of 1,725,942 outstanding LERSUs and 1,706,888 outstanding time-based options of certain executive officers to amend the severance vesting acceleration benefit applicable for the LERSUs and remove the CIC vesting acceleration benefit for the time-based options. There was no incremental stock-based compensation associated with the modification of the time-based options. We remeasured the fair value of the LERSUs on the date of modification and this new fair value of approximately \$44.0 million will be recognized using the graded vesting method, with an immediate stock-based compensation expense recognized on the effective date of an IPO for the modified LERSUs that have satisfied the service-vesting condition through the effective date, and all remaining compensation will be recognized thereafter over the remaining service period. No compensation expense is recognized for these modified LERSUs until our IPO is declared effective.

The fair value of the modified 2020 performance options, 2019 performance option, performance RSUs and LERSUs were remeasured using the fair value of our common stock, as approved by the Pricing Committee of our Board of Directors, which was \$25.50 per share, the midpoint of the price range set forth on the cover page of our preliminary prospectus.

IPO Grants

In June 2021, we granted RSUs to our executive officers that are contingent on the effectiveness of a registration statement, or IPO RSUs. The IPO RSUs will have a grant-date fair value of approximately

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\$10.9 million and the number of shares underlying the IPO RSUs will be based on the IPO price to the public. In addition, we granted options to purchase shares of common stock, or IPO Options, with an exercise price that will be equal to the IPO price to the public for the number of shares equal to 2.5 times the number of shares subject to the IPO RSU. Because the number of shares and exercise price of the IPO Options is based on the IPO price, the grant date for accounting purposes will not be established until the effective date of an IPO. As the IPO is a performance condition, no stock-based compensation expense is recognized until our IPO is declared effective and then stock-based compensation will be recognized over a weighted-average requisite service period of approximately 4.0 years. The actual amount of stock-based compensation cost for the IPO options is dependent upon the IPO price to the public.

Financial Guarantee

In June 2021, our financial guarantee of the personal loan of a former executive officer was waived. The associated restricted cash equivalent of \$25.0 million became unrestricted and was reclassified to cash and cash equivalents.

19,121,000 Shares



Common stock

Preliminary Prospectus

J.P. Morgan	Morgan Stanley	Barclays
BofA Securities	Citigroup	Jefferies
JMP Securities	Raymond James	William Blair
Amerivet Securities		Penserra Securities LLC
Telsey Advisory Group		Siebert Williams Shank

, 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	\$ 64,774
FINRA filing fee	89,556
Nasdaq listing fee	320,000
Printing and engraving expenses	370,000
Legal fees and expenses	2,450,000
Accounting fees and expenses	1,100,000
Transfer agent and registrar fees and expenses	21,342
Miscellaneous fees and expenses	584,328
Total	<u>\$ 5,000,000</u>

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 duties as a director, which includes a director’s duty of care, to the fullest extent permitted under Delaware law. 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, employees 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

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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 11,640,724 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 7,065,150 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

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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.

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
1.1	<u>Form of Underwriting Agreement.</u>
3.1#	<u>Fourth Amended and Restated Certificate of Incorporation of LegalZoom.com, Inc., as amended, as currently in effect.</u>
3.2	<u>Form of Amended and Restated Certificate of Incorporation of LegalZoom.com, Inc., to be in effect immediately after the completion of the offering.</u>
3.3#	<u>Second Amended and Restated Bylaws of LegalZoom.com, Inc., as currently in effect.</u>
3.4	<u>Form of Amended and Restated Bylaws of LegalZoom.com, Inc., to be in effect immediately prior the completion of the offering.</u>
4.1	<u>Form of LegalZoom.com, Inc.'s Common Stock Certificate.</u>
4.2	<u>Fourth Amended and Restated Investors' Rights Agreement, by and among LegalZoom.com, Inc. and certain of its stockholders, dated June 18, 2021.</u>
4.3#	<u>Registration Rights Side Letter, by and between LegalZoom.com, Inc. and Bryant Stibel Group, LLC, dated October 2, 2017.</u>
5.1	<u>Opinion of Cooley LLP.</u>
10.1+#	<u>2016 Stock Incentive Plan and forms of award agreements.</u>
10.2+	<u>2021 Equity Incentive Plan and forms of award agreements.</u>
10.3+	<u>2021 Employee Stock Purchase Plan.</u>
10.4+#	<u>Form of Indemnification Agreement, by and between LegalZoom.com, Inc. and each of its directors and executive officers.</u>
10.5+	<u>Amended and Restated Employment Agreement, by and between LegalZoom.com, Inc. and Dan Wernikoff, dated June 16, 2021.</u>
10.6+	<u>Amended and Restated Employment Agreement, by and between LegalZoom.com, Inc. and Shrisha Radhakrishna, dated June 16, 2021.</u>
10.7+	<u>Amended and Restated Employment Agreement, by and between LegalZoom.com, Inc. and Noel B. Watson, dated June 16, 2021.</u>

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<u>Exhibit Number</u>	<u>Description of Exhibit</u>
10.13+	Non-Employee Director Compensation Policy.
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.
10.15#	Office Lease by and between LegalZoom.com, Inc. and Legacy Partners II Glendale N Brand, LLC, effective August 26, 2010, as amended.
10.16	Director Nomination Agreement, by and between LegalZoom.com, Inc. and certain of its stockholders dated June 18, 2021.
10.17	Common Stock Purchase Agreement, by and between LegalZoom.com, Inc. and entities affiliated with TCV, dated June 18, 2021.
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).
99.1#	Consent of Kantar Consulting, dated April 26, 2019.
99.2#	Consent of Magid Consulting Inc., dated March 31, 2021.

* To be submitted by amendment.

+ Indicates a management contract or compensatory plan.

Previously filed.

(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 Amendment No. 1 to the 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 June 21, 2021.

LEGALZOOM.COM, INC.

By: /s/ Dan Wernikoff
Dan Wernikoff
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment No. 1 to the registration statement on Form S-1 has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Dan Wernikoff</u> Dan Wernikoff	Chief Executive Officer and Director <i>(Principal Executive Officer)</i>	June 21, 2021
<u>/s/ Noel Watson</u> Noel Watson	Chief Financial Officer <i>(Principal Financial and Accounting Officer)</i>	June 21, 2021
<u>*</u> Dipanjan Deb	Director	June 21, 2021
<u>*</u> Khai Ha	Director	June 21, 2021
<u>*</u> John Murphy	Director	June 21, 2021
<u>*</u> Dipan Patel	Director	June 21, 2021

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<u>Signature</u>	<u>Title</u>	<u>Date</u>
* _____ Brian Ruder	Director	June 21, 2021
* _____ Jeffrey Stibel	Director	June 21, 2021
* _____ Christine Wang	Director	June 21, 2021
* _____ David Yuan	Director	June 21, 2021

*By: /s/ Dan Wernikoff
Dan Wernikoff
Attorney-in-fact

LEGALZOOM.COM, INC.

[●] Shares of Common Stock, par value \$0.001 per share

Underwriting Agreement

[●], 2021

J.P. Morgan Securities LLC
Morgan Stanley & Co. LLC
(As Representatives of the
several Underwriters listed
in Schedule 1 hereto)

c/o J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10179

c/o Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036

Ladies and Gentlemen:

LegalZoom.com, Inc., a Delaware corporation (the “Company”), proposes to issue and sell to the several underwriters listed in Schedule 1 hereto (the “Underwriters”), for whom you are acting as representatives (the “Representatives”), an aggregate of [●] shares of common stock, par value \$0.001 per share, of the Company (the “Underwritten Shares”), and, at the option of the Underwriters, up to an additional [●] shares of common stock, par value \$0.001 per share, of the Company (the “Option Shares”). The Underwritten Shares and the Option Shares are herein referred to as the “Shares”. The shares of common stock of the Company to be outstanding after giving effect to the sale of the Shares are referred to herein as the “Stock”.

The Company hereby confirms its agreement with the several Underwriters concerning the purchase and sale of the Shares, as follows:

1. Registration Statement. The Company has prepared and filed with the Securities and Exchange Commission (the “Commission”) under the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder (collectively, the “Securities Act”), a registration statement on Form S-1 (File No. 333-256803), including a prospectus, relating to the Shares. Such registration statement, as amended at the time it became effective, including the information, if any, deemed pursuant to Rule 430A, 430B or 430C under the Securities Act to be part of the registration statement at the time of its effectiveness (“Rule 430 Information”), is referred to herein as the “Registration Statement”; and as used herein, the term “Preliminary Prospectus” means each prospectus included in such registration statement (and any amendments thereto) before effectiveness, any prospectus filed with the Commission pursuant to Rule 424(a) under the Securities Act and the prospectus included in the Registration Statement at the time of

its effectiveness that omits Rule 430 Information, and the term “Prospectus” means the prospectus in the form first used (or made available upon request of purchasers pursuant to Rule 173 under the Securities Act) in connection with confirmation of sales of the Shares. If the Company has filed an abbreviated registration statement pursuant to Rule 462(b) under the Securities Act (the “Rule 462 Registration Statement”), then any reference herein to the term “Registration Statement” shall be deemed to include such Rule 462 Registration Statement. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Registration Statement and the Prospectus.

At or prior to the Applicable Time (as defined below), the Company had prepared the following information (collectively with the pricing information set forth on Annex A, the “Pricing Disclosure Package”): a Preliminary Prospectus dated [●], 2021 and each “free-writing prospectus” (as defined pursuant to Rule 405 under the Securities Act) listed on Annex A hereto.

“Applicable Time” means [:] P.M., New York City time, on [●], 2021.

2. Purchase of the Shares.

(a) The Company agrees to issue and sell the Underwritten Shares to the several Underwriters as provided in this underwriting agreement (this “Agreement”), and each Underwriter, on the basis of the representations, warranties and agreements set forth herein and subject to the conditions set forth herein, agrees, severally and not jointly, to purchase at a price per share of \$[●] (the “Purchase Price”) from the Company the respective number of Underwritten Shares set forth opposite such Underwriter’s name in Schedule 1 hereto.

In addition, the Company agrees to issue and sell the Option Shares to the several Underwriters as provided in this Agreement, and the Underwriters, on the basis of the representations, warranties and agreements set forth herein and subject to the conditions set forth herein, shall have the option to purchase, severally and not jointly, from the Company the Option Shares at the Purchase Price less an amount per share equal to any dividends or distributions declared by the Company and payable on the Underwritten Shares but not payable on the Option Shares.

If any Option Shares are to be purchased, the number of Option Shares to be purchased by each Underwriter shall be the number of Option Shares which bears the same ratio to the aggregate number of Option Shares being purchased as the number of Underwritten Shares set forth opposite the name of such Underwriter in Schedule 1 hereto (or such number increased as set forth in Section 10 hereof) bears to the aggregate number of Underwritten Shares being purchased from the Company by the several Underwriters, subject, however, to such adjustments to eliminate any fractional Shares as the Representatives in their sole discretion shall make.

The Underwriters may exercise the option to purchase Option Shares at any time in whole, or from time to time in part, on or before the thirtieth day following the date of the Prospectus, by written notice from the Representatives to the Company. Such notice shall set forth the aggregate number of Option Shares as to which the option is being exercised and the date and time when the Option Shares are to be delivered and paid for, which may be the same

date and time as the Closing Date (as hereinafter defined) but shall not be earlier than the Closing Date nor later than the tenth full business day (as hereinafter defined) after the date of such notice (unless such time and date are postponed in accordance with the provisions of Section 10 hereof). Any such notice shall be given at least two business days prior to the date and time of delivery specified therein.

(b) The Company understands that the Underwriters intend to make a public offering of the Shares, and initially to offer the Shares on the terms set forth in the Pricing Disclosure Package. The Company acknowledges and agrees that the Underwriters may offer and sell Shares to or through any affiliate of an Underwriter.

(c) Payment for the Shares shall be made by wire transfer in immediately available funds to the account specified by the Company to the Representatives in the case of the Underwritten Shares, at the offices of Latham & Watkins LLP, 140 Scott Dr., Menlo Park, CA 94025, at 10:00 A.M. New York City time on [●], 2021, or at such other time or place on the same or such other date, not later than the fifth business day thereafter, as the Representatives and the Company may agree upon in writing or, in the case of the Option Shares, on the date and at the time and place specified by the Representatives in the written notice of the Underwriters' election to purchase such Option Shares. The time and date of such payment for the Underwritten Shares is referred to herein as the "Closing Date," and the time and date for such payment for the Option Shares, if other than the Closing Date, is herein referred to as the "Additional Closing Date."

Payment for the Shares to be purchased on the Closing Date or the Additional Closing Date, as the case may be, shall be made against delivery to the Representatives for the respective accounts of the several Underwriters of the Shares to be purchased on such date or the Additional Closing Date, as the case may be, with any transfer taxes payable in connection with the sale of such Shares duly paid by the Company. Delivery of the Shares shall be made through the facilities of The Depository Trust Company ("DTC") unless the Representatives shall otherwise instruct.

(d) The Company acknowledges and agrees that the Representatives and the other Underwriters are acting solely in the capacity of an arm's length contractual counterparty to the Company with respect to the offering of Shares contemplated hereby (including in connection with determining the terms of the offering) and not as a financial advisor or a fiduciary to, or an agent of, the Company or any other person. Additionally, neither the Representatives nor any other Underwriter is advising the Company or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. The Company shall consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and neither the Representatives nor any other Underwriter shall have any responsibility or liability to the Company with respect thereto. Any review by the Representatives and the other Underwriters of the Company, the transactions contemplated hereby or other matters relating to such transactions will be performed solely for the benefit of the Representatives and the other Underwriters and shall not be on behalf of the Company.

3. Representations and Warranties of the Company. The Company represents and warrants to each Underwriter that:

(a) *Preliminary Prospectus.* No order preventing or suspending the use of any Preliminary Prospectus has been issued by the Commission, and each Preliminary Prospectus included in the Pricing Disclosure Package, at the time of filing thereof, complied in all material respects with the applicable requirements of the Securities Act, and no Preliminary Prospectus, at the time of filing thereof, contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided the Company makes no representation or warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in any Preliminary Prospectus, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 7(b) hereof.

(b) *Pricing Disclosure Package.* The Pricing Disclosure Package as of the Applicable Time did not, and as of the Closing Date and as of the Additional Closing Date, as the case may be, will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company makes no representation or warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in such Pricing Disclosure Package, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 7(b) hereof. No statement of material fact included in the Prospectus has been omitted from the Pricing Disclosure Package and no statement of material fact included in the Pricing Disclosure Package that is required to be included in the Prospectus has been omitted therefrom.

(c) *Issuer Free Writing Prospectus.* Other than the Registration Statement, the Preliminary Prospectus and the Prospectus, the Company (including its agents and representatives, other than the Underwriters in their capacity as such) has not prepared, made, used, authorized, approved or referred to and will not prepare, make, use, authorize, approve or refer to any “written communication” (as defined in Rule 405 under the Securities Act) that constitutes an offer to sell or solicitation of an offer to buy the Shares (each such communication by the Company or its agents and representatives (other than a communication referred to in clause (i) below) an “Issuer Free Writing Prospectus”) other than (i) any document not constituting a prospectus pursuant to Section 2(a)(10)(a) of the Securities Act or Rule 134 under the Securities Act or (ii) the documents listed on Annex A hereto, each electronic road show and any other written communications approved in writing in advance by the Representatives, such approval not to be unreasonably withheld or delayed. Each such Issuer Free Writing Prospectus, if any, complies in all material respects with the applicable provisions of the Securities Act,

has been or will be (within the time period specified in Rule 433) filed in accordance with the Securities Act (to the extent required thereby) and does not conflict with the information contained in the Registration Statement or the Pricing Disclosure Package, and, when taken together with the Preliminary Prospectus accompanying, or delivered prior to delivery of, such Issuer Free Writing Prospectus, did not, and as of the Closing Date and as of the Additional Closing Date, as the case may be, will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company makes no representation or warranty with respect to any statements or omissions made in each such Issuer Free Writing Prospectus or Preliminary Prospectus in reliance upon and in conformity with information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in such Issuer Free Writing Prospectus or Preliminary Prospectus, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 7(b) hereof.

(d) *Emerging Growth Company*. From the time of initial confidential submission of the Registration Statement to the Commission (or, if earlier, the first date on which the Company engaged directly or through any person authorized to act on its behalf in any Testing-the-Waters Communication (as defined below)) through the date hereof, the Company has been and is an “emerging growth company,” as defined in Section 2(a) of the Securities Act (an “Emerging Growth Company”). “Testing-the-Waters Communication” means any oral or written communication with potential investors undertaken in reliance on Section 5(d) of the Securities Act.

(e) *Testing-the-Waters Materials*. The Company (i) has not alone engaged in any Testing-the-Waters Communications and (ii) has not authorized anyone other than the Representatives to engage in Testing-the-Waters Communications (as defined below). The Company reconfirms that the Representatives have been authorized to act on its behalf in undertaking Testing-the-Waters Communications by virtue of a writing substantially in the form of Exhibit A hereto. The Company has not distributed or approved for distribution any Written Testing-the-Waters Communications other than those listed on Annex B hereto. “Written Testing-the-Waters Communication” means any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Securities Act. Any individual Written Testing-the-Waters Communication prepared or authorized by the Company does not conflict with the information contained in the Registration Statement or the Pricing Disclosure Package, complied in all material respects with the applicable provisions of the Securities Act, and when taken together with the Pricing Disclosure Package as of the Applicable Time, did not, and as of the Closing Date and as of the Additional Closing Date, as the case may be, will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading provided that the Company makes no representation and warranty with respect to any statements or omissions made in each such Written Testing-The-Waters Communications in reliance upon and in

conformity with information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in such Written Testing-The-Waters Communication, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 7(b) hereof.

(f) *Registration Statement and Prospectus.* The Registration Statement has been declared effective by the Commission. No order suspending the effectiveness of the Registration Statement has been issued by the Commission, and no proceeding for that purpose or pursuant to Section 8A of the Securities Act against the Company or related to the offering of the Shares has been initiated or, to the knowledge of the Company, threatened by the Commission; as of the applicable effective date of the Registration Statement and any post-effective amendment thereto, the Registration Statement and any such post-effective amendment complied and will comply as of the Closing Date and as of the Additional Closing Date in all material respects with the applicable provisions of the Securities Act, and did not as of the applicable effective date and will not as of the Closing Date and as of the Additional Closing Date contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading; and as of the date of the Prospectus and any amendment or supplement thereto and as of the Closing Date and as of the Additional Closing Date, as the case may be, the Prospectus will comply in all material respects with the applicable provisions of the Securities Act and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that the Company makes no representation or warranty with respect to any statements or omissions made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in the Registration Statement and the Prospectus and any amendment or supplement thereto, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in Section 7(b) hereof.

(g) *Financial Statements.* The financial statements (including the related notes thereto) of the Company and its consolidated subsidiaries included in the Registration Statement, the Pricing Disclosure Package and the Prospectus comply in all material respects with the applicable requirements of the Securities Act and present fairly in all material respects the financial position of the Company and its consolidated subsidiaries as of the dates indicated and the results of their operations and the changes in their cash flows for the periods specified; such financial statements have been prepared in conformity with generally accepted accounting principles in the United States (“GAAP”) applied on a consistent basis throughout the periods covered thereby, and any supporting schedules included in the Registration Statement present fairly in all material respects the information required to be stated therein; and the other financial information included in the Registration Statement, the Pricing Disclosure Package and the Prospectus has been derived from the accounting records of the Company and its consolidated subsidiaries and presents fairly in all material respects the information shown thereby; all disclosures

included in the Registration Statement, the Pricing Disclosure Package and the Prospectus regarding “non-GAAP financial measures” (as such term is defined by the rules and regulations of the Commission) comply in all material respects with Regulation G of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and Item 10 of Regulation S-K of the Securities Act, to the extent applicable.

(h) *No Material Adverse Change.* Since the date of the most recent financial statements of the Company included in the Registration Statement, the Pricing Disclosure Package and the Prospectus, (i) except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, there has not been any change in the capital stock (other than the issuance of shares of Stock upon exercise or settlement (including any “net” or “cashless” exercises or settlements) of stock options, restricted stock units and warrants described as outstanding in, and the grant of options, restricted stock units and awards under existing equity incentive plans described in, the Registration Statement, the Pricing Disclosure Package and the Prospectus, and the repurchase of shares of capital stock pursuant to agreements providing for an option or obligation to repurchase or a right of first refusal on behalf of the Company pursuant to the Company’s repurchase rights), any change in short-term debt or long-term debt of the Company or any of its subsidiaries, or any dividend or distribution of any kind declared, set aside for payment, paid or made by the Company on any class of capital stock, or any material adverse change, or any development involving a prospective material adverse change, in or affecting the business, properties, management, financial position, stockholders’ equity, or results of operations or prospects of the Company and its subsidiaries taken as a whole; (ii) except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, neither the Company nor any of its subsidiaries has entered into any transaction or agreement (whether or not in the ordinary course of business) that is material to the Company and its subsidiaries taken as a whole or incurred any liability or obligation, direct or contingent, that is material to the Company and its subsidiaries taken as a whole; and (iii) neither the Company nor any of its subsidiaries has sustained any loss or interference with its business that is material to the Company taken as a whole and that is either from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor disturbance or dispute or any action, order or decree of any court or arbitrator or governmental or regulatory authority, except in each case as otherwise disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

(i) *Organization and Good Standing.* The Company and each of its subsidiaries have been duly organized and are validly existing and in good standing under the laws of their respective jurisdictions of organization, are duly qualified to do business and are in good standing in each jurisdiction in which their respective ownership or lease of property or the conduct of their respective businesses requires such qualification, and have all power and authority necessary to own or hold their respective properties and to conduct the businesses in which they are engaged, except where the failure to be so qualified or in good standing or have such power or authority would not, individually or in the aggregate, have a material adverse effect on the business, properties, management, consolidated financial position, consolidated stockholders’ equity, consolidated results of operations or prospects of the Company and its subsidiaries taken as a whole or on the performance by the Company of its obligations under this Agreement (a “Material Adverse Effect”).

(j) *Capitalization.* The Company has an authorized capitalization as set forth in the Registration Statement, the Pricing Disclosure Package and the Prospectus under the heading “Capitalization”; all the outstanding shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable and are not subject to any pre-emptive or similar rights that have not been duly waived or satisfied; except as described in or expressly contemplated by the Registration Statement, the Pricing Disclosure Package and the Prospectus, there are no outstanding rights (including, without limitation, pre-emptive rights), warrants or options to acquire, or instruments convertible into or exchangeable for, any shares of capital stock or other equity interest in the Company or any of its subsidiaries, or any contract, commitment, agreement, understanding or arrangement of any kind relating to the issuance of any capital stock of the Company or any such subsidiary, any such convertible or exchangeable securities or any such rights, warrants or options; the capital stock of the Company conforms in all material respects to the description thereof contained in the section titled “Description of Capital Stock” in the Registration Statement, the Pricing Disclosure Package and the Prospectus; and all the outstanding shares of capital stock or other equity interests of each subsidiary owned, directly or indirectly, by the Company have been duly and validly authorized and issued, are fully paid and non-assessable (except, in the case of any foreign subsidiary, for directors’ qualifying shares) and are owned directly or indirectly by the Company, free and clear of any lien, charge, encumbrance, security interest, restriction on voting or transfer or any other claim of any third party.

(k) *Stock Options.* With respect to the stock options (the “Stock Options”) granted pursuant to the stock-based compensation plans of the Company and its subsidiaries (the “Company Stock Plans”), except as would not reasonably be expected to have a Material Adverse Effect, (i) each Stock Option intended to qualify as an “incentive stock option” under Section 422 of the Code so qualifies, (ii) each grant of a Stock Option was duly authorized no later than the date on which the grant of such Stock Option was by its terms to be effective (the “Grant Date”) by all necessary corporate action, including, as applicable, approval by the board of directors of the Company (or a duly constituted and authorized committee thereof) and any required stockholder approval by the necessary number of votes or written consents, and the award agreement governing such grant (if any) was duly executed and delivered by each party thereto, (iii) each such grant was made in accordance with the terms of the Company Stock Plans and all other applicable laws and regulatory rules or requirements, including the rules of the Nasdaq Global Select Market (the “Nasdaq Market”) and any other exchange on which Company securities are traded and (iv) each such grant was properly accounted for in accordance with GAAP in the financial statements (including the related notes) of the Company.

(l) *Due Authorization.* The Company has full corporate right, power and authority to execute and deliver this Agreement and to perform its obligations hereunder; and all corporate action required to be taken for the due and proper authorization, execution and delivery by it of this Agreement and the consummation by it of the transactions contemplated hereby has been duly and validly taken.

(m) *Underwriting Agreement.* This Agreement has been duly authorized, executed and delivered by the Company.

(n) *The Shares.* The Shares to be issued and sold by the Company hereunder have been duly authorized by the Company and, when issued and delivered and paid for as provided herein, will be duly and validly issued, will be fully paid and nonassessable and will conform in all material respects to the descriptions thereof in the section titled "Description of Capital Stock" in the Registration Statement, the Pricing Disclosure Package and the Prospectus; and the issuance of the Shares is not subject to any preemptive or similar rights that have not been duly waived.

(o) *Description of the Underwriting Agreement.* This Agreement conforms in all material respects to the description thereof contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

(p) *No Violation or Default.* Neither the Company nor any of its subsidiaries is (i) in violation of its charter or by-laws or similar organizational documents; (ii) in default, and no event has occurred that, with notice or lapse of time or both, would constitute such a default, in the due performance or observance of any term, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any property or asset of the Company or any of its subsidiaries is subject; or (iii) in violation of any applicable law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority having jurisdiction over the Company or any of its subsidiaries, except, in the case of clauses (ii) and (iii) above, and with respect to the Company's subsidiaries in the case of clause (i) above, for any such default or violation that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(q) *No Conflicts.* The execution, delivery and performance by the Company of this Agreement, the issuance and sale of the Shares and the consummation of the transactions contemplated by this Agreement or the Pricing Disclosure Package and the Prospectus will not (i) conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, result in the termination, modification or acceleration of, or result in the creation or imposition of any lien, charge or encumbrance upon any property, right or asset of the Company or any of its subsidiaries pursuant to, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any property, right or asset of the Company or any of its subsidiaries is subject, (ii) result in any violation of the provisions of the charter

or by-laws or similar organizational documents of the Company or any of its subsidiaries or (iii) result in the violation of any law or statute or any judgment, order, rule or regulation of any court or arbitrator or governmental or regulatory authority, having jurisdiction over the Company, except, in the case of clauses (i) and (iii) above, for any such conflict, breach, violation, default, lien, charge or encumbrance that would not, individually or in the aggregate, have a Material Adverse Effect.

(r) *No Consents Required.* No consent, approval, authorization, order, registration or qualification of or with any court or arbitrator or governmental or regulatory authority is required for the execution, delivery and performance by the Company of this Agreement, the issuance and sale of the Shares and the consummation of the transactions contemplated by this Agreement, except for the registration of the Shares under the Securities Act and such consents, approvals, authorizations, orders and registrations or qualifications as may be required by FINRA and under applicable state securities laws in connection with the purchase and distribution of the Shares by the Underwriters.

(s) *Legal Proceedings.* Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, there are no legal, governmental or regulatory investigations, actions, demands, claims, suits, arbitrations, inquiries or proceedings (“Actions”) pending to which the Company or any of its subsidiaries is a party or to which any property of the Company or any of its subsidiaries is the subject that, individually or in the aggregate, if determined adversely to the Company or any of its subsidiaries, would reasonably be expected to have a Material Adverse Effect; no such Actions are threatened or, to the knowledge of the Company, contemplated by any governmental or regulatory authority or threatened by others that would reasonably be expected to have a Material Adverse Effect; and (i) there are no current or pending Actions that are required under the Securities Act to be described in the Registration Statement, the Pricing Disclosure Package or the Prospectus that are not so described in the Registration Statement, the Pricing Disclosure Package and the Prospectus and (ii) there are no statutes, regulations or contracts or other documents that are required under the Securities Act to be filed as exhibits to the Registration Statement or described in the Registration Statement, the Pricing Disclosure Package or the Prospectus that are not so filed as exhibits to the Registration Statement or described in the Registration Statement, the Pricing Disclosure Package and the Prospectus.

(t) *Independent Accountants.* PricewaterhouseCoopers LLP, who have certified certain financial statements of the Company and its subsidiaries, is an independent registered public accounting firm with respect to the Company and its subsidiaries within the applicable rules and regulations adopted by the Commission and the Public Company Accounting Oversight Board (United States) and as required by the Securities Act.

(u) *Title to Real and Personal Property.* The Company and its subsidiaries have good and marketable title in fee simple (in the case of real property) to, or have valid rights to lease or otherwise use, all items of real and personal property that are

material to the respective businesses of the Company and its subsidiaries taken as a whole (other than with respect to Intellectual Property, title to which is addressed exclusively in subsection (v)), in each case free and clear of all liens, encumbrances, claims and defects and imperfections of title except those that (i) do not materially interfere with the use made and proposed to be made of such property by the Company and its subsidiaries or (ii) could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

(v) *Intellectual Property*. Except as would not reasonably be expected to have a Material Adverse Effect, (i) to the knowledge of the Company, the Company and its subsidiaries own or have the right to use all patents, patent applications, trademarks, service marks, trade names, trademark registrations, service mark registrations, domain names and other source indicators, copyrights and copyrightable works, know-how, trade secrets, systems, procedures, proprietary or confidential information and all other worldwide intellectual property, industrial property and proprietary rights (collectively, “Intellectual Property”) used in the conduct of their respective businesses; (ii) to the knowledge of the Company, the Company’s and its subsidiaries’ conduct of their respective businesses does not infringe, misappropriate or otherwise violate any Intellectual Property of any person; (iii) the Company and its subsidiaries have not received any notice of any claim relating to the infringement, misappropriation, or violation of any third party’s Intellectual Property; and (iv) to the knowledge of the Company, the Intellectual Property of the Company and its subsidiaries is not being infringed, misappropriated or otherwise violated by any person.

(w) *No Undisclosed Relationships*. No relationship, direct or indirect, exists between or among the Company or any of its subsidiaries, on the one hand, and the directors, officers, stockholders, customers, suppliers or other affiliates of the Company or any of its subsidiaries, on the other, that is required by the Securities Act to be described in each of the Registration Statement and the Prospectus and that is not so described in such documents and in the Pricing Disclosure Package.

(x) *Investment Company Act*. The Company is not and, after giving effect to the offering and sale of the Shares and the application of the proceeds thereof as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus, will not be required to register as an “investment company” or an entity “controlled” by an “investment company” within the meaning of the Investment Company Act of 1940, as amended, and the rules and regulations of the Commission thereunder (collectively, the “Investment Company Act”).

(y) *Taxes*. The Company and its subsidiaries have paid all U.S. federal, state, local and foreign taxes and filed all tax returns required to be paid or filed through the date hereof, except where the failure to pay or file would not reasonably be expected to have a Material Adverse Effect; and except as otherwise disclosed in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus or as would not reasonably be expected to have a Material Adverse Effect, there is no tax deficiency that has been, or would reasonably be expected to be, asserted against the Company or any of its subsidiaries or any of their respective properties or assets.

(z) *Licenses and Permits.* The Company and its subsidiaries possess all licenses, sub-licenses, certificates, permits and other authorizations issued by, and have made all declarations and filings with, the appropriate federal, state, local or foreign governmental or regulatory authorities that are necessary for the ownership or lease of their respective properties or the conduct of their respective businesses as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, except where the failure to possess or make the same would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and except as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus, or as would not reasonably be expected to have a Material Adverse Effect, neither the Company nor any of its subsidiaries has received notice of any revocation or modification of any such license, sub-license, certificate, permit or authorization or has any reason to believe that any such license, sub-license, certificate, permit or authorization will not be renewed in the ordinary course.

(aa) *No Labor Disputes.* No labor disturbance by employees of the Company or any of its subsidiaries or labor dispute between the Company or any of its subsidiaries and its or their employees exists or, to the knowledge of the Company, is contemplated or threatened, except as would not reasonably be expected to have a Material Adverse Effect.

(bb) *Certain Environmental Matters.* (i) The Company and its subsidiaries (x) are in compliance with all, and have not violated any, applicable federal, state, local and foreign laws (including common law), rules, regulations, requirements, decisions, judgments, decrees, orders and other legally enforceable requirements relating to pollution or the protection of human health or safety, the environment, natural resources, hazardous or toxic substances or wastes, pollutants or contaminants (collectively, "Environmental Laws"); (y) have received and are in compliance with all, and have not violated any, permits, licenses, certificates or other authorizations or approvals required of them under any Environmental Laws to conduct their respective businesses; and (z) have not received notice of any actual or potential liability or obligation under or relating to, or any actual or potential violation of, any Environmental Laws, including for the investigation or remediation of any disposal or release of hazardous or toxic substances or wastes, pollutants or contaminants, and have no knowledge of any event or condition that would reasonably be expected to result in any such notice, and (ii) there are no costs or liabilities associated with Environmental Laws of or relating to the Company or its subsidiaries, except in the case of each of (i) and (ii) above, for any such matter as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; and (iii) except as described in each of the Pricing Disclosure Package and the Prospectus, the Company has not received notice of any proceedings that are pending, or that is known to be contemplated, against the Company or any of its subsidiaries under any Environmental Laws in which a governmental entity is also a party, other than such proceeding regarding which it is reasonably believed no monetary sanctions of \$100,000 or more will be imposed, (y) the Company and its subsidiaries are not aware of any facts or issues regarding compliance with Environmental Laws, or liabilities or other obligations under Environmental Laws or concerning hazardous or toxic substances or

wastes, pollutants or contaminants, that could reasonably be expected to have a material effect on the capital expenditures, earnings or competitive position of the Company and its subsidiaries, and (z) none of the Company or its subsidiaries anticipates material capital expenditures relating to any Environmental Laws.

(cc) *Compliance with ERISA.* (i) Each employee benefit plan, within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), for which the Company or any member of its “Controlled Group” (defined as any entity, whether or not incorporated, that is under common control with the Company within the meaning of Section 4001(a)(14) of ERISA or any entity that would be regarded as a single employer with the Company under Section 414(b),(c),(m) or (o) of the Internal Revenue Code of 1986, as amended (the “Code”)) would have any liability (each, a “Plan”) has been maintained in compliance with its terms and the requirements of any applicable statutes, orders, rules and regulations, including but not limited to ERISA and the Code; (ii) no prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, has occurred with respect to any Plan, excluding transactions effected pursuant to a statutory or administrative exemption; (iii) for each Plan that is subject to the funding rules of Section 412 of the Code or Section 302 of ERISA, no Plan has failed (whether or not waived), and, as of the date hereof, the Company has no knowledge that any such event is reasonably expected to fail, to satisfy the minimum funding standards (within the meaning of Section 302 of ERISA or Section 412 of the Code) applicable to such Plan; (iv) no Plan is, or is reasonably expected to be, in “at risk status” (within the meaning of Section 303(i) of ERISA) and no Plan that is a “multiemployer plan” within the meaning of Section 4001(a)(3) of ERISA is in “endangered status” or “critical status” (within the meaning of Sections 304 and 305 of ERISA) (v) the fair market value of the assets of each Plan equals or exceeds the present value of all benefits accrued under such Plan (determined based on those assumptions used to fund such Plan); (vi) no “reportable event” (within the meaning of Section 4043(c) of ERISA and the regulations promulgated thereunder) has occurred and, as of the date hereof, the Company has no knowledge that any such event is reasonably expected to occur; (vii) each Plan that is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter (or opinion letter, if applicable) as to its qualified status under the Code and, to the knowledge of the Company, nothing has occurred, whether by action or by failure to act, which would impact such favorable determination letter (or opinion letter, if applicable); (viii) neither the Company nor any member of the Controlled Group has incurred, nor, as of the date hereof, does the Company reasonably expect any such party to incur, any liability under Title IV of ERISA (other than contributions to the Plan or premiums to the Pension Benefit Guarantee Corporation, in the ordinary course and without default) in respect of a Plan (including a “multiemployer plan” within the meaning of Section 4001(a)(3) of ERISA); and (ix) none of the following events has occurred and, as of the date hereof, the Company has no knowledge that any of the following events is reasonably likely to occur: (A) a material increase in the aggregate amount of contributions required to be made to all Plans by the Company or its Controlled Group affiliates in the current fiscal year of the Company and its Controlled Group affiliates compared to the amount of such contributions made in the Company’s and its Controlled Group affiliates’ most recently

completed fiscal year; or (B) a material increase in the Company and its subsidiaries' "accumulated post-retirement benefit obligations" (within the meaning of Accounting Standards Codification Topic 715-60) compared to the amount of such obligations in the Company and its subsidiaries' most recently completed fiscal year, except in each case with respect to the events or conditions set forth in (i) through (ix) hereof, as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(dd) *Disclosure Controls.* The Company and its subsidiaries maintain an effective system of "disclosure controls and procedures" (as defined in Rule 13a-15(e) of the Exchange Act) that has been designed to comply with the requirements of the Exchange Act applicable to the Company and that has been designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms, including controls and procedures designed to ensure that such information is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure.

(ee) *Accounting Controls.* The Company and its subsidiaries taken as a whole maintain systems of "internal control over financial reporting" (as defined in Rule 13a-15(f) of the Exchange Act) that have been designed to comply with the requirements of the Exchange Act applicable to the Company and have been designed by, or under the supervision of, their respective principal executive and principal financial officers, or persons performing similar functions, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The Company and its subsidiaries taken as a whole maintain internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as disclosed in the Registration Statement, the Pricing Disclosure Package and the Prospectus, the Company is not aware of any material weaknesses in the Company's internal controls over financial reporting (it being understood that this subsection shall not require the Company to comply with Section 404 of the Sarbanes-Oxley Act of 2002, as amended, and the rules and regulations promulgated in connection therewith (the "Sarbanes-Oxley Act") as of an earlier date than it would otherwise be required to so comply under applicable law).

(ff) *Insurance.* The Company and its subsidiaries have insurance covering their respective properties, operations, personnel and businesses, including business interruption insurance, which insurance is in amounts and insures against such losses and risks that the Company reasonably believes are adequate to protect the Company and its

subsidiaries and their respective businesses; and neither the Company nor any of its subsidiaries has (i) received notice from any insurer or agent of such insurer that capital improvements or other expenditures are required or necessary to be made in order to continue such insurance or (ii) any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage at reasonable cost from similar insurers as may be necessary to continue its business.

(gg) *Cybersecurity; Data Protection.* Except as would not reasonably be expected to have a Material Adverse Effect, (A) the Company and its subsidiaries' information technology assets and equipment, computers, systems, networks, hardware, software, websites, applications, and databases (collectively, "IT Systems") are designed to be adequate for, and designed to operate and perform, in all respects, as required in connection with, the operation of the business of the Company and its subsidiaries as currently conducted, and (B) to the knowledge of the Company, all IT Systems are free and clear of all bugs, errors, defects, Trojan horses, time bombs, malware and other corruptants. The Company and its subsidiaries have implemented and maintained commercially reasonable controls, policies, procedures, and safeguards designed to maintain and protect their material confidential information and the integrity, continuous operation, redundancy and security of all IT Systems and data (including all personal and personally identifiable data ("Personal Data")) used in connection with their businesses. Except as would not reasonably be expected to have a Material Adverse Effect, and to the knowledge of the Company, there have been no breaches, violations or unauthorized uses of or accesses to IT Systems and Personal Data, except for those that have been remedied without cost or liability or the mandatory legal duty to notify any other person, nor are any such incidents under internal review or investigation as of the date hereof. Except as would not reasonably be expected to have a Material Adverse Effect, the Company and its subsidiaries are presently in compliance with all applicable laws or statutes and all applicable judgments, orders, rules and regulations of any court or arbitrator or governmental or regulatory authority, internal policies and contractual obligations to which the Company and its subsidiaries are bound relating to the privacy and security of IT Systems and Personal Data and to the protection of such IT Systems and Personal Data from unauthorized use, access, misappropriation or modification. The Company and its subsidiaries have taken all commercially reasonable actions to comply with the European Union General Data Protection Regulation.

(hh) *No Unlawful Payments.* Neither the Company nor any of its subsidiaries nor any director, officer or employee of the Company or any of its subsidiaries nor, to the knowledge of the Company, any agent, affiliate or other person associated with or acting on behalf of the Company or any of its subsidiaries has (i) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) made or taken an act in furtherance of an offer, promise or authorization of any direct or indirect unlawful payment or benefit to any foreign or domestic government official or employee, including of any government-owned or controlled entity or of a public international organization, or any person acting in an official capacity for or on behalf of any of the foregoing, or any political party or party

official or candidate for political office; (iii) violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, as amended, or any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, or committed an offence under the Bribery Act 2010 of the United Kingdom or any other applicable anti-bribery or anti-corruption law; or (iv) made, offered, agreed, requested or taken an act in furtherance of any unlawful bribe or other unlawful benefit, including, without limitation, any improper rebate, payoff, influence payment, kickback or other unlawful or improper payment or benefit. The Company and its subsidiaries have instituted, maintained and enforced, and will continue to maintain and enforce policies and procedures designed to promote and ensure compliance with all applicable anti-bribery and anti-corruption laws. Neither the Company nor its subsidiaries will use, directly or indirectly, the proceeds of the offering in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any person in violation of any applicable anti-corruption laws.

(ii) *Compliance with Anti-Money Laundering Laws.* The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements, including those of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the applicable money laundering statutes of all jurisdictions where the Company or any of its subsidiaries conducts business, the rules and regulations thereunder and any applicable related or similar rules, regulations or guidelines issued, administered or enforced by any governmental agency (collectively, the “Anti-Money Laundering Laws”) and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

(jj) *No Conflicts with Sanctions Laws.* Neither the Company nor any of its subsidiaries, directors, officers, or employees, nor, to the knowledge of the Company, any agent, affiliate or other person associated with or acting on behalf of the Company or any of its subsidiaries is or is owned or controlled by one or more persons that are currently the subject or the target of any sanctions administered or enforced by the U.S. government, (including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury (“OFAC”) or the U.S. Department of State and including, without limitation, the designation as a “specially designated national” or “blocked person”), the United Nations Security Council (“UNSC”), the European Union, Her Majesty’s Treasury (“HMT”) or other relevant sanctions authority (collectively, “Sanctions”), nor is the Company or any of its subsidiaries located, organized or resident in a country or territory that is the subject or target of Sanctions, including, without limitation, Crimea, Cuba, Iran, North Korea and Syria (each, a “Sanctioned Country”); and the Company will not, directly or indirectly use the proceeds of the offering of the Shares hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity (i) to fund or facilitate any activities of or business with any person that, at the time of such funding or facilitation, is the subject or target of Sanctions, (ii) to fund or facilitate any activities of or business in

any Sanctioned Country or (iii) in any other manner that will result in a violation by any person (including any person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions. For the past five years, neither the Company nor any of its subsidiaries, directors, officers, or employees, nor, to the knowledge of the Company, any agent, affiliate or other person associated with or acting on behalf of the Company or any of its subsidiaries is or is owned or controlled by one or more persons knowingly engaged in any dealings or transactions with any person that at the time of the dealing or transaction is or was the subject or the target of Sanctions or with any Sanctioned Country.

(kk) *No Restrictions on Subsidiaries.* No subsidiary of the Company is currently prohibited, directly or indirectly, under any agreement or other instrument to which it is a party or is subject, from paying any dividends to the Company, from making any other distribution on such subsidiary's capital stock or similar ownership interest, from repaying to the Company any loans or advances to such subsidiary from the Company or from transferring any of such subsidiary's properties or assets to the Company or any other subsidiary of the Company.

(ll) *No Broker's Fees.* Neither the Company nor any of its subsidiaries is a party to any contract, agreement or understanding with any person (other than this Agreement) that would give rise to a valid claim against any of them or any Underwriter for a brokerage commission, finder's fee or like payment in connection with the offering and sale of the Shares.

(mm) *No Registration Rights.* Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus and except for such rights as have been duly waived, no person has the right to require the Company or any of its subsidiaries to register any securities for sale under the Securities Act by reason of the filing of the Registration Statement with the Commission or the issuance and sale of the Shares.

(nn) *No Stabilization.* Neither the Company nor any of its subsidiaries or, to the Company's knowledge, affiliates has taken, directly or indirectly, any action designed to or that could reasonably be expected to cause or result in any stabilization or manipulation of the price of the Shares.

(oo) *Margin Rules.* Neither the issuance, sale and delivery of the Shares nor the application of the proceeds thereof by the Company as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus will violate Regulation T, U or X of the Board of Governors of the Federal Reserve System or any other regulation of such Board of Governors.

(pp) *Forward-Looking Statements.* No forward-looking statement (within the meaning of Section 27A of the Securities Act) included or incorporated by reference in any of the Registration Statement, the Pricing Disclosure Package or the Prospectus has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

(qq) *Statistical and Market Data.* Nothing has come to the attention of the Company that has caused the Company to believe that the statistical and market-related data included in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus is not based on or derived from sources that are reliable and accurate in all material respects.

(rr) *Sarbanes-Oxley Act.* There is and has been no failure on the part of the Company or any of the Company's directors or officers, in their capacities as such, to comply with any applicable provision of the Sarbanes-Oxley Act of 2002, as amended and the rules and regulations promulgated in connection therewith (the "Sarbanes-Oxley Act"), including Section 402 related to loans.

(ss) *Status under the Securities Act.* At the time of filing the Registration Statement and any post-effective amendment thereto, at the earliest time thereafter that the Company or any offering participant made a *bona fide* offer (within the meaning of Rule 164(h)(2) under the Securities Act) of the Shares and at the date hereof, the Company was not and is not an "ineligible issuer," as defined in Rule 405 under the Securities Act.

(tt) *Compliance with Laws Regarding Unauthorized Practice of Law.* Except as described in the Registration Statement, the Pricing Disclosure Package and the Prospectus and except as would not reasonably be expected to have a Material Adverse Effect, the Company and each of its subsidiaries have complied, and are presently in compliance with all applicable laws, rules and regulations regarding corporate practice of law and the unauthorized practice of law.

4. Further Agreements of the Company. The Company covenants and agrees with each Underwriter that:

(a) *Required Filings.* The Company will file the final Prospectus with the Commission within the time periods specified by Rule 424(b) and Rule 430A, 430B or 430C under the Securities Act, will file any Issuer Free Writing Prospectus to the extent required by Rule 433 under the Securities Act; and the Company will furnish copies of the Prospectus and each Issuer Free Writing Prospectus (to the extent not previously delivered) to the Underwriters in New York City prior to 10:00 A.M., New York City time, on the business day next succeeding the date of this Agreement (or such later time as may be agreed by the Company and the Representatives) in such quantities as the Representatives may reasonably request.

(b) *Delivery of Copies.* The Company will deliver, if requested, without charge to each Underwriter (i) a conformed copy of the Registration Statement as originally filed and each amendment thereto (without exhibits) and (ii) during the Prospectus Delivery Period (as defined below), as many copies of the Prospectus (including all amendments and supplements thereto and each Issuer Free Writing Prospectus) as the Representatives may reasonably request. As used herein, the term "Prospectus Delivery Period" means such period of time after the first date of the public offering of the Shares as in the opinion of counsel for the Underwriters a prospectus relating to the Shares is required by law to be delivered (or required to be delivered but for Rule 172 under the Securities Act) in connection with sales of the Shares by any Underwriter or dealer.

(c) *Amendments or Supplements, Issuer Free Writing Prospectuses.* Before making, preparing, using, authorizing, approving, referring to or filing any Issuer Free Writing Prospectus, and before filing any amendment or supplement to the Registration Statement, the Pricing Disclosure Package or the Prospectus, the Company will furnish to the Representatives and counsel for the Underwriters a copy of the proposed Issuer Free Writing Prospectus, amendment or supplement for review and will not make, prepare, use, authorize, approve, refer to or file any such Issuer Free Writing Prospectus or file any such proposed amendment or supplement to which the Representatives reasonably object in a timely manner.

(d) *Notice to the Representatives.* The Company will advise the Representatives promptly, and confirm such advice in writing (which may be by electronic mail), (i) when the Registration Statement has become effective; (ii) when any amendment to the Registration Statement has been filed or becomes effective; (iii) when any supplement to the Pricing Disclosure Package, the Prospectus, any Issuer Free Writing Prospectus or any Written Testing-the-Waters Communication or any amendment to the Prospectus has been filed or distributed; (iv) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or the receipt of any comments from the Commission relating to the Registration Statement or any other request by the Commission for any additional information including, but not limited to, any request for information concerning any Testing-the-Waters Communication; (v) of the issuance by the Commission or any other governmental or regulatory authority of any order suspending the effectiveness of the Registration Statement or preventing or suspending the use of any Preliminary Prospectus, any of the Pricing Disclosure Package, the Prospectus or any Written Testing-the-Waters Communication or the initiation or, to the Company's knowledge, threatening of any proceeding for that purpose or pursuant to Section 8A of the Securities Act; (vi) of the occurrence of any event or development within the Prospectus Delivery Period as a result of which the Prospectus, any of the Pricing Disclosure Package, any Issuer Free Writing Prospectus or any Written Testing-the-Waters Communication as then amended or supplemented would include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing when the Prospectus, the Pricing Disclosure Package, any such Issuer Free Writing Prospectus or any Written Testing-the-Waters Communication is delivered to a purchaser, not misleading; and (vii) of the receipt by the Company of any notice with respect to any suspension of the qualification of the Shares for offer and sale in any jurisdiction or the initiation or, to the Company's knowledge, the threatening of any proceeding for such purpose; and the Company will use its reasonable best efforts to prevent the issuance of any such order suspending the effectiveness of the Registration Statement, preventing or suspending the use of any Preliminary Prospectus, any of the Pricing Disclosure Package or the Prospectus or any Written Testing-the-Waters Communication or suspending any such qualification of the Shares and, if any such order is issued, will use reasonable best efforts to obtain as soon as possible the withdrawal thereof.

(e) *Ongoing Compliance.* (1) If during the Prospectus Delivery Period (i) any event or development shall occur or condition shall exist as a result of which the Prospectus as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances existing when the Prospectus is delivered to a purchaser, not misleading or (ii) it is necessary to amend or supplement the Prospectus to comply with law, the Company will promptly notify the Underwriters thereof and forthwith prepare and, subject to paragraph (c) above, file with the Commission and furnish to the Underwriters and to such dealers as the Representatives may designate such amendments or supplements to the Prospectus as may be necessary so that the statements in the Prospectus as so amended or supplemented will not, in the light of the circumstances existing when the Prospectus is delivered to a purchaser, be misleading or so that the Prospectus will comply with law and (2) if at any time prior to the Closing Date (i) any event or development shall occur or condition shall exist as a result of which the Pricing Disclosure Package as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances existing when the Pricing Disclosure Package is delivered to a purchaser, not misleading or (ii) it is necessary to amend or supplement the Pricing Disclosure Package to comply with law, the Company will promptly notify the Underwriters thereof and forthwith prepare and, subject to paragraph (c) above, file with the Commission (to the extent required) and furnish to the Underwriters and to such dealers as the Representatives may designate such amendments or supplements to the Pricing Disclosure Package as may be necessary so that the statements in the Pricing Disclosure Package as so amended or supplemented will not, in the light of the circumstances existing when the Pricing Disclosure Package is delivered to a purchaser, be misleading or so that the Pricing Disclosure Package will comply with law.

(f) *Blue Sky Compliance.* The Company will use its reasonable best efforts, with the Underwriters' cooperation, if necessary, to qualify the Shares for offer and sale under the securities or Blue Sky laws of such jurisdictions as the Representatives shall reasonably request and will use its reasonable best efforts, with the Underwriters' cooperation, if necessary, to continue such qualifications in effect so long as required for distribution of the Shares; provided that the Company shall not be required to (i) qualify as a foreign corporation or other entity or as a dealer in securities in any such jurisdiction where it would not otherwise be required to so qualify, (ii) file any general consent to service of process in any such jurisdiction or (iii) subject itself to taxation in any such jurisdiction if it is not otherwise so subject.

(g) *Earnings Statement.* The Company will make generally available to its stockholders and the Representatives as soon as practicable an earnings statement that satisfies the provisions of Section 11(a) of the Securities Act and Rule 158 of the

Commission promulgated thereunder covering a period of at least twelve months beginning with the first fiscal quarter of the Company occurring after the “effective date” (as defined in Rule 158) of the Registration Statement, provided that the Company will be deemed to have furnished such statement to its stockholders and the Representatives to the extent it is filed on the Commission’s Electronic Data, Gathering, Analysis and Retrieval system (“EDGAR”).

(h) *Clear Market*. For a period of 180 days after the date of the Prospectus (the “Restricted Period”), the Company will not, nor will it publicly disclose the intention to, (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 Commission a registration statement under the Securities Act relating to, any shares of Stock or any securities convertible into or exercisable or exchangeable for Stock, or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Stock or any such other securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Stock or such other securities, in cash or otherwise, without the prior written consent of J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC, other than the Shares to be sold hereunder.

The restrictions described above do not apply to (i) the issuance of shares of Stock or securities convertible into or exercisable for shares of Stock pursuant to the conversion or exchange of convertible or exchangeable securities or the exercise of warrants or options (including net or cashless exercise) or the settlement of RSUs (including net or cashless settlement), in each case outstanding on the date of this Agreement and described in the Prospectus; (ii) grants of stock options, stock awards, restricted stock, RSUs, or other equity awards and the issuance of shares of Stock or securities convertible into or exercisable or exchangeable for shares of Stock (whether upon the exercise of stock options or otherwise) to the Company’s employees, officers, directors, advisors, or consultants pursuant to the terms of an equity compensation plan in effect as of the Closing Date and described in the Prospectus, provided that such recipients enter into a lock-up agreement with the Underwriters; (iii) the issuance by the Company of shares of Stock or securities convertible into, exchangeable for or that represent the right to receive shares of Stock in connection with (1) the acquisition by the Company or any of its subsidiaries of the securities, business, technology, property or other assets of another person or entity or pursuant to an employee benefit plan assumed by the Company in connection with such acquisition, and the issuance of any such securities pursuant to any such agreement, or (2) the Company’s joint ventures, commercial relationships and other strategic transactions, or (iv) the filing by the Company of any registration statements on Form S-8 or a successor form thereto relating to securities granted or to be granted pursuant to the Company Stock Plans or any assumed employee benefit contemplated by clause (iii); provided, that the aggregate number of shares of Stock that the Company may sell or issue or agree to sell or issue pursuant to clause (iii) shall not exceed 10% of the total number of shares of Stock outstanding immediately following the offering of the Shares contemplated by this Agreement plus the shares reserved for issuance under the Company Stock Plans and provided, further, that in the case of clause (iii) each recipient of such securities during the Restricted Period shall enter into a lock-up agreement with the Underwriters.

If J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC, in their sole discretion, agree to release or waive the restrictions set forth in this Section 4(h), J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC shall provide the Company with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, and the Company agrees to announce the impending release or waiver by a press release substantially in the form of Exhibit C hereto through a major news service at least two business days before the effective date of the release or waiver.

(i) *Use of Proceeds*. The Company will apply the net proceeds from the sale of the Shares as described in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus under the heading "Use of Proceeds".

(j) *No Stabilization*. Neither the Company nor its subsidiaries or affiliates will take, directly or indirectly, any action designed to or that could reasonably be expected to cause or result in any stabilization or manipulation of the price of the Stock.

(k) *Exchange Listing*. The Company will use its reasonable best efforts to list for quotation the Shares on the Nasdaq Market.

(l) *Reports*. For a period of two years from the date of this Agreement, so long as the Company is subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act, the Company will furnish to the Representatives, as soon as they are available, copies of all reports or other communications (financial or other) furnished to holders of the Shares, and copies of any reports and financial statements furnished to or filed with the Commission or any national securities exchange or automatic quotation system; provided the Company will be deemed to have furnished such reports and financial statements to the Representatives to the extent they are filed on EDGAR.

(m) *Record Retention*. The Company will, pursuant to reasonable procedures developed in good faith, retain copies of each Issuer Free Writing Prospectus that is not filed with the Commission in accordance with Rule 433 under the Securities Act.

(n) *Filings*. The Company will file with the Commission such reports as may be required by Rule 463 under the Securities Act.

(o) *Emerging Growth Company*. The Company will promptly notify the Representatives if the Company ceases to be an Emerging Growth Company at any time prior to the later of (i) completion of the distribution of Shares within the meaning of the Securities Act and (ii) completion of the Restricted Period.

5. Certain Agreements of the Underwriters. Each Underwriter hereby represents and agrees that:

(a) It has not and will not use, authorize use of, refer to or participate in the planning for use of, any “free writing prospectus”, as defined in Rule 405 under the Securities Act (which term includes use of any written information furnished to the Commission by the Company and not incorporated by reference into the Registration Statement and any press release issued by the Company) other than (i) a free writing prospectus that contains no “issuer information” (as defined in Rule 433(h)(2) under the Securities Act) that was not included (including through incorporation by reference) in the Preliminary Prospectus or a previously filed Issuer Free Writing Prospectus, (ii) any Issuer Free Writing Prospectus listed on Annex A or prepared pursuant to Section 3(c) or Section 4(c) above (including any electronic road show approved in advance by the Company), or (iii) any free writing prospectus prepared by such Underwriter and approved by the Company in advance in writing (each such free writing prospectus referred to in clauses (i) or (iii), an “Underwriter Free Writing Prospectus”).

(b) It has not and will not, without the prior written consent of the Company, use any free writing prospectus that contains the final terms of the Shares unless such terms have previously been included in a free writing prospectus filed with the Commission; *provided* that Underwriters may use a term sheet substantially in the form of Annex C hereto without the consent of the Company; *provided further* that any Underwriter using such term sheet shall notify the Company, and provide a copy of such term sheet to the Company, prior to, or substantially concurrently with, the first use of such term sheet.

(c) It is not subject to any pending proceeding under Section 8A of the Securities Act with respect to the offering (and will promptly notify the Company if any such proceeding against it is initiated during the Prospectus Delivery Period).

6. Conditions of Underwriters’ Obligations. The obligation of each Underwriter to purchase the Underwritten Shares on the Closing Date or the Option Shares on the Additional Closing Date, as the case may be, as provided herein is subject to the performance by the Company of its covenants and other obligations hereunder and to the following additional conditions:

(a) *Registration Compliance; No Stop Order.* No order suspending the effectiveness of the Registration Statement shall be in effect, and no proceeding for such purpose or pursuant to Section 8A under the Securities Act shall be pending before or, to the Company’s knowledge, threatened by the Commission; the Prospectus and each Issuer Free Writing Prospectus shall have been timely filed with the Commission under the Securities Act (in the case of an Issuer Free Writing Prospectus, to the extent required by Rule 433 under the Securities Act) and in accordance with Section 4(a) hereof; and all requests by the Commission for additional information shall have been complied with to the reasonable satisfaction of the Representatives.

(b) *Representations and Warranties.* The representations and warranties of the Company contained herein shall be true and correct on the date hereof and on and as of the Closing Date or the Additional Closing Date, as the case may be; and the statements of the Company and its officers made in any certificates delivered pursuant to this Agreement shall be true and correct on and as of the Closing Date or the Additional Closing Date, as the case may be.

(c) *No Downgrade*. Subsequent to the earlier of (A) the Applicable Time and (B) the execution and delivery of this Agreement, (i) no downgrading shall have occurred in the rating accorded any debt securities, convertible securities or preferred stock issued, or guaranteed by, the Company or any of its subsidiaries by any “nationally recognized statistical rating organization,” as such term is defined under Section 3(a)(62) under the Exchange Act and (ii) no such organization shall have publicly announced that it has under surveillance or review, or has changed its outlook with respect to, its rating of any such debt securities or preferred stock issued or guaranteed by the Company or any of its subsidiaries (other than an announcement with positive implications of a possible upgrading).

(d) *No Material Adverse Change*. No event or condition of a type described in Section 3(h) hereof shall have occurred or shall exist, which event or condition is not described in the Pricing Disclosure Package (excluding any amendment or supplement thereto) and the Prospectus (excluding any amendment or supplement thereto) and the effect of which in the judgment of the Representatives makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Shares on the Closing Date or the Additional Closing Date, as the case may be, on the terms and in the manner contemplated by this Agreement, the Pricing Disclosure Package and the Prospectus.

(e) *Officer’s Certificate*. The Representatives shall have received on and as of the Closing Date or the Additional Closing Date, as the case may be, a certificate of the chief financial officer or chief accounting officer of the Company and one additional senior executive officer of the Company who is satisfactory to the Representatives, on behalf of the Company and not in their individual capacities, (i) confirming that such officers have carefully reviewed the Registration Statement, the Pricing Disclosure Package and the Prospectus and, to the knowledge of such officers, the representations set forth in Sections 3(b) and 3(d) hereof are true and correct, (ii) confirming that the other representations and warranties of the Company in this Agreement are true and correct and that the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date or the Additional Closing Date, as the case may be, and (iii) to the effect set forth in paragraphs (a) and (c) above.

(f) *Comfort Letters*. On the date of this Agreement and on the Closing Date or the Additional Closing Date, as the case may be, PricewaterhouseCoopers LLP shall have furnished to the Representatives, at the request of the Company, letters, dated the respective dates of delivery thereof and addressed to the Underwriters, in form and substance reasonably satisfactory to the Representatives, containing statements and information of the type customarily included in accountants’ “comfort letters” to underwriters with respect to the financial statements and certain financial information contained in each of the Registration Statement, the Pricing Disclosure Package and the Prospectus; provided, that the letter delivered on the Closing Date or the Additional Closing Date, as the case may be, shall use a “cut-off” date no more than two business days prior to such Closing Date or such Additional Closing Date, as the case may be.

(g) *Opinion and 10b-5 Statement of Counsel for the Company.* Cooley LLP, counsel for the Company, shall have furnished to the Representatives, at the request of the Company, its written opinion and 10b-5 statement, dated the Closing Date or the Additional Closing Date, as the case may be, and addressed to the Underwriters, in form and substance reasonably satisfactory to the Representatives.

(h) *Opinion and 10b-5 Statement of Counsel for the Underwriters.* The Representatives shall have received on and as of the Closing Date or the Additional Closing Date, as the case may be, an written opinion and 10b-5 statement, addressed to the Underwriters, of Latham & Watkins LLP, counsel for the Underwriters, with respect to such matters as the Representatives may reasonably request, and such counsel shall have received such documents and information as they may reasonably request to enable them to pass upon such matters.

(i) *No Legal Impediment to Issuance and Sale.* No action shall have been taken and no statute, rule, regulation or order shall have been enacted, adopted or issued by any federal, state or foreign governmental or regulatory authority that would, as of the Closing Date or the Additional Closing Date, as the case may be, prevent the issuance or sale of the Shares; and no injunction or order of any federal, state or foreign court shall have been issued that would, as of the Closing Date or the Additional Closing Date, as the case may be, prevent the issuance or sale of the Shares.

(j) *Good Standing.* The Representatives shall have received on and as of the Closing Date or the Additional Closing Date, as the case may be, satisfactory evidence of the good standing (or its jurisdictional equivalent) of the Company and its significant subsidiaries in their respective jurisdictions of organization and their good standing in such other jurisdictions as the Representatives may reasonably request, in each case in writing or any standard form of telecommunication from the appropriate governmental authorities of such jurisdictions.

(k) *Exchange Listing.* The Shares to be delivered on the Closing Date or the Additional Closing Date, as the case may be, shall have been approved for listing on the Nasdaq Global Select Market, subject to official notice of issuance.

(l) *Lock-up Agreements.* The “lock-up” agreements, each substantially in the form of Exhibit D hereto, between you and certain stockholders, officers and directors of the Company relating to sales and certain other dispositions of shares of Stock or certain other securities, delivered to you on or before the date hereof, shall be in full force and effect on the Closing Date or the Additional Closing Date, as the case may be.

(m) *Certification Regarding Beneficial Owners.* The Company will deliver to each Underwriter (or its agent), on the date of execution of this Agreement, a properly

completed and executed Certification Regarding Beneficial Owners of Legal Entity Customers, together with copies of identifying documentation, and the Company undertakes to provide such additional supporting documentation as each Underwriter may reasonably request in connection with the verification of the foregoing certification.

(n) *Additional Documents.* On or prior to the Closing Date or the Additional Closing Date, as the case may be, the Company shall have furnished to the Representatives such further certificates and documents as the Representatives may reasonably request.

All opinions, letters, certificates and evidence mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only if they are in form and substance reasonably satisfactory to counsel for the Underwriters.

7. Indemnification and Contribution.

(a) *Indemnification of the Underwriters.* The Company agrees to indemnify and hold harmless each Underwriter, its affiliates, directors and officers and each person, if any, who controls such Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities (including, without limitation, reasonable and documented legal fees and other expenses incurred in connection with any suit, action or proceeding or any claim asserted, as such fees and expenses are incurred), joint or several, that arise out of, or are based upon, (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, not misleading, or (ii) any untrue statement or alleged untrue statement of a material fact contained in the Prospectus (or any amendment or supplement thereto), any Preliminary Prospectus, any Issuer Free Writing Prospectus, any “issuer information” filed or required to be filed pursuant to Rule 433(d) under the Securities Act, any Written Testing-the-Waters Communication, any road show as defined in Rule 433(h) under the Securities Act (a “road show”) or any Pricing Disclosure Package (including any Pricing Disclosure Package that has subsequently been amended), or caused by any omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, in each case except insofar as such losses, claims, damages or liabilities arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the information described as such in subsection (c) below.

(b) *Indemnification of the Company.* Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers who signed the Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act to the same extent as the indemnity set forth in paragraph (a) above, but only with respect to any losses, claims, damages

or liabilities that arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to such Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in the Registration Statement, the Prospectus (or any amendment or supplement thereto), any Preliminary Prospectus, any Issuer Free Writing Prospectus, any Written Testing-the-Waters Communication, any road show or any Pricing Disclosure Package (including any Pricing Disclosure Package that has subsequently been amended), it being understood and agreed upon that the only such information furnished by any Underwriter consists of the following information in the Prospectus furnished on behalf of each Underwriter: the concession and reallowance figures appearing in the third paragraph under the caption "Underwriting" and the information contained in the 21st and 22nd paragraph under the caption "Underwriting" relating to price stabilization, shorting and penalty bids.

(c) *Notice and Procedures.* If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any person in respect of which indemnification may be sought pursuant to the preceding paragraphs of this Section 7, such person (the "Indemnified Person") shall promptly notify the person against whom such indemnification may be sought (the "Indemnifying Person") in writing; provided that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have under the preceding paragraphs of this Section 7 except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and provided, further, that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have to an Indemnified Person otherwise than under the preceding paragraphs of this Section 7. If any such proceeding shall be brought or asserted against an Indemnified Person and it shall have notified the Indemnifying Person thereof, the Indemnifying Person shall retain counsel reasonably satisfactory to the Indemnified Person (who shall not, without the consent of the Indemnified Person, be counsel to the Indemnifying Person) to represent the Indemnified Person and any others entitled to indemnification pursuant to this Section 7 that the Indemnifying Person may designate in such proceeding and shall pay the reasonable and documented fees and expenses in such proceeding and shall pay the reasonable and documented fees and expenses of such counsel related to such proceeding, as incurred. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the contrary; (ii) the Indemnifying Person has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Person; (iii) the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or in addition to those available to the Indemnifying Person; or (iv) the named parties in any such proceeding (including any impleaded parties) include both the Indemnifying Person and the Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood and agreed that the Indemnifying Person shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the reasonable and documented fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such fees and expenses shall be paid or reimbursed as they are incurred. Any such separate firm for any Underwriter, its affiliates, directors and officers and any control

persons of such Underwriter shall be designated in writing by the Representatives and any such separate firm for the Company, its directors, its officers who signed the Registration Statement and any control persons of the Company shall be designated in writing by the Company. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent, the Indemnifying Person agrees to indemnify each Indemnified Person from and against any loss or liability by reason of such settlement. Notwithstanding the foregoing sentence, if at any time an Indemnified Person shall have requested that an Indemnifying Person reimburse the Indemnified Person for reasonable and documented fees and expenses of counsel as contemplated by this paragraph, the Indemnifying Person shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by the Indemnifying Person of such request and (ii) the Indemnifying Person shall not have reimbursed the Indemnified Person in accordance with such request prior to the date of such settlement. No Indemnifying Person shall, without the written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnification could have been sought hereunder by such Indemnified Person, unless such settlement (x) includes an unconditional release of such Indemnified Person, in form and substance reasonably satisfactory to such Indemnified Person, from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Person.

(d) *Contribution.* If the indemnification provided for in paragraphs (a) or (b) above is unavailable to an Indemnified Person or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Person under such paragraph, in lieu of indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the Underwriters, on the other, from the offering of the Shares or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) but also the relative fault of the Company, on the one hand, and the Underwriters, on the other, in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and the Underwriters, on the other, shall be deemed to be in the same respective proportions as the net proceeds (before deducting expenses) received by the Company from the sale of the Shares and the total underwriting discounts and commissions received by the Underwriters in connection therewith, in each case as set forth in the table on the cover of the Prospectus, bear to the aggregate offering price of the Shares. The relative fault of the Company, on the one hand, and the Underwriters, on the other, 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 Company or by the Underwriters, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(e) *Limitation on Liability.* The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to paragraph (d) above were determined by

pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph (d) above. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in paragraph (d) above shall be deemed to include, subject to the limitations set forth above, any reasonable and documented out-of-pocket legal or other expenses incurred by such Indemnified Person in connection with any such action or claim. Notwithstanding the provisions of paragraphs (d) and (e), in no event shall an Underwriter be required to contribute any amount in excess of the amount by which the total underwriting discounts and commissions received by such Underwriter with respect to the offering of the Shares exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute pursuant to paragraphs (d) and (e) are several in proportion to their respective purchase obligations hereunder and not joint.

(f) *Non-Exclusive Remedies.* The remedies provided for in this Section 7 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Person at law or in equity.

8. Effectiveness of Agreement. This Agreement shall become effective as of the date first written above.

9. Termination. This Agreement may be terminated in the absolute discretion of the Representatives, by notice to the Company, if after the execution and delivery of this Agreement and on or prior to the Closing Date or, in the case of the Option Shares, prior to the Additional Closing Date (i) trading generally shall have been suspended or materially limited on or by any of the New York Stock Exchange or The Nasdaq Stock Market; (ii) trading of any securities issued or guaranteed by the Company shall have been suspended on any exchange or in any over-the-counter market; (iii) a general moratorium on commercial banking activities shall have been declared by federal or New York State authorities; or (iv) there shall have occurred any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis, either within or outside the United States, that, in the judgment of the Representatives, is material and adverse and makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Shares on the Closing Date or the Additional Closing Date, as the case may be, on the terms and in the manner contemplated by this Agreement, the Pricing Disclosure Package and the Prospectus.

10. Defaulting Underwriter.

(a) If, on the Closing Date or the Additional Closing Date, as the case may be, any Underwriter defaults on its obligation to purchase the Shares that it has agreed to purchase hereunder on such date, the non-defaulting Underwriters may in their discretion arrange for the purchase of such Shares by other persons satisfactory to the Company on the terms contained in this Agreement. If, within 36 hours after any such default by any Underwriter, the

non-defaulting Underwriters do not arrange for the purchase of such Shares, then the Company shall be entitled to a further period of 36 hours within which to procure other persons satisfactory to the non-defaulting Underwriters to purchase such Shares on such terms. If other persons become obligated or agree to purchase the Shares of a defaulting Underwriter, either the non-defaulting Underwriters or the Company may postpone the Closing Date or the Additional Closing Date, as the case may be, for up to five full business days in order to effect any changes that in the opinion of counsel for the Company, or counsel for the Underwriters may be necessary in the Registration Statement and the Prospectus or in any other document or arrangement, and the Company agrees to promptly prepare any amendment or supplement to the Registration Statement and the Prospectus that effects any such changes. As used in this Agreement, the term "Underwriter" includes, for all purposes of this Agreement unless the context otherwise requires, any person not listed in Schedule 1 hereto that, pursuant to this Section 10, purchases Shares that a defaulting Underwriter agreed but failed to purchase.

(b) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the non-defaulting Underwriters and the Company as provided in paragraph (a) above, the aggregate number of Shares that remain unpurchased on the Closing Date or the Additional Closing Date, as the case may be, does not exceed one-eleventh of the aggregate number of Shares to be purchased on such date, then the Company shall have the right to require each non-defaulting Underwriter to purchase the number of Shares that such Underwriter agreed to purchase hereunder on such date plus such Underwriter's pro rata share (based on the number of Shares that such Underwriter agreed to purchase on such date) of the Shares of such defaulting Underwriter or Underwriters for which such arrangements have not been made.

(c) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the non-defaulting Underwriters and the Company as provided in paragraph (a) above, the aggregate number of Shares that remain unpurchased on the Closing Date or the Additional Closing Date, as the case may be, exceeds one-eleventh of the aggregate amount of Shares to be purchased on such date, or if the Company shall not exercise the right described in paragraph (b) above, then this Agreement or, with respect to any Additional Closing Date, the obligation of the Underwriters to purchase Shares on the Additional Closing Date, as the case may be, shall terminate without liability on the part of the non-defaulting Underwriters. Any termination of this Agreement pursuant to this Section 10 shall be without liability on the part of the Company, except that the Company will continue to be liable for the payment of expenses as set forth in Section 11 hereof and except that the provisions of Section 7 hereof shall not terminate and shall remain in effect.

(d) Nothing contained herein shall relieve a defaulting Underwriter of any liability it may have to the Company or any non-defaulting Underwriter for damages caused by its default.

11. Payment of Expenses.

(a) Whether or not the transactions contemplated by this Agreement are consummated or this Agreement is terminated, the Company will pay or cause to be paid all costs and expenses incident to the performance of its obligations hereunder, including without

limitation, (i) the costs incident to the authorization, issuance, sale, preparation and delivery of the Shares and any stock transfer taxes payable in that connection; (ii) the costs incident to the preparation, printing and filing under the Securities Act of the Registration Statement, the Preliminary Prospectus, any Issuer Free Writing Prospectus, any Pricing Disclosure Package and the Prospectus (including all exhibits, amendments and supplements thereto) and the distribution thereof; (iii) the fees and expenses of the Company's counsel and independent accountants; (iv) the reasonable fees and expenses incurred in connection with the registration or qualification and determination of eligibility for investment of the Shares under the laws of such jurisdictions as the Representatives may designate and the preparation, printing and distribution of a Blue Sky Memorandum (including the related fees and expenses of counsel for the Underwriters); (v) the cost of preparing stock certificates; (vi) the costs and charges of any transfer agent and any registrar; (vii) all expenses and application fees incurred in connection with any filing with, and clearance of the offering by, FINRA, provided, however, that the amounts payable by the Company for the fees and disbursements of counsel to the Underwriters pursuant to subsections (iv) and (vii) shall not exceed \$40,000 in the aggregate; (viii) all expenses incurred by the Company in connection with any "road show" presentation to potential investors (provided, however that the Company shall only pay 50% of the cost of any aircraft or other transportation chartered in connection therewith (the remaining 50% of the cost of such aircraft or other transportation paid by the Underwriters); and (ix) all expenses and application fees related to the listing of the Shares on the Nasdaq Market. Except to the extent otherwise provided in this Section 11 or Section 7, the Underwriters will pay all of their costs and expenses, including fees and expenses of their counsel, stock transfer taxes payable on resale of any of the Shares held by them, and any advertising expenses connected with any offers they may make and lodging expenses incurred by them in connection with any "road show," as applicable.

(b) If (i) this Agreement is terminated pursuant to clause (ii) of Section 9, (ii) the Company for any reason fails to tender the Shares for delivery to the Underwriters (other than by reason of a default by an Underwriter) or (iii) the Underwriters decline to purchase the Shares for any reason permitted under this Agreement (other than following termination pursuant to clauses (i), (iii) or (iv) of Section 9), the Company agrees to reimburse the Underwriters for all out-of-pocket costs and expenses (including the fees and expenses of their counsel) reasonably incurred by the Underwriters in connection with this Agreement and the offering contemplated hereby.

12. Persons Entitled to Benefit of Agreement. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and the officers and directors and any controlling persons referred to herein, and the affiliates of each Underwriter referred to in Section 7 hereof. Nothing in this Agreement is intended or shall be construed to give any other person any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein. No purchaser of Shares from any Underwriter shall be deemed to be a successor merely by reason of such purchase.

13. Survival. The respective indemnities, rights of contribution, representations, warranties and agreements of the Company and the Underwriters contained in this Agreement or made by or on behalf of the Company or the Underwriters pursuant to this Agreement or any certificate delivered pursuant hereto shall survive the delivery of and payment for the Shares and shall remain in full force and effect, regardless of any termination of this Agreement or any investigation made by or on behalf of the Company or the Underwriters or the directors, officers, controlling persons or affiliates referred to in Section 7 hereof.

14. Certain Defined Terms. For purposes of this Agreement, (a) except where otherwise expressly provided, the term “affiliate” has the meaning set forth in Rule 405 under the Securities Act; (b) the term “business day” means any day other than a day on which banks are permitted or required to be closed in New York City; and (c) the term “subsidiary” has the meaning set forth in Rule 405 under the Securities Act; and (d) the term “significant subsidiary” has the meaning set forth in Rule 1-02 of Regulation S-X under the Exchange Act.

15. Compliance with USA Patriot Act. In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Underwriters are required to obtain, verify and record information that identifies their respective clients, including the Company, which information may include the name and address of their respective clients, as well as other information that will allow the Underwriters to properly identify their respective clients.

16. Miscellaneous.

(a) *Notices*. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted and confirmed by any standard form of telecommunication. Notices to the Underwriters shall be given to the Representatives c/o J.P. Morgan Securities LLC, 383 Madison Avenue, New York, New York 10179 (fax: (212) 622-8358); Attention: Equity Syndicate Desk and Morgan Stanley & Co. LLC, 1585 Broadway, New York, New York 10036 Attention: Equity Syndicate Desk, with a copy to the Legal Department. Notices to the Company shall be given to it at LegalZoom.com, Inc., 101 North Brand Boulevard, 11th Floor, Glendale, California 91203; Attention: General Counsel (e-mail: nmiller@legalzoom.com).

(b) *Governing Law*. This Agreement and any claim, controversy or dispute arising under or related to this Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(c) *Submission to Jurisdiction*. The Company hereby submits to the exclusive jurisdiction of the U.S. federal and New York state courts in the Borough of Manhattan in the City of New York in any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. The Company waives any objection which it may now or hereafter have to the laying of venue of any such suit or proceeding in such courts. The Company agrees that final judgment in any such suit, action or proceeding brought in such court shall be conclusive and binding upon the Company and may be enforced in any court to the jurisdiction of which Company is subject by a suit upon such judgment.

(d) *Counterparts*. This Agreement may be signed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Counterparts may be delivered via facsimile, electronic mail (including .pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective as delivery of a manually executed counterpart of this Agreement.

(e) *Recognition of the U.S. Special Resolution Regimes.*

(i) In the event that any Underwriter that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer from such Underwriter of this Agreement, and any interest and obligation in or under this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any such interest and obligation, were governed by the laws of the United States or a state of the United States.

(ii) In the event that any Underwriter that is a Covered Entity or a BHC Act Affiliate of such Underwriter becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under this Agreement that may be exercised against such Underwriter are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

As used in this Section 16(e):

“BHC Act Affiliate” has the meaning assigned to the term “affiliate” in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

“Covered Entity” means any of the following:

- (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or
- (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“U.S. Special Resolution Regime” means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

(f) *Amendments or Waivers.* No amendment or waiver of any provision of this Agreement, nor any consent or approval to any departure therefrom, shall in any event be effective unless the same shall be in writing and signed by the parties hereto.

(g) *Headings*. The headings herein are included for convenience of reference only and are not intended to be part of, or to affect the meaning or interpretation of, this Agreement.

[signature page follows]

If the foregoing is in accordance with your understanding, please indicate your acceptance of this Agreement by signing in the space provided below.

Very truly yours,

LEGALZOOM.COM, INC.

By: _____
Name: _____
Title: _____

Accepted: As of the date first written above

J.P. MORGAN SECURITIES LLC

For itself and on behalf of the
several Underwriters listed
in Schedule 1 hereto.

By: _____
Authorized Signatory

MORGAN STANLEY & CO. LLC

For itself and on behalf of the
several Underwriters listed
in Schedule 1 hereto.

By: Morgan Stanley & Co. LLC

By: _____
Name: _____
Title: _____

<u>Underwriter</u>	<u>Number of Shares</u>
J.P. Morgan Securities LLC	
Morgan Stanley & Co. LLC	
Barclays Capital Inc.	
BofA Securities, Inc.	
Citigroup Global Markets Inc.	
Credit Suisse Securities (USA) LLC	
Jefferies LLC	
JMP Securities LLC	
Raymond James & Associates, Inc.	
William Blair & Company, L.L.C.	
AmeriVet Securities, Inc.	
Penserra Securities LLC	
Siebert Williams Shank & Co., LLC	
Telsey Advisory Group LLC	
	Total

a. **Pricing Disclosure Package**

[List each Issuer Free Writing Prospectus to be included in the Pricing Disclosure Package]

b. **Pricing Information Provided Orally by Underwriters**

Initial public offering price per share: \$ []

Number of Underwritten Shares: []

Number of Option Shares: []

[Add any other pricing disclosure.]

Written Testing-the-Waters Communications

[•]

LegalZoom.com, Inc.

Pricing Term Sheet

[TO COME]

EGC – Testing the waters authorization (to be delivered by the issuer to J.P. Morgan in email or letter form)

In reliance on Section 5(d) of the Securities Act of 1933, as amended (the “Act”), LegalZoom.com, Inc. (the “Issuer”) hereby authorizes J.P. Morgan Securities LLC (“J.P. Morgan”) and Morgan Stanley & Co. LLC (“Morgan Stanley”) and their respective affiliates and their respective employees, to engage on behalf of the Issuer in oral and written communications with potential investors that are “qualified institutional buyers”, as defined in Rule 144A under the Act, or institutions that are “accredited investors”, as defined in Regulation D under the Act, to determine whether such investors might have an interest in the Issuer’s contemplated initial public offering (“Testing-the-Waters Communications”). A “Written Testing-the Waters Communication” means any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Act.

The Issuer represents that it is an “emerging growth company” as defined in Section 2(a)(19) of the Act (“Emerging Growth Company”) and agrees to promptly notify J.P. Morgan and Morgan Stanley in writing if the Issuer hereafter ceases to be an Emerging Growth Company while this authorization is in effect. If at any time following the distribution of any Written Testing-the-Waters Communication there occurs an event or development as a result of which such Written Testing-the-Waters Communication included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Issuer will promptly notify J.P. Morgan and Morgan Stanley and will promptly amend or supplement, at its own expense, such Written Testing-the-Waters Communication to eliminate or correct such untrue statement or omission.

Nothing in this authorization is intended to limit or otherwise affect the ability of J.P. Morgan, Morgan Stanley and their affiliates and their respective employees, to engage in communications in which they could otherwise lawfully engage in the absence of this authorization, including, without limitation, any written communication containing only one or more of the statements specified under Rule 134(a) under the Act. This authorization shall remain in effect until the Issuer has provided to J.P. Morgan and Morgan Stanley a written notice revoking this authorization. All notices as described herein shall be sent by email to the attention of [●] at [●], with copies to [●].

[Form of Waiver of Lock-up]**J.P. MORGAN SECURITIES LLC
MORGAN STANLEY & CO. LLC**

Public Offering of Common Stock

, 2021

[Name and Address of
Officer or Director
Requesting Waiver]

Dear Mr./Ms. [Name]:

This letter is being delivered to you in connection with the offering by LegalZoom.com, Inc. (the "Company") of _____ shares of common stock, \$____ par value (the "Common Stock"), of the Company and the lock-up letter dated _____, 2021 (the "Lock-up Letter"), executed by you in connection with such offering, and your request for a [waiver] [release] dated _____, 2021, with respect to _____ shares of Common Stock (the "Shares").

J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC hereby agree to [waive] [release] the transfer restrictions set forth in the Lock-up Letter, but only with respect to the Shares, effective _____, 2021¹; provided, however, that such [waiver] [release] is conditioned on the Company announcing the impending [waiver] [release] by press release through a major news service at least two business days before effectiveness of such [waiver] [release]. This letter will serve as notice to the Company of the impending [waiver] [release].

Except as expressly [waived] [released] hereby, the Lock-up Letter shall remain in full force and effect.

Yours very truly,

[Signature of Representatives]**[Name of Representatives]**

¹ NTD: Not less than three business days after the date of the release letter.

[Form of Press Release]**LegalZoom.com, Inc.****[Date]**

LegalZoom.com, Inc. (the "Company") announced today that J.P. Morgan Securities LLC and Morgan Stanley & Co. LLC, the lead book-running managers in the Company's recent public sale of [] shares of common stock, is [waiving] [releasing] a lock-up restriction with respect to [] shares of the Company's common stock held by [certain officers or directors] [an officer or director] of the Company. The [waiver] [release] will take effect on _____, 2021, and the shares may be sold on or after such date.

This press release is not an offer for sale of the securities in the United States or in any other jurisdiction where such offer is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended.

FORM OF LOCK-UP AGREEMENT

[To be circulated separately.]

**AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
LEGALZOOM.COM, INC.**

LegalZoom.com, Inc., a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the “**DGCL**”), does hereby certify that:

ONE: The name of this corporation is LegalZoom.com, Inc. The date of filing of the original certificate of incorporation of this corporation with the Secretary of State of the State of Delaware was January 31, 2007.

TWO: This Amended and Restated Certificate of Incorporation, which restates and integrates and also further amends the provisions of the corporation’s certificate of incorporation, was duly adopted in accordance with the provisions of Sections 242 and 245 of the DGCL. Stockholder approval of the adoption of this Amended and Restated Certificate of Incorporation of the Corporation was effected by written consent in accordance with Section 228 of the DGCL.

THREE: Pursuant to Sections 242 and 245 of the DGCL, the certificate of incorporation of this corporation, as heretofore amended, is hereby amended, integrated and restated to read in its entirety as follows:

I.

The name of this corporation is LegalZoom.com, Inc. (the “**Corporation**”).

II.

The address of the registered office of the Corporation in the State of Delaware is 300 Delaware Avenue, Suite 210 A, City of Wilmington, County of New Castle, Delaware, 19801, and the name of the registered agent of the Corporation in the State of Delaware at such address is United States Corporation Agents, Inc.

III.

The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware (the “**DGCL**”).

IV.

A. The Corporation is authorized to issue two classes of stock to be designated, respectively, “Common Stock” and “Preferred Stock.” The total number of shares that the Corporation is authorized to issue is 1,100,000,000 shares, consisting of 1,000,000,000 shares of Common Stock, par value \$0.001 per share (“**Common Stock**”), and 100,000,000 shares of Preferred Stock, par value \$0.001 per share (“**Preferred Stock**”).

B. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors of the Corporation (the “**Board of Directors**”) is hereby expressly authorized to provide for the issue of all or any of the shares of the Preferred Stock, in one or more series, and to fix the number of shares for each such series and to determine or alter for each such series, such voting powers, full or limited, or no voting powers, and such designation, preferences, and relative, participating, optional, or other rights and such qualifications, limitations, or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors and filed in accordance with the DGCL.

C. The number of authorized shares of Common Stock or Preferred Stock, or any series thereof, may be increased or decreased (but not below the number of shares thereof then outstanding plus, if applicable, the number of shares of such class or series reserved for issuance) by the affirmative vote of the holders of a majority of the voting power of all of the outstanding shares of stock of the Corporation entitled to vote thereon, without a separate vote of the holders of the Common Stock or Preferred Stock, or of any series thereof, unless a vote of any such holders is required pursuant to the terms of any certificate of designation filed with respect to any series of Preferred Stock.

D. Each outstanding share of Common Stock shall entitle the holder thereof to one vote on each matter properly submitted to the stockholders of the Corporation for their vote; *provided, however*, that, except as otherwise required by applicable law, holders of Common Stock shall not be entitled to vote on any amendment to this Amended and Restated Certificate of Incorporation (as amended from time to time, the “**Certificate of Incorporation**”) (including any certificate of designation filed with respect to any series of Preferred Stock) 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 as a class with the holders of one or more other such series, to vote thereon pursuant to law or the Certificate of Incorporation (including any certificate of designation filed with respect to any series of Preferred Stock).

V.

For the management of the business and for the conduct of the affairs of the Corporation, and in further definition, limitation and regulation of the powers of the Corporation, of its directors and stockholders, or any class thereof, as the case may be, it is further provided that:

A. Management of the Business. The management of the business and the conduct of the affairs of the Corporation shall be vested in its Board of Directors. Subject to any rights of the holders of shares of any series of Preferred Stock then outstanding to elect additional directors under specified circumstances, the number of directors which shall constitute the Board of Directors shall be fixed exclusively by resolutions adopted by a majority of the authorized number of directors constituting the Board of Directors.

B. Board of Directors.

1. Subject to the rights of the holders of any series of Preferred Stock to elect additional directors under specified circumstances, following the closing of the initial public offering of Common Stock to the public (the “**Initial Public Offering**”) pursuant to an effective registration statement under the Securities Act of 1933, as amended (the “**1933 Act**”), the directors shall be divided into three classes designated as Class I, Class II and Class III, respectively. Each class shall consist, as nearly as possible, of a number of directors equal to one-third of the number of members of the Board of Directors authorized as provided in Section A of this Article V. The Board of Directors is authorized to assign members of the Board of Directors already in office to such classes at the time the classification becomes effective. At the first annual meeting of stockholders following the closing of the Initial Public Offering, the initial term of office of the Class I directors shall expire and Class I directors shall be elected for a full term of three years. At the second annual meeting of stockholders following the closing of the Initial Public Offering, the initial term of office of the Class II directors shall expire and Class II directors shall be elected for a full term of three years. At the third annual meeting of stockholders following the closing of the Initial Public Offering, the initial term of office of the Class III directors shall expire and Class III directors shall be elected for a full term of three years. At each succeeding annual meeting of stockholders, directors shall be elected for a full term of three years to succeed the directors of the class whose terms expire at such annual meeting.

2. Notwithstanding the foregoing provisions of this section, each director shall serve until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal. No decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

C. Removal of Directors. Subject to the rights of any series of Preferred Stock to remove directors elected by such series of Preferred Stock, following the closing of the Initial Public Offering, any or all of the directors of the Corporation may be removed from office at any time, but only for cause so long as the Board of Directors is classified and only by the affirmative vote of the holders of at least 66 2/3% of the voting power of all the then-outstanding shares of the capital stock of the Corporation entitled to vote generally at an election of directors considered for purposes of this Section C of Article V as one class. For purposes of this Section C of Article V, "cause" shall mean, with respect to any director, (x) the willful failure by such director to perform, or the gross negligence of such director in performing, the duties of a director, (y) the engaging by such director in willful or serious misconduct that is injurious to the Corporation or (z) the conviction of such director of, or the entering by such director of a plea of nolo contendere to, a crime that constitutes a felony.

D. Vacancies. Subject to any limitations imposed by applicable law and subject to the rights of the holders of any series of Preferred Stock to elect additional directors or fill vacancies in respect of such directors, any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other causes and any newly created directorships resulting from any increase in the number of directors, shall, unless the Board of Directors determines by resolution that any such vacancies or newly created directorships shall be filled by the stockholders, be filled only by the affirmative vote of a majority of the directors then in office, even though less than a quorum of the Board of Directors or by the sole remaining director, and not by the stockholders. Any director elected in accordance with the preceding sentence shall hold office for the remainder of the full term of the director for which the vacancy was created or occurred and until such director's successor shall have been elected and qualified or such director's earlier death, resignation or removal.

E. Bylaw Amendments. The Board of Directors is expressly authorized and empowered to adopt, amend or repeal any provisions of the Bylaws of the Corporation (as amended from time to time, the "**Bylaws**"). Any adoption, amendment or repeal of the Bylaws by the Board of Directors shall require the approval of a majority of the authorized number of directors. The stockholders shall also have power to adopt, amend or repeal the Bylaws; *provided, however*, that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by the Certificate of Incorporation, such action by stockholders shall require the affirmative vote of the holders of at least 66 2/3% of the voting power of all of the then-outstanding shares of the capital stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class.

F. STOCKHOLDER ACTIONS.

1. The directors of the Corporation need not be elected by written ballot unless the Bylaws so provide.

2. No action shall be taken by the stockholders of the Corporation except at an annual or special meeting of stockholders called in accordance with the Bylaws and no action shall be taken by the stockholders by written consent.

3. Advance notice of stockholder nominations for the election of directors and of business to be brought by stockholders before any meeting of the stockholders of the Corporation shall be given in the manner provided in the Bylaws.

VI.

A. The liability of the directors for monetary damages shall be eliminated to the fullest extent permitted under applicable law. In furtherance thereof, 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, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as the same exists or may hereafter be amended. Any repeal or modification of the foregoing two sentences shall not adversely affect any right or protection of a director of the Corporation existing hereunder with respect to any act or omission occurring prior to such repeal or modification. If applicable law is amended after approval by the stockholders of this Article VI to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director to the Corporation shall be eliminated or limited to the fullest extent permitted by applicable law as so amended.

B. To the fullest extent permitted by applicable law, the Corporation is authorized to provide indemnification of (and advancement of expenses to) directors, officers, employees and agents of the Corporation (and any other persons to which applicable 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.

C. Any repeal or modification of this Article VI shall only be prospective and shall not adversely affect the rights or protections or increase the liability of any person under this Article VI as in effect at the time of the alleged occurrence of any act or omission to act giving rise to liability or indemnification.

VII.

A. To the fullest extent permitted by law and in accordance with Section 122(17) of the DGCL, (1) none of Permira (as defined below), FP (as defined below), GPI (as defined below), TCV (as defined below) or Bryant Stibel (as defined below) (each of Permira, FP, GPI, TCV and Bryant Stibel, an "Exempt Person") will have any duty to refrain from (x) engaging in a corporate opportunity in the same or similar business activities or lines of business in which the Corporation or its subsidiaries from time to time is engaged or proposes to engage or (y) otherwise competing, directly or indirectly, with the Corporation or any of its subsidiaries; and (2) if any Exempt Person acquires knowledge of a potential transaction or other business opportunity which may be a corporate opportunity both for such Exempt Person or any of its, his or her respective affiliates, on the one hand, and for the Corporation or its subsidiaries, on the other hand, such Exempt Person shall have no duty to communicate or offer such transaction or business opportunity to the Corporation or its subsidiaries and such Exempt Person may take any and all such transactions or opportunities for itself or offer such transactions or opportunities to any other Person. The Corporation and its subsidiaries renounce any interest or expectancy in, or in being offered any opportunity to participate in, corporate opportunities or transactions that are from time to time presented to the Exempt Persons. Notwithstanding anything to the contrary in this Article VII, the Corporation does not renounce any interest or expectancy it may have in any corporate opportunity or transaction that is expressly offered to any Exempt Person solely in his or her capacity as a director or officer of the Corporation, and not in any other capacity. For purposes of this Article VII, (i) the term "Permira" shall mean collectively LucasZoom, LLC, a Delaware limited liability company and Permira Advisers LLC, a New York limited liability company, (ii) the term "FP" shall mean, collectively, FPLZ I,

L.P. and FPLZ II, L.P., (iii) the term “GPI” shall mean GPI Capital Gemini Holdco, LP, (iv) the term “TCV” shall mean, collectively, TCV IX, L.P., TCV IX (A), L.P., TCV IX (B), L.P., TCV Member Fund, L.P. and TCV IX (A) Opportunities, L.P. and (v) the term “Bryant Stibel” shall mean Bryant Stibel Growth, LLC and Bryant-Stibel Fund, I LLC, in each case together with their respective affiliates, and its and their affiliates’ directors, partners, principals, officers, members, managers and/or employees.

B. To the fullest extent permitted by law, no potential transaction or business opportunity may be deemed to be a corporate opportunity of the Corporation or its subsidiaries unless (1) the Corporation or its subsidiaries would be contractually permitted to undertake such transaction or opportunity and such transaction or opportunity would be permitted in accordance with this Certificate of Incorporation, (2) the Corporation or its subsidiaries at such time have sufficient financial resources to undertake such transaction or opportunity, (3) the Corporation or its subsidiaries have an interest or expectancy in such transaction or opportunity, (4) such transaction or opportunity would be in the same or similar line of business in which the Corporation or its subsidiaries are then engaged or a line of business that is reasonably related to, or a reasonable extension of, such line of business and (5) such transaction or opportunity would be of practical advantage to the Corporation or its subsidiaries.

C. To the fullest extent permitted by law, no stockholder and no director will be liable to the Corporation or its subsidiaries or stockholders for breach of any duty solely by reason of any activities or omissions of the types referred to in this Article VII, except to the extent such actions or omissions are in breach of this Article VII.

D. Any amendment, repeal or modification of this Article VII, or the adoption of any provision of the Certificate of Incorporation inconsistent with this Article VII, shall not adversely affect any right or protection of any officer, director or stockholder of the Corporation with respect to any act or omission occurring prior to such amendment, repeal, modification or adoption.

E. Any person or entity purchasing or otherwise acquiring or holding any interest in any shares of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article VII.

VIII.

A. Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) and any appellate court therefrom shall be the sole and exclusive forum for the following claims or causes of action under Delaware statutory or common law: (1) any derivative claim or cause of action brought on behalf of the Corporation; (2) any claim or cause of action for breach of a fiduciary duty owed by any current or former director, officer or other employee of the Corporation, to the Corporation or the Corporation’s stockholders; (3) any claim or cause of action against the Corporation or any current or former director, officer or other employee of the Corporation, arising out of or pursuant to any provision of the DGCL, the Certificate of Incorporation or the Bylaws; (4) any claim or cause of action seeking to interpret, apply, enforce or determine the validity of the Certificate of Incorporation or the Bylaws (including any right, obligation, or remedy thereunder); (5) any claim or cause of action as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware; and (6) any claim or cause of action against the Corporation or any current or former director, officer or other employee of the Corporation, governed by the internal-affairs doctrine or otherwise related to the Corporation’s internal affairs, in all cases to the fullest extent permitted by law and subject to the court

having personal jurisdiction over the indispensable parties named as defendants. This Section A of Article VIII shall not apply to claims or causes of action brought to enforce a duty or liability created by the Securities Act of 1933, as amended (the "**1933 Act**"), or the Securities Exchange Act of 1934, as amended, or any other claim for which the federal courts have exclusive jurisdiction.

B. Unless the Corporation consents in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the 1933 Act, including all causes of action asserted against any defendant named in such complaint. For the avoidance of doubt, this provision is intended to benefit and may be enforced by the Corporation, its officers and directors, the underwriters for 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.

IX.

A. Any person or entity holding, owning, or otherwise acquiring any interest in any security of the Corporation shall be deemed to have notice of and consented to the provisions of the Certificate of Incorporation.

B. The Corporation reserves the right to amend, alter, change or repeal, at any time and from time to time, any provision contained in the Certificate of Incorporation, in the manner now or hereafter prescribed by statute, except as provided in paragraph C. of this Article IX, and all rights, preferences and privileges of whatsoever nature conferred upon the stockholders, directors or any other persons whomsoever by and pursuant to the Certificate of Incorporation are granted subject to this reservation.

C. Notwithstanding any other provisions of the Certificate of Incorporation or any provision of law that might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class or series of capital stock of the Corporation required by law or by the Certificate of Incorporation or any certificate of designation filed with respect to a series of Preferred Stock, the affirmative vote of the holders of at least 66²/₃% of the voting power of all of the then-outstanding shares of capital stock of the Corporation entitled to vote in the election of directors, voting together as a single class, shall be required to alter, amend or repeal (whether by merger, consolidation or otherwise), or adopt any provision inconsistent with, Articles V, VI, VII, VIII and IX.

The Corporation has caused this Amended and Restated Certificate of Incorporation to be signed by a duly authorized officer of the Corporation on this ____ day of _____, 2021.

LEGALZOOM.COM, INC.

By: _____
Name: Dan Wernikoff
Title: Chief Executive Officer

AMENDED AND RESTATED
BYLAWS
OF
LEGALZOOM.COM, INC.
(A DELAWARE CORPORATION)
[_____], 2021

AMENDED AND RESTATED BYLAWS

OF

LEGALZOOM.COM, INC.
(A DELAWARE CORPORATION)

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the corporation in the State of Delaware shall be as set forth in the Amended and Restated Certificate of Incorporation of the corporation, as the same may be amended or restated from time to time (the “*Certificate of Incorporation*”).

Section 2. Other Offices. The corporation may also have and maintain an office or principal place of business at such place as may be fixed by the Board of Directors of the corporation (the “*Board of Directors*”), and 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

CORPORATE SEAL

Section 3. Corporate Seal. The Board of Directors may adopt a corporate seal. If adopted, the corporate seal shall consist of a die bearing the name of the corporation and the inscription, “*Corporate Seal-Delaware.*” Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE III

STOCKHOLDERS’ MEETINGS

Section 4. Place of Meetings. Meetings of the stockholders of the corporation may be held at such place, if any, either within or without the State of Delaware, as may be determined from time to time by the Board of Directors. The Board of Directors may, in its sole discretion, determine that the meeting shall not be held at any place, but may instead be held solely by means of remote communication as provided under the General Corporation Law of the State of Delaware (the “*DGCL*”) and Section 14 below.

Section 5. Annual Meetings.

(a) The annual meeting of the stockholders of the corporation, for the purpose of election of directors and for such other business as may properly come before it, shall be held on such date and at such time as may be designated from time to time by the Board of Directors. The corporation may postpone, reschedule or cancel any annual meeting of stockholders previously scheduled by the Board of Directors. Nominations of persons for election to the Board of Directors and proposals of business to be considered by the stockholders may be made at an annual meeting of stockholders: (i)

pursuant to the corporation's notice of meeting of stockholders; (ii) by or at the direction of the Board of Directors or a duly authorized committee thereof; or (iii) by any stockholder of the corporation who was a stockholder of record (and, with respect to any beneficial owner, if different, on whose behalf such business is proposed or such nomination or nominations are made, only if such beneficial owner was the beneficial owner of shares of the corporation) at the time of giving the stockholder's notice provided for in Section 5(b) below, who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 5. For the avoidance of doubt, clause (iii) above shall be the exclusive means for a stockholder to make nominations and submit other business (other than matters properly included in the corporation's notice of meeting of stockholders and proxy statement under Rule 14a-8 under the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (the "**1934 Act**")) before an annual meeting of stockholders.

(b) At an annual meeting of the stockholders, only such business shall be conducted as is a proper matter for stockholder action under Delaware law, the Certificate of Incorporation and these Amended and Restated Bylaws of the corporation, as the same may be amended or restated from time to time (the "**Bylaws**"), and only such nominations shall be made and such business shall be conducted as shall have been properly brought before the meeting in accordance with the procedures below.

(i) For nominations for the election to the Board of Directors to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of Section 5(a), the stockholder must deliver written notice to the Secretary at the principal executive offices of the corporation on a timely basis as set forth in Section 5(b)(iii) and must update and supplement such written notice on a timely basis as set forth in Section 5(c). Such stockholder's notice shall set forth: (A) as to each nominee such stockholder proposes to nominate at the meeting: (1) the name, age, business address and residence address of such nominee, (2) the principal occupation or employment of such nominee, (3) the class or series and number of shares of each class or series of capital stock of the corporation that are owned of record and beneficially by such nominee, (4) the date or dates on which such shares were acquired and the investment intent of such acquisition, (5) all other information concerning such nominee as would be required to be disclosed in a proxy statement soliciting proxies for the election of such nominee as a director in an election contest (even if an election contest is not involved and whether or not proxies are being or will be solicited), or that is otherwise required to be disclosed pursuant to Section 14 of the 1934 Act and the rules and regulations promulgated thereunder (including such person's written consent to being named in the corporation's proxy statement and associated proxy card as a nominee of the stockholder and to serving as a director if elected); and (B) all of the information required by Section 5(b)(iv). The corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as an independent director of the corporation (as such term is used in any applicable stock exchange listing requirements or applicable law) or on any committee or sub-committee of the Board of Directors under any applicable stock exchange listing requirements or applicable law, or that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such proposed nominee.

(ii) Other than proposals sought to be included in the corporation's proxy materials pursuant to Rule 14a-8 under the 1934 Act, for business other than nominations for the election to the Board of Directors to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of Section 5(a), the stockholder must deliver written notice to the Secretary at the principal executive offices of the corporation on a timely basis as set forth in Section 5(b)(iii), and must update and supplement such written notice on a timely basis as set forth in Section 5(c). Such stockholder's notice shall set forth: (A) as to each matter such stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the Bylaws, the language of the proposed amendment), the reasons for

conducting such business at the meeting, and any material interest (including any anticipated benefit of such business to any Proponent (as defined below) other than solely as a result of its ownership of the corporation's capital stock, that is material to any Proponent individually, or to the Proponents in the aggregate) in such business of any Proponent; and (B) the information required by Section 5(b)(iv).

(iii) To be timely, the written notice required by Section 5(b)(i) or 5(b)(ii) must be received by the Secretary at the principal executive offices of the corporation not later than the close of business on the 90th day, nor earlier than the close of business on the 120th day, prior to the first anniversary of the immediately preceding year's annual meeting; *provided, however*, that, subject to the last sentence of this Section 5(b)(iii), in the event that (A) the date of the annual meeting is advanced more than 30 days prior to or delayed by more than 30 days after the anniversary of the preceding year's annual meeting, notice by the stockholder to be timely must be so received not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made by the corporation or (B) the corporation did not have an annual meeting in the preceding year, notice by the stockholder to be timely must be so received not later than the tenth day following the day on which public announcement of the date of such meeting is first made. In no event shall an adjournment or postponement of an annual meeting for which notice has been given, or the public announcement thereof has been made, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(iv) The written notice required by Sections 5(b)(i) or 5(b)(ii) shall also set forth, as of the date of the notice and as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (each, a "**Proponent**" and collectively, the "**Proponents**"): (A) the name and address of each Proponent, including, if applicable, such name and address as they appear on the corporation's books and records; (B) the class, series and number of shares of each class or series of the capital stock of the corporation that are, directly or indirectly, owned of record or beneficially (within the meaning of Rule 13d-3 under the 1934 Act) by each Proponent (provided, that for purposes of this Section 5(b)(iv), such Proponent shall in all events be deemed to beneficially own all shares of any class or series of capital stock of the corporation as to which such Proponent has a right to acquire beneficial ownership at any time in the future); (C) a description of any agreement, arrangement or understanding (whether oral or in writing) with respect to such nomination or proposal (and/or the voting of shares of any class or series of capital stock of the corporation) between or among any Proponent and any of its affiliates or associates, and any others (including their names) acting in concert, or otherwise under the agreement, arrangement or understanding, with any of the foregoing; (D) a representation that the Proponents are holders of record or beneficial owners, as the case may be, of shares of the corporation at the time of giving notice, will be entitled to vote at the meeting, and intend to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice (with respect to a notice under Section 5(b)(i)) or to propose the business that is specified in the notice (with respect to a notice under Section 5(b)(ii)); (E) a representation as to whether the Proponents intend to deliver a proxy statement and form of proxy to holders of a sufficient number of the corporation's voting shares to elect such nominee or nominees (with respect to a notice under Section 5(b)(i)) or to carry such proposal (with respect to a notice under Section 5(b)(ii)); (F) to the extent known by any Proponent, the name and address of any other stockholder supporting the proposal on the date of such stockholder's notice; and (G) a description of all Derivative Transactions (as defined below) by each Proponent during the previous 12-month period, including the date of the transactions and the class, series and number of securities involved in, and the material economic terms of, such Derivative Transactions.

(c) A stockholder providing the written notice required by Section 5(b)(i) or (ii) shall update and supplement such notice in writing, if necessary, so that the information provided or required to be provided in such notice is true and correct in all material respects as of (i) the record date for the determination of stockholders entitled to notice of the meeting and (ii) the date that is five Business Days (as defined below) prior

to the meeting and, in the event of any adjournment or postponement thereof, five Business Days prior to such adjourned or postponed meeting. In the case of an update and supplement pursuant to clause (i) of this Section 5(c), such update and supplement shall be received by the Secretary at the principal executive offices of the corporation not later than five Business Days after the later of the record date for the determination of stockholders entitled to notice of the meeting or the public announcement of such record date. In the case of an update and supplement pursuant to clause (ii) of this Section 5(c), such update and supplement shall be received by the Secretary at the principal executive offices of the corporation not later than two Business Days prior to the date for the meeting, and, in the event of any adjournment or postponement thereof, two Business Days prior to such adjourned or postponed meeting.

(d) Notwithstanding anything in Section 5(b)(iii) to the contrary, in the event that the number of directors in an Expiring Class (as defined below) to be elected to the Board of Directors at the next annual meeting is increased effective after the time period for which nominations would otherwise be due under Section 5(b)(iii) and there is no public announcement by the corporation naming all of the nominees for the Expiring Class or specifying the size of the increased Expiring Class at least 100 days before the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 5 and that complies with the requirements in Section 5(b)(i), other than the timing requirements in Section 5(b)(iii), shall also be considered timely, but only with respect to nominees for any new positions in such Expiring Class created by such increase, if it shall be received by the Secretary at the principal executive offices of the corporation not later than the close of business on the tenth day following the day on which such public announcement is first made by the corporation. For purposes of this section, an "**Expiring Class**" shall mean a class of directors whose term shall expire at the next annual meeting of stockholders.

(e) A person shall not be eligible for election or re-election as a director at an annual meeting, unless the person is nominated in accordance with either clause (ii) or (iii) of Section 5(a) and in accordance with the procedures set forth in Section 5(b), Section 5(c), and Section 5(d), as applicable. Only such business shall be conducted at any annual meeting of the stockholders of the corporation as shall have been brought before the meeting in accordance with clauses (i), (ii), or (iii) of Section 5(a) and in accordance with the procedures set forth in Section 5(b) and Section 5(c), as applicable. Except as otherwise required by applicable law, the chairperson of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made, or proposed, as the case may be, in accordance with the procedures set forth in the Bylaws and, if any proposed nomination or business is not in compliance with the Bylaws, or the Proponent does not act in accordance with the representations in Sections 5(b)(iv)(D) and 5(b)(iv)(E), to declare that such proposal or nomination shall not be presented for stockholder action at the meeting and shall be disregarded, or that such business shall not be transacted, notwithstanding that proxies in respect of such nomination or such business may have been solicited or received.

(f) Notwithstanding the foregoing provisions of this Section 5, in order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholders' meeting, a stockholder must also comply with all applicable requirements of the 1934 Act and the rules and regulations thereunder. Nothing in the Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the 1934 Act; *provided, however*, that any references in the Bylaws to the 1934 Act or the rules and regulations thereunder are not intended to and shall not limit the requirements applicable to proposals and/or nominations to be considered pursuant to Section 5(a)(iii). Nothing in the Bylaws shall be deemed to affect any rights of holders of any class or series of preferred stock to nominate and elect directors pursuant to and to the extent provided in any applicable provision of the Certificate of Incorporation.

Notwithstanding anything in this Section 5 to the contrary, the requirements of this Section 5 shall not apply to a stockholder exercising its rights to designate persons for nomination for election to the Board of Directors in accordance with the provisions of any director nomination agreement between such stockholder and the Corporation.

(g) For purposes of Sections 5 and 6,

(i) “*affiliates*” and “*associates*” shall have the meanings set forth in Rule 405 under the Securities Act of 1933, as amended (the “*1933 Act*”);

(ii) “*Business Day*” means any day other than Saturday, Sunday or a day on which banks are closed in New York City, New York;

(iii) “*close of business*” means 6:00 p.m. local time at the principal executive offices of the corporation on any calendar day, whether or not the day is a Business Day;

(iv) “*Derivative Transaction*” means any agreement, arrangement, interest or understanding entered into by, or on behalf or for the benefit of, any Proponent or any of its affiliates or associates, whether record or beneficial:

(A) the value of which is derived in whole or in part from the value of any class or series of shares or other securities of the corporation;

(B) that otherwise provides any direct or indirect opportunity to gain or share in any gain derived from a change in the value of securities of the corporation;

(C) the effect or intent of which is to mitigate loss, manage risk or benefit from changes in value or price with respect to any securities of the corporation; or

(D) that provides the right to vote or increase or decrease the voting power of, such Proponent, or any of its affiliates or associates, directly or indirectly, with respect to any securities of the corporation,

which agreement, arrangement, interest or understanding may include, without limitation, any option, warrant, debt position, note, bond, convertible security, swap, stock appreciation or similar right, short position, profit interest, hedge, right to dividends, voting agreement, performance-related fee or arrangement to borrow or lend shares (whether or not subject to payment, settlement, exercise or conversion in any such class or series), and any proportionate interest of such Proponent in the securities of the corporation held by any general or limited partnership, or any limited liability company, of which such Proponent is, directly or indirectly, a general partner or managing member;

(v) “*public announcement*” shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press, Business Wire, GlobeNewswire or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the 1934 Act or by such other means reasonably designed to inform the public or security holders in general of such information, including, without limitation, posting on the corporation’s investor relations website.

Section 6. Special Meetings.

(a) Special meetings of the stockholders of the corporation may be called, for any purpose as is a proper matter for stockholder action under Delaware law, by (i) the Chairperson of the Board of Directors, (ii) the Chief Executive Officer, or (iii) the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board of Directors for adoption). The corporation may postpone, reschedule or cancel any special meeting of stockholders previously scheduled by the Board of Directors.

(b) The Board of Directors shall determine the time and place, if any, of such special meeting. Upon determination of the time and place, if any, of the meeting, the Secretary shall cause a notice of meeting to be given to the stockholders entitled to vote, in accordance with the provisions of Section 7. No business may be transacted at such special meeting otherwise than specified in the notice of meeting.

(c) Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected (i) by or at the direction of the Board of Directors or a duly authorized committee thereof or (ii) by any stockholder of the corporation who is a stockholder of record (and, with respect to any beneficial owner, if different, on whose behalf such nomination or nominations are made, only if such beneficial owner was the beneficial owner of shares of the corporation) at the time of giving notice provided for in this paragraph, who is entitled to vote at the meeting and who delivers written notice to the Secretary of the corporation setting forth the information required by Sections 5(b)(i) and 5(b)(iv). In the event the corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder of record may nominate a person or persons (as the case may be), for election to such position(s) as specified in the corporation's notice of meeting, if written notice setting forth the information required by Sections 5(b)(i) and 5(b)(iv) shall be received by the Secretary at the principal executive offices of the corporation not earlier than 120 days prior to such special meeting and not later than the close of business on the later of the 90th day prior to such meeting or the tenth day following the day on which the corporation first makes a public announcement of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. The stockholder shall also update and supplement such information as required under Section 5(c). In no event shall an adjournment or a postponement of a special meeting for which notice has been given, or the public announcement thereof has been made, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

A person shall not be eligible for election or re-election as a director at the special meeting unless the person is nominated either in accordance with clause (i) or clause (ii) of this Section 6(c). Except as otherwise required by applicable law, the chairperson of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the Bylaws and, if any proposed nomination or business is not in compliance with the Bylaws, or if the Proponent does not act in accordance with the representations in Sections 5(b)(iv)(D) and 5(b)(iv)(E), to declare that such nomination shall not be presented for stockholder action at the meeting and shall be disregarded, notwithstanding that proxies in respect of such nomination may have been solicited or received.

(d) Notwithstanding the foregoing provisions of this Section 6, a stockholder must also comply with all applicable requirements of the 1934 Act and the rules and regulations thereunder with respect to matters set forth in this Section 6. Nothing in the Bylaws shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the 1934 Act; *provided, however*, that any references in the Bylaws to the 1934 Act or the rules and regulations thereunder are not intended to and shall not limit the requirements applicable to nominations for the election to the Board of Directors to be considered pursuant to Section 6(c).

Section 7. Notice of Meetings. Except as otherwise provided by applicable law, notice, given in writing or by electronic transmission, of each meeting of stockholders shall be given not less than ten nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting. Such notice shall specify the place, if any, date and hour, in the case of special meetings, the purpose or purposes of the meeting, the record date for determining stockholders entitled to vote at the meeting, if such record date is different from the record date for determining stockholders entitled to notice of the meeting, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at any such meeting. Such notice may be given by personal delivery, mail, or with the consent of the stockholder entitled to receive notice, by facsimile or electronic transmission. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the corporation. If sent via electronic transmission, notice is given when directed to such stockholder's electronic mail address appearing in the records of the corporation. Notice of the time, place, if any, and purpose of any meeting of stockholders (to the extent required) may be waived in writing, signed by the person entitled to notice thereof, or by electronic transmission by such person, either before or after such meeting, and will be waived by any stockholder by his or her attendance thereat in person, by remote communication, if applicable, or by proxy, except when the stockholder 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. Any stockholder so waiving notice of such meeting shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given.

Section 8. Quorum and Vote Required. At all meetings of stockholders, except where otherwise provided by statute or by the Certificate of Incorporation, or by the Bylaws, the presence, in person, by remote communication, if applicable, or by proxy, of the holders of a majority of the voting power of the outstanding shares of stock entitled to vote at the meeting shall constitute a quorum for the transaction of business. In the absence of a quorum, any meeting of stockholders may be adjourned, from time to time, either by the chairperson of the meeting or by vote of the holders of a majority of the voting power of the shares represented thereat and entitled to vote thereon, but no other business shall be transacted at such meeting. The stockholders present at a duly called or convened meeting, at which a quorum is present, may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

Except as otherwise provided by statute or by applicable stock exchange rules, or by the Certificate of Incorporation or the Bylaws, in all matters other than the election of directors, the affirmative vote of the holders of a majority of the voting power of the shares present in person, by remote communication, if applicable, or represented by proxy at the meeting and voting affirmatively or negatively (excluding abstentions and broker non-votes) on such matter shall be the act of the stockholders. Except as otherwise provided by statute, the Certificate of Incorporation or the Bylaws, directors shall be elected by a plurality of the votes of the shares present in person, by remote communication, if applicable, or represented by proxy at the meeting and entitled to vote generally on the election of directors. Where a separate vote by a class or classes or series is required, except where otherwise provided by statute or by the Certificate of Incorporation or the Bylaws or any applicable stock exchange rules, a majority of the voting power of the outstanding shares of such class or classes or series, present in person, by remote communication, if applicable, or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter. Except where otherwise provided by statute or by the Certificate of Incorporation or the Bylaws or any applicable stock exchange rules, the affirmative vote of the holders of a majority (plurality, in the case of the election of directors) of the voting power of the shares of such class or classes or series present in person, by remote communication, if applicable, or represented by proxy at the meeting and voting affirmatively or negatively (excluding abstention and broker non-votes) on such matter shall be the act of such class or classes or series.

Section 9. Adjournment and Notice of Adjourned Meetings. Any meeting of stockholders, whether annual or special, may be adjourned from time to time either by the chairperson of the meeting or by the vote of the holders of a majority of the voting power of the shares present in person, by remote communication, if applicable, or represented by proxy at the meeting and entitled to vote thereon. When a meeting is adjourned to another time or place, if any, notice need not be given of the adjourned meeting if the time and place, if any, thereof and the means of remote communication, if any, by which stockholders and proxyholders may be deemed present in person and may vote at such meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the corporation may transact any business that might have been transacted at the original meeting. If the adjournment is for more than 30 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 at the meeting. If after the adjournment a new record date for determination of stockholders entitled to vote is fixed for the adjourned meeting, the Board of Directors shall fix as the record date for determining stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote at the adjourned meeting, and shall give notice of the adjourned meeting to each stockholder of record as of the record date so fixed for notice of such adjourned meeting.

Section 10. Voting Rights. For the purpose of determining those stockholders entitled to vote at any meeting of the stockholders or adjournment thereof, except as otherwise provided by applicable law, only persons in whose names shares stand on the stock records of the corporation on the record date shall be entitled to vote at any meeting of stockholders. Every person entitled to vote shall have the right to do so either in person, by remote communication, if applicable, or by an agent or agents authorized by a proxy granted in accordance with Delaware law. An agent so appointed need not be a stockholder. No proxy shall be voted after three years from its date of creation unless the proxy provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy that is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary of the corporation a revocation of the proxy or a new proxy bearing a later date. Voting at meetings of stockholders need not be by written ballot.

Section 11. Joint Owners of Stock. If shares or other securities having voting power stand of record in the names of two or more persons, whether fiduciaries, members of a partnership, joint tenants, tenants in common, tenants by the entirety, or otherwise, or if two or more persons have the same fiduciary relationship respecting the same shares, unless the Secretary is given written notice to the contrary and is furnished with a copy of the instrument or order appointing them or creating the relationship wherein it is so provided, their acts with respect to voting shall have the following effect: (a) if only one votes, his or her act binds all; (b) if more than one votes, the act of the majority so voting binds all; (c) if more than one votes, but the vote is evenly split on any particular matter, each faction may vote the securities in question proportionally, or may apply to the Delaware Court of Chancery for relief as provided in Section 217(b) of the DGCL. If the instrument filed with the Secretary shows that any such tenancy is held in unequal interests, a majority or even-split for the purpose of subsection (c) shall be a majority or even-split in interest.

Section 12. List of Stockholders. The corporation shall prepare, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, showing the address of each stockholder and the number and class of shares registered in the name of each stockholder; provided, however, if the record date for determining

the stockholders entitled to vote is less than ten days before the meeting date, the list shall reflect all of the stockholders entitled to vote as of the tenth day before the meeting date. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, (a) 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 (b) during ordinary business hours, at the principal place of business of the corporation. In the event that the corporation determines to make the list available on an electronic network, the corporation may take reasonable steps to ensure that such information is available only to stockholders of the corporation. The list shall be open to examination of any stockholder during the time of the meeting as provided by applicable law.

Section 13. Action without Meeting.

No action shall be taken by the stockholders of the corporation except at an annual or special meeting of stockholders duly called in accordance with the Bylaws, and no action shall be taken by the stockholders by written consent.

Section 14. Remote Communication. For the purposes of the Bylaws, if authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxyholders may, by means of remote communication:

(a) participate in a meeting of stockholders; and

(b) be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the corporation shall 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 or proxyholder, (ii) the corporation shall implement reasonable measures to provide such stockholders and proxyholders 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) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the corporation.

Section 15. Organization.

(a) At every meeting of stockholders, the Chairperson of the Board of Directors, or, if a Chairperson has not been appointed, is absent or refuses to act, the Chief Executive Officer, or if no Chief Executive Officer is then serving or the Chief Executive Officer is absent or refuses to act, the President, or, if the President is absent or refuses to act, a chairperson of the meeting designated by the Board of Directors, or, if the Board of Directors does not designate such chairperson, a chairperson of the meeting chosen by a majority of the voting power of the stockholders entitled to vote, present in person or by proxy, shall act as chairperson of the meeting of stockholders. The Chairperson of the Board of Directors may appoint the Chief Executive Officer as chairperson of the meeting. The Secretary, or, in his or her absence, an Assistant Secretary or other officer or other person directed to do so by the chairperson of the meeting, shall act as secretary of the meeting.

(b) The Board of Directors shall be entitled to make such rules or regulations for the conduct of meetings of stockholders as it shall deem necessary, appropriate or convenient. Subject to such rules and regulations of the Board of Directors, if any, the chairperson of the meeting shall have the right and authority to convene and (for any or no reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairperson, are

necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in such meeting to stockholders of record of the corporation and their duly authorized and constituted proxies and such other persons as the chairperson shall permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comments by participants and regulation of the opening and closing of the polls for balloting on matters that are to be voted on by ballot. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting shall be announced at the meeting. Unless and to the extent determined by the Board of Directors or the chairperson of the meeting, meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

ARTICLE IV

DIRECTORS

Section 16. Number and Term of Office. The authorized number of directors of the corporation shall be fixed in accordance with the Certificate of Incorporation. Directors need not be stockholders unless so required by the Certificate of Incorporation. If for any cause, the directors shall not have been elected at an annual meeting, they may be elected as soon thereafter as convenient at a special meeting of the stockholders called for that purpose in the manner provided in the Bylaws.

Section 17. Powers. The business and affairs of the corporation shall be managed by or under the direction of the Board of Directors, except as may be otherwise provided by the Certificate of Incorporation or the DGCL.

Section 18. Classes of Directors. The directors shall be divided into classes as and to the extent provided in the Certificate of Incorporation, except as otherwise required by applicable law.

Section 19. Vacancies. Vacancies on the Board of Directors shall be filled as provided in the Certificate of Incorporation, except as otherwise required by applicable law.

Section 20. Resignation. Any director may resign at any time by delivering his or her notice in writing or by electronic transmission to the Board of Directors or the Secretary. Such resignation shall take effect at the time of delivery of the notice or at any later time specified therein. Acceptance of such resignation shall not be necessary to make it effective. When one or more directors shall resign from the Board of Directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office for the unexpired portion of the term of the director whose place shall be vacated and until his or her successor shall have been duly elected and qualified or until his or her earlier death, resignation or removal.

Section 21. Removal. Subject to the rights of holders of any series of preferred stock to elect additional directors under specified circumstances, the Board of Directors or any individual director may be removed only in the manner specified in the Certificate of Incorporation, except as otherwise required by applicable law.

Section 22. Meetings.

(a) Regular Meetings. Unless otherwise restricted by the Certificate of Incorporation, regular meetings of the Board of Directors may be held at any time or date and at any place within or without the State of Delaware that has been designated by the Board of Directors and publicized among all directors, either orally or in writing, by telephone, including a voice-messaging system or other system designed to record and communicate messages, or by electronic mail or other electronic means. No further notice shall be required for regular meetings of the Board of Directors.

(b) Special Meetings. Unless otherwise restricted by the Certificate of Incorporation, special meetings of the Board of Directors may be held at any time and place within or without the State of Delaware as designated and called by the Chairperson of the Board of Directors, the Chief Executive Officer or the Board of Directors.

(c) Meetings by Electronic Communications Equipment. Any member of the Board of Directors, or of any committee thereof, may participate in a meeting by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

(d) Notice of Special Meetings. Notice of the time and place, if any, of all special meetings of the Board of Directors shall be transmitted orally or in writing, by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, or by electronic mail or other electronic means, during normal business hours, at least 24 hours before the date and time of the meeting. If notice is sent by U.S. mail, it shall be sent by first class mail, postage prepaid, at least three days before the date of the meeting.

(e) Waiver of Notice. Notice of any meeting of the Board of Directors may be waived in writing, or by electronic transmission, at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends the 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. The transaction of all business at any meeting of the Board of Directors, or any committee thereof, however called or noticed, or wherever held, shall be as valid as though it had been transacted at a meeting duly held after regular call and notice, if a quorum be present and if, either before or after the meeting, each of the directors not present who did not receive notice shall sign a written waiver of notice or shall waive notice by electronic transmission. All such waivers shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 23. Quorum and Voting.

(a) Unless the Certificate of Incorporation requires a greater number, and except with respect to questions related to indemnification arising under Section 46 for which a quorum shall be one-third of the exact number of directors fixed from time to time by the Board of Directors in accordance with the Certificate of Incorporation, a quorum of the Board of Directors shall consist of a majority of the total number of directors then serving on the Board of Directors or, if greater, one-third of the exact number of directors fixed from time to time by the Board of Directors in accordance with the Certificate of Incorporation. At any meeting whether a quorum be present or otherwise, a majority of the directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board of Directors, without notice other than by announcement at the meeting.

(b) At each meeting of the Board of Directors at which a quorum is present, all questions and business shall be determined by the affirmative vote of a majority of the directors present, unless a different vote be required by applicable law, the Certificate of Incorporation or the Bylaws.

Section 24. Action without Meeting. Unless otherwise restricted by the Certificate of Incorporation or the 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. Such consent or consents shall be filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

(a) Fees and Compensation. Directors shall be entitled to such compensation for their services as may be approved by the Board of Directors, or a committee thereof to which the Board of Directors has delegated such responsibility and authority, including, if so approved, by resolution of the Board of Directors or a committee thereof to which the Board of Directors has delegated such responsibility and authority, a fixed sum and reimbursement of expenses incurred, if any, for attendance at each regular or special meeting of the Board of Directors and at any meeting of a committee of the Board of Directors, as well as reimbursement for other reasonable expenses incurred with respect to duties as a member of the Board of Directors or any committee thereof. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity as an officer, agent, employee, or otherwise and receiving compensation therefor.

Section 25. Committees.

(a) Executive Committee. The Board of Directors may appoint an Executive Committee to consist of one or more members of the Board of Directors. The Executive Committee, to the extent permitted by applicable law and provided in the resolution of the Board of Directors 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 that may require it; but no such committee shall have the power or authority in reference to (i) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopting, amending or repealing any Bylaw of the corporation.

(b) Other Committees. The Board of Directors may, from time to time, appoint such other committees as may be permitted by applicable law. Such other committees appointed by the Board of Directors shall consist of one or more members of the Board of Directors and shall have such powers and perform such duties as may be prescribed by the resolution or resolutions creating such committees, but in no event shall any such committee have the powers denied to the Executive Committee in the Bylaws.

(c) Term. The Board of Directors, subject to any requirements of any outstanding series of preferred stock and the provisions of subsections (a) or (b) of this Section 25, may at any time increase or decrease the number of members of a committee or terminate the existence of a committee. The membership of a committee member shall terminate on the date of his or her death or voluntary resignation from the committee or from the Board of Directors. The Board of Directors may at any time for any reason remove any individual committee member and the Board of Directors may fill any committee vacancy created by death, resignation, removal or increase in the number of members of the committee. The Board of Directors 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, and, in

addition, in the absence or disqualification of any 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.

(d) Meetings. Unless the Board of Directors shall otherwise provide, regular meetings of the Executive Committee or any other committee appointed pursuant to this Section 26 shall be held at such times and places, if any, as are determined by the Board of Directors, or by any such committee, and when notice thereof has been given to each member of such committee, no further notice of such regular meetings need be given thereafter. Special meetings of any such committee may be held at such place, if any, that has been determined from time to time by such committee, and may be called by any director who is a member of such committee, upon notice to the members of such committee of the time and place, if any, of such special meeting given in the manner provided for the giving of notice to members of the Board of Directors of the time and place, if any, of special meetings of the Board of Directors. Notice of any meeting of any committee may be waived in writing or by electronic transmission at any time before or after the meeting and will be waived by any director by attendance thereat, except when the director attends such 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. Unless otherwise provided by the Board of Directors in the resolutions authorizing the creation of the committee, a majority of the authorized number of members of any such committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of such committee.

Section 26. Duties of Chairperson of the Board of Directors. The Chairperson of the Board of Directors, when present, shall preside at all meetings of the stockholders and the Board of Directors. The Chairperson of the Board of Directors shall perform such other duties customarily associated with the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time.

Section 27. Lead Independent Director. The Chairperson of the Board of Directors, or one of the independent directors, may be designated by the Board of Directors as lead independent director to serve until replaced by the Board of Directors ("**Lead Independent Director**"). The Lead Independent Director, if any, will preside over meetings of the independent directors and perform such other duties as may be established or delegated by the Board of Directors and perform such other duties as may be established or delegated by the Chairperson of the Board of Directors.

Section 28. Organization. At every meeting of the directors, the Chairperson of the Board of Directors, or, if a Chairperson has not been appointed or is absent, the Lead Independent Director, or if the Lead Independent Director has not been appointed or is absent, the Chief Executive Officer (if a director), or, if a Chief Executive Officer is absent, the President (if a director), or if the President is absent, the most senior Vice President (if a director), or, in the absence of any such person, a chairperson of the meeting chosen by a majority of the directors present, shall preside over the meeting. The Secretary, or in his or her absence, any Assistant Secretary or other officer, director or other person directed to do so by the person presiding over the meeting, shall act as secretary of the meeting.

ARTICLE V

OFFICERS

Section 29. Officers Designated. The officers of the corporation shall include, if and when designated by the Board of Directors, the Chief Executive Officer, the President, one or more Vice Presidents, the Secretary, the Chief Financial Officer and the Treasurer. The Board of Directors may also appoint one or more Assistant Secretaries and Assistant Treasurers and such other officers and agents with such powers and duties as it shall deem appropriate or necessary. The Board of Directors may assign such additional titles to one or more of the officers as it shall deem appropriate. Any one person may hold any number of offices of the corporation at any one time unless specifically prohibited therefrom by applicable law, the Certificate of Incorporation or the Bylaws. The salaries and other compensation of the officers of the corporation shall be fixed by or in the manner designated by the Board of Directors or by a committee thereof to which the Board of Directors has delegated such responsibility.

Section 30. Tenure and Duties of Officers.

(a) General. All officers shall hold office at the pleasure of the Board of Directors and until their successors shall have been duly elected and qualified, unless sooner removed. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors or by a committee thereof to which the Board of Directors has delegated such responsibility or, if so authorized by the Board of Directors, by the Chief Executive Officer or another officer of the corporation.

(b) Duties of Chief Executive Officer. The Chief Executive Officer shall preside at all meetings of the stockholders and, if a director, at all meetings of the Board of Directors, unless a Chairperson of the Board of Directors or Lead Independent Director has been appointed and is present. The Chief Executive Officer shall be the chief executive officer of the corporation and, subject to the supervision, direction and control of the Board of Directors, shall have the general powers and duties of supervision, direction, management and control of the business and officers of the corporation as are customarily associated with the position of Chief Executive Officer. To the extent that a Chief Executive Officer has been appointed and no President has been appointed, all references in the Bylaws to the President shall be deemed references to the Chief Executive Officer. The Chief Executive Officer shall perform other duties customarily associated with the office and shall also perform such other duties and have such other powers, as the Board of Directors shall designate from time to time.

(c) Duties of President. The President shall preside at all meetings of the stockholders and, if a director, at all meetings of the Board of Directors, unless a Chairperson of the Board of Directors, Lead Independent Director, or Chief Executive Officer has been appointed and is present. Unless another officer has been appointed Chief Executive Officer of the corporation, the President shall be the chief executive officer of the corporation and, subject to the supervision, direction and control of the Board of Directors, shall have the general powers and duties of supervision, direction, management and control of the business and officers of the corporation as are customarily associated with the position of President. The President shall perform other duties customarily associated with the office and shall also perform such other duties and have such other powers, as the Board of Directors (or the Chief Executive Officer, if the Chief Executive Officer and President are not the same person and the Board of Directors has delegated the designation of the President's duties to the Chief Executive Officer) shall designate from time to time.

(d) Duties of Vice Presidents. A Vice President may assume and perform the duties of the President in the absence or disability of the President or whenever the office of President is vacant (unless the duties of the President are being filled by the Chief Executive Officer). A Vice President shall perform other duties customarily associated with the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or, if the Chief Executive Officer has not been appointed or is absent, the President shall designate from time to time.

(e) Duties of Secretary and Assistant Secretary. The Secretary shall attend all meetings of the stockholders and of the Board of Directors and shall record all acts, votes and proceedings thereof in the minute books of the corporation. The Secretary shall give notice in conformity with the Bylaws of all meetings of the stockholders and of all meetings of the Board of Directors and any committee thereof requiring notice. The Secretary shall perform all other duties provided for in the Bylaws and other duties customarily associated with the office and shall also perform such other duties and have such other powers, as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President shall designate from time to time. The Chief Executive Officer, or if no Chief Executive Officer is then serving, the President may direct any Assistant Secretary or other officer to assume and perform the duties of the Secretary in the absence or disability of the Secretary, and each Assistant Secretary shall perform other duties customarily associated with the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President shall designate from time to time.

(f) Duties of Chief Financial Officer. The Chief Financial Officer shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors, the Chief Executive Officer, or the President. The Chief Financial Officer, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the corporation. The Chief Financial Officer shall perform other duties customarily associated with the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President shall designate from time to time. To the extent that a Chief Financial Officer has been appointed and no Treasurer has been appointed, all references in the Bylaws to the Treasurer shall be deemed references to the Chief Financial Officer. The President may direct the Treasurer, if any, or any Assistant Treasurer to assume and perform the duties of the Chief Financial Officer in the absence or disability of the Chief Financial Officer.

(g) Duties of Treasurer and Assistant Treasurer. Unless another officer has been appointed Chief Financial Officer of the corporation, the Treasurer shall be the chief financial officer of the corporation, shall keep or cause to be kept the books of account of the corporation in a thorough and proper manner and shall render statements of the financial affairs of the corporation in such form and as often as required by the Board of Directors, the Chief Executive Officer or the President. Unless another officer has been appointed Chief Financial Officer of the corporation, the Treasurer, subject to the order of the Board of Directors, shall have the custody of all funds and securities of the corporation. The Treasurer shall perform other duties customarily associated with the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President shall designate from time to time. The Chief Executive Officer, or if no Chief Executive Officer is then serving, the President may direct any Assistant Treasurer or other officer to assume and perform the duties of the Treasurer in the absence or disability of the Treasurer, and each Assistant Treasurer shall perform other duties commonly incident to the office and shall also perform such other duties and have such other powers as the Board of Directors or the Chief Executive Officer, or if no Chief Executive Officer is then serving, the President shall designate from time to time.

Section 31. Delegation of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officer or agent, notwithstanding any provision hereof.

Section 32. Resignations. Any officer may resign at any time by giving notice in writing or by electronic transmission to the Board of Directors, the Chairperson of the Board of Directors, the Chief Executive Officer, the President or the Secretary. Any such resignation shall be effective when received by the person or persons to whom such notice is given, unless a later time is specified therein, in which

event the resignation shall become effective at such later time. Unless otherwise specified in such notice, the acceptance of any such resignation shall not be necessary to make it effective. Any resignation shall be without prejudice to the rights, if any, of the corporation under any contract with the resigning officer.

Section 33. Removal. Any officer may be removed from office at any time, either with or without cause, by the Board of Directors, or by any committee thereof or any superior officer upon whom such power of removal may have been conferred by the Board of Directors.

ARTICLE VI

EXECUTION OF CORPORATE INSTRUMENTS AND VOTING OF SECURITIES OWNED BY THE CORPORATION

Section 34. Execution of Corporate Instruments. The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute, sign or endorse on behalf of the corporation any corporate instrument or document, or to sign on behalf of the corporation the corporate name without limitation, or to enter into contracts on behalf of the corporation, except where otherwise provided by applicable law or the Bylaws, and such execution or signature shall be binding upon the corporation.

All checks and drafts drawn on banks or other depositories on funds to the credit of the corporation or in special accounts of the corporation shall be signed by such person or persons as the Board of Directors shall from time to time authorize so to do.

Unless otherwise specifically determined by the Board of Directors or otherwise required by applicable law, the execution, signing or endorsement of any corporate instrument or document may be effected manually, by facsimile or (to the extent permitted by applicable law and subject to such policies and procedures as the corporation may have in effect from time to time) by electronic signature.

Unless authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

Section 35. Voting of Securities Owned by the Corporation. All stock and other securities of or interests in other corporations or entities owned or held by the corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect thereto shall be executed, by the person authorized so to do by resolution of the Board of Directors, or, in the absence of such authorization, by the Chairperson of the Board of Directors, the Chief Executive Officer, the President, or any Vice President.

ARTICLE VII

SHARES OF STOCK

Section 36. Form and Execution of Certificates. The shares of the corporation shall be represented by certificates, or shall be uncertificated if so provided by resolution or resolutions of the Board of Directors. Certificates for the shares of stock, if any, shall be in such form as is consistent with the Certificate of Incorporation and applicable law. Every holder of stock in the corporation represented by certificates shall be entitled to have a certificate signed by or in the name of the corporation by any two authorized officers of the corporation, certifying the number, and the class or series, of shares owned by such holder in the corporation. Any or all of the signatures on the certificate may be facsimiles. 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 with the same effect as if he were such officer, transfer agent, or registrar at the date of issue.

Section 37. Lost Certificates. A new certificate or certificates shall 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. The corporation may require, as a condition precedent to the issuance of a new certificate or certificates, the owner of such lost, stolen, or destroyed certificate or certificates, or the owner's legal representative, to agree to indemnify the corporation in such manner as it shall require or to give the corporation a surety bond in such form and amount 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 38. Transfers.

(a) Transfers of record of shares of stock of the corporation shall be made only upon its books by the holders thereof, in person or by attorney duly authorized, and, in the case of stock represented by certificate, upon the surrender of a properly endorsed certificate or certificates for a like number of shares.

(b) The corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes or series of stock of the corporation to restrict the transfer of shares of stock of the corporation of any one or more classes or series owned by such stockholders in any manner not prohibited by the DGCL.

Section 39. Fixing Record Dates.

(a) In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall, subject to applicable law, not be more than 60 nor less than ten days before the date of such meeting. If the Board of Directors so fixes a record date for determining the stockholders entitled to notice of any meeting of stockholders, such date shall also be the record date for determining the stockholders entitled to vote at such meeting, unless the Board of Directors determines, at the time it fixes the record date for determining the stockholders entitled to notice of such meeting, that a later date on or before the date of the meeting shall be the record date for determining the stockholders entitled to vote at such meeting. If no record date is fixed by the Board of Directors, 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 immediately preceding the day on which notice is given, or if notice is waived, at the close of business on the day immediately preceding the day on which the meeting is held. 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 accordance with the provisions of this Section 39(a).

(b) In order that the corporation may determine the 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, the Board of Directors may fix, in advance, a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 40. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

Section 41. Additional Powers of the Board. In addition to, and without limiting, the powers set forth in the Bylaws, the Board of Directors shall have power and authority to make all such rules and regulations as it shall deem expedient concerning the issue, transfer, and registration of certificates for shares of stock of the corporation, including the use of uncertificated shares of stock, subject to the provisions of the DGCL, other applicable law, the Certificate of Incorporation and the Bylaws. The Board of Directors may appoint and remove transfer agents and registrars of transfers, and may require all stock certificates to bear the signature of any such transfer agent and/or any such registrar of transfers.

ARTICLE VIII

OTHER SECURITIES OF THE CORPORATION

Section 42. Execution of Other Securities. All bonds, debentures and other corporate securities of the corporation, other than stock certificates (covered in Section 36), may be signed by the Chairperson of the Board of Directors, the Chief Executive Officer, the President or any Vice President, or such other person as may be authorized by the Board of Directors; *provided, however*, that where any such bond, debenture or other corporate security shall be authenticated by the manual signature, or where permissible facsimile signature, of a trustee under an indenture pursuant to which such bond, debenture or other corporate security shall be issued, the signatures of the persons signing and attesting the corporate seal on such bond, debenture or other corporate security may be the imprinted facsimile of the signatures of such persons. Interest coupons appertaining to any such bond, debenture or other corporate security, authenticated by a trustee as aforesaid, shall be signed by the Treasurer or an Assistant Treasurer of the corporation or such other person as may be authorized by the Board of Directors, or bear imprinted thereon the facsimile signature of such person. In case any officer who shall have signed or attested any bond, debenture or other corporate security, or whose facsimile signature shall appear thereon or on any such interest coupon, shall have ceased to be such officer before the bond, debenture or other corporate security so signed or attested shall have been delivered, such bond, debenture or other corporate security nevertheless may be adopted by the corporation and issued and delivered as though the person who signed the same or whose facsimile signature shall have been used thereon had not ceased to be such officer of the corporation.

ARTICLE IX

DIVIDENDS

Section 43. Declaration of Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the Certificate of Incorporation and applicable law, if any, may be declared by the Board of Directors. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Certificate of Incorporation and applicable law.

Section 44. Dividend Reserve. 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 Board of Directors from time to time, in its absolute discretion, determines proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose or purposes as the Board of Directors shall determine to be conducive to the interests of the corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

**ARTICLE X
FISCAL YEAR**

Section 45. Fiscal Year. The fiscal year of the corporation shall be fixed by resolution of the Board of Directors.

**ARTICLE XI
INDEMNIFICATION**

Section 46. Indemnification of Directors, Executive Officers, Employees and Other Agents.

(a) Directors and Executive Officers. The corporation shall indemnify to the full extent permitted under and in any manner permitted under the DGCL or any other applicable law, any person who is made or threatened to be made a party to or is otherwise involved (as a witness or otherwise) in any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (hereinafter, a "**Proceeding**"), by reason of the fact that such person is or was a director or executive officer (for the purposes of this Article XI, "executive officers" shall be those persons designated by the corporation as (a) executive officers for purposes of the disclosures required in the corporation's proxy and periodic reports or (b) officers for purposes of Section 16 of the 1934 Act) of the corporation, or while serving as a director or executive officer of the corporation, is or was serving at the request of the corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise, including service with respect to an employee benefit plan (collectively, "**Another Enterprise**"), against expenses (including attorneys' fees), judgments, fines (including ERISA excise taxes or penalties) and amounts paid in settlement actually and reasonably incurred by him or her in connection with such Proceeding if he or she acted in good faith and in a manner he or she 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 his or her conduct was unlawful; *provided, however*, that the corporation may modify the extent of such indemnification by individual contracts with its directors and executive officers; and, *provided, further*, that the corporation shall not be required to indemnify any director or executive officer in connection with any proceeding (or part thereof) initiated by such person unless (i) such indemnification is expressly required to be made by applicable law, (ii) the proceeding was authorized by the Board of Directors, (iii) such indemnification is provided by the corporation, in its sole discretion, pursuant to the powers vested in the corporation under the DGCL or any other applicable law or (iv) such indemnification is required to be made under subsection (d) of this Section 46.

(b) Other Officers, Employees and Other Agents. The corporation shall have power to indemnify (including the power to advance expenses in a manner consistent with subsection (c) of this Section 46) its other officers, employees and other agents as set forth in the DGCL or any other applicable law. The Board of Directors shall have the power to delegate the determination of whether indemnification shall be given to any such person except executive officers to such officers or other persons as the Board of Directors shall determine.

(c) Expenses. The corporation shall advance to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed Proceeding, by reason of the fact that such person is or was a director or executive officer, of the corporation, or is or was serving at the request of the corporation as a director or executive officer of Another Enterprise, prior to the final disposition of the Proceeding, promptly following request therefor, all expenses (including attorneys' fees) incurred by any director or executive officer in connection with such Proceeding provided, however, that if the DGCL requires, an advancement of expenses incurred by a director or executive officer in his or her capacity as a director or executive officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the corporation of an undertaking (hereinafter an "**undertaking**"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "**final adjudication**") that such indemnitee is not entitled to be indemnified for such expenses under this Section 46 or otherwise.

Notwithstanding the foregoing, unless otherwise determined pursuant to paragraph (d) of this Section 46, no advance shall be made by the corporation to an executive officer of the corporation (except by reason of the fact that such executive officer is or was a director of the corporation in which event this paragraph shall not apply) in any Proceeding, if a determination is reasonably and promptly made (i) by a majority vote of directors who were not parties to the Proceeding, even if not a quorum, or (ii) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or such directors so direct, by independent legal counsel in a written opinion, that the facts known to the decision-making party at the time such determination is made demonstrate clearly and convincingly that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation.

(d) Enforcement. Without the necessity of entering into an express contract, all rights to indemnification and advances to directors and executive officers under this Section 46 shall be deemed to be contractual rights, shall vest when the person becomes a director or executive officer of the corporation, shall continue as vested contract rights even if such person ceases to be a director or executive officer of the corporation, and shall be effective to the same extent and as if provided for in a contract between the corporation and the director or executive officer. Any right to indemnification or advances granted by this Section 46 to a director or executive officer shall be enforceable by or on behalf of the person holding such right in any court of competent jurisdiction if (i) the claim for indemnification or advances is denied, in whole or in part, or (ii) no disposition of such claim is made within 90 days of request therefor. To the fullest extent permitted by applicable law, the claimant in such enforcement action, if successful in whole or in part, shall be entitled to be paid also the expense of prosecuting the claim. In connection with any claim for indemnification, the corporation shall be entitled to raise as a defense to any such action that the claimant has not met the standards of conduct that make it permissible under the DGCL or any other applicable law for the corporation to indemnify the claimant for the amount claimed. In connection with any claim by an executive officer of the corporation (except in any Proceeding, by reason of the fact that such executive officer is or was a director of the corporation) for advances, the corporation shall be entitled to raise a defense as to any such action clear and convincing evidence that such person acted in bad faith or in a manner that such person did not believe to be in or not opposed to the best interests of the corporation, or with respect to any criminal action or proceeding that such person acted without reasonable cause to believe that his or her conduct was lawful. Neither the failure of the corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set

forth in the DGCL or any other applicable law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that claimant has not met the applicable standard of conduct. In any suit brought by a director or executive officer to enforce a right to indemnification or to an advancement of expenses hereunder, the burden of proving that the director or executive officer is not entitled to be indemnified, or to such advancement of expenses, under this Section 46 or otherwise shall be on the corporation.

(e) Non-Exclusivity of Rights. The rights conferred on any person by this Section 46 shall not be exclusive of any other right that such person may have or hereafter acquire under any applicable statute, provision of the Certificate of Incorporation, Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding office. The corporation is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advances, to the fullest extent not prohibited by the DGCL, or by any other applicable law.

(f) Survival of Rights. The rights conferred on any person by this Bylaw shall continue as to a person who has ceased to be a director or executive officer or officer, employee or other agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) Insurance. To the fullest extent permitted by the DGCL or any other applicable law, the corporation, upon approval by the Board of Directors, may purchase and maintain insurance on behalf of any person required or permitted to be indemnified pursuant to this Section 46.

(h) Amendments. Any repeal or modification of this Section 46 shall only be prospective and shall not affect the rights under this Section 46 as in effect at the time of the alleged occurrence of any action or omission to act that is the cause of any Proceeding against any agent of the corporation.

(i) Saving Clause. If this Article XI or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each director and executive officer to the full extent not prohibited by any applicable portion of this Article XI that shall not have been invalidated, or by any other applicable law. If this Article XI shall be invalid due to the application of the indemnification provisions of another jurisdiction, then the corporation shall indemnify each director and executive officer to the full extent under any other applicable law.

(j) Certain Definitions and Construction of Terms. For the purposes of Article XI of the Bylaws, the following definitions and rules of construction shall apply:

(i) The term “*Proceeding*” shall be broadly construed and shall include, without limitation, the investigation, preparation, prosecution, defense, settlement, arbitration and appeal of, and the giving of testimony in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative.

(ii) The term “*expenses*” shall be broadly construed and shall include, without limitation, court costs, attorneys’ fees, witness fees, fines, amounts paid in settlement or judgment and any other costs and expenses of any nature or kind incurred in connection with any Proceeding.

(iii) The term 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 that, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Section 46 with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

(iv) References to a “*director*,” “*executive officer*,” “*officer*,” “*employee*,” or “*agent*” of the corporation shall include, without limitation, situations where such person is serving at the request of the corporation as, respectively, a director, executive officer, officer, employee, trustee or agent of another corporation, partnership, joint venture, trust or other enterprise.

(v) References to “*Another Enterprise*” shall include employee benefit plans; references to “*finances*” 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 any service as a director, officer, employee or agent of the corporation that imposes duties on, or involves services by, such director, officer, employee, or agent 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 Section 46.

ARTICLE XII

NOTICES

Section 47. Notices.

(a) **Notice to Stockholders.** Notice to stockholders of stockholder meetings shall be given as provided in Section 7. Without limiting the manner by which notice may otherwise be given effectively to stockholders under any agreement or contract with such stockholder, and except as otherwise required by applicable law, written notice to stockholders for purposes other than stockholder meetings may be sent by U.S. mail or nationally recognized overnight courier, or by electronic mail or other electronic means.

(b) **Notice to Directors.** Any notice required to be given to any director may be given by the method stated in subsection (a), as otherwise provided in the Bylaws (including by any of the means specified in Section 22(d)), or by overnight delivery service. Any notice sent by overnight delivery service or U.S. mail shall be sent to such address as such director shall have filed in writing with the Secretary, or, in the absence of such filing, to the last known post office address of such director.

(c) **Affidavit of Mailing.** An affidavit of mailing, executed by a duly authorized and competent employee of the corporation or its transfer agent appointed with respect to the class of stock affected, or other agent, specifying the name and address or the names and addresses of the stockholder or stockholders, or director or directors, to whom any such notice or notices was or were given, and the time and method of giving the same, shall in the absence of fraud, be prima facie evidence of the facts therein contained.

(d) Methods of Notice. It shall not be necessary that the same method of giving notice be employed in respect of all recipients of notice, but one permissible method may be employed in respect of any one or more, and any other permissible method or methods may be employed in respect of any other or others.

(e) Notice to Person with Whom Communication is Unlawful. Whenever notice is required to be given, under applicable law or any provision of the Certificate of Incorporation or Bylaws of the corporation, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting that shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the corporation is such as to require the filing of a certificate under any provision of the DGCL, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

(f) Notice to Stockholders Sharing an Address. Except as otherwise prohibited under the DGCL, any notice given under the provisions of the DGCL, the Certificate of Incorporation or the Bylaws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Such consent shall have been deemed to have been given if such stockholder fails to object in writing to the corporation within 60 days of having been given notice by the corporation of its intention to send the single notice. Any consent shall be revocable by the stockholder by written notice to the corporation.

ARTICLE XIII

AMENDMENTS

Section 48. Amendments. Subject to the limitations set forth in Section 46(h) or the provisions of the Certificate of Incorporation, the Board of Directors is expressly empowered to adopt, amend or repeal the Bylaws of the corporation. Any adoption, amendment or repeal of the Bylaws of the corporation by the Board of Directors shall require the approval of a majority of the authorized number of directors. The stockholders also shall have power to adopt, amend or repeal the Bylaws of the corporation; *provided, however*, that, in addition to any vote of the holders of any class or series of stock of the corporation required by applicable law or by the Certificate of Incorporation, such action by stockholders shall require the affirmative vote of the holders of at least 66-2/3% of the voting power of all of the then-outstanding shares of the capital stock of the corporation entitled to vote generally in the election of directors, voting together as a single class.

ARTICLE XIV

LOANS TO OFFICERS

Section 49. Loans to Officers. Except as otherwise prohibited by applicable law, the corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the corporation or of its subsidiaries, including any officer or employee who is a director of the corporation or its subsidiaries, whenever, in the judgment of the Board of Directors, such loan, guarantee or assistance may reasonably be expected to benefit the corporation. The loan, guarantee or other assistance may be with or without interest and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the corporation. Nothing in the Bylaws shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the corporation at common law or under any statute.

ZQ(CERT#)COY(CLS)RGSTRY(ACCT#)TRANSTYPE(RUN#)TRANS#

Z LEGALZOOM

PO BOX 95906, LAWRENCE, KY 40323-5906
 LEGALZOOM, INC.
 LEGALZOOM, INC.
 LEGALZOOM, INC.
 LEGALZOOM, INC.
 LEGALZOOM, INC.

CUSIP IDENTIFIER: XXXXXX XX X
 Number: XXXXXXXXXX
 Insurance Value: 1,000,000.00
 Number of Shares: 123456
 DTC: 12345678 123456789012345
 Certificate Numbers: 12345678901234567890
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 Total Transaction: 7

COMMON STOCK
 PAR VALUE \$0.001

Z LEGALZOOM
 LEGALZOOM.COM, INC.
 INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

Certificate Number: **ZQ00000000**

Shares: *****

THIS CERTIFIES THAT
MR. SAMPLE & MRS. SAMPLE & MR. SAMPLE & MRS. SAMPLE

is the owner of
*****ZERO HUNDRED THOUSAND ZERO HUNDRED AND ZERO*****

CUSIP 52466B 10 3

SEE REVERSE FOR CERTAIN DEFINITIONS

THIS CERTIFICATE IS TRANSFERABLE IN CITIES DESIGNATED BY THE TRANSFER AGENT. AVAILABLE ONLINE AT www.computershare.com

FULLY-PAID AND NON-ASSESSABLE SHARES OF COMMON STOCK OF

LegalZoom.com, Inc. (hereinafter called the "Company"), transferable on the books of the Company in person or by duly authorized attorney, upon surrender of this Certificate properly endorsed. This Certificate and the shares represented hereby, are issued and shall be held subject to all of the provisions of the Certificate of Incorporation, as amended, and the By-Laws, as amended, of the Company (copies of which are on file with the Company and with the Transfer Agent), to all of which each holder, by acceptance hereof, assents. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

Witness the facsimile seal of the Company and the facsimile signatures of its duly authorized officers.

DATED: DD-MMM-YYYY

COUNTERSIGNED AND REGISTERED:
 COMPUTERSHARE TRUST COMPANY, N.A.
 TRANSFER AGENT AND REGISTRAR.

FACSIMILE SIGNATURE TO COME
 President

FACSIMILE SIGNATURE TO COME
 Secretary

By: _____ AUTHORIZED SIGNATURE

SEAL
 LEGALZOOM.COM, INC.
 INCORPORATED
 DELAWARE

1234567

LEGALZOOM.COM, INC.

THE COMPANY WILL FURNISH WITHOUT CHARGE TO EACH SHAREHOLDER WHO SO REQUESTS, A SUMMARY OF THE POWERS, DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL OR OTHER SPECIAL RIGHTS OF EACH CLASS OF STOCK OF THE COMPANY AND THE QUALIFICATIONS, LIMITATIONS OR RESTRICTIONS OF SUCH PREFERENCES AND RIGHTS, AND THE VARIATIONS IN RIGHTS, PREFERENCES AND LIMITATIONS DETERMINED FOR EACH SERIES, WHICH ARE FIXED BY THE CERTIFICATE OF INCORPORATION OF THE COMPANY, AS AMENDED, AND THE RESOLUTIONS OF THE BOARD OF DIRECTORS OF THE COMPANY, AND THE AUTHORITY OF THE BOARD OF DIRECTORS TO DETERMINE VARIATIONS FOR FUTURE SERIES. SUCH REQUEST MAY BE MADE TO THE OFFICE OF THE SECRETARY OF THE COMPANY OR TO THE TRANSFER AGENT. THE BOARD OF DIRECTORS MAY REQUIRE THE OWNER OF A LOST OR DESTROYED STOCK CERTIFICATE, OR HIS LEGAL REPRESENTATIVES, TO GIVE THE COMPANY A BOND TO INDEMNIFY IT AND ITS TRANSFER AGENTS AND REGISTRARS AGAINST ANY CLAIM THAT MAY BE MADE AGAINST THEM ON ACCOUNT OF THE ALLEGED LOSS OR DESTRUCTION OF ANY SUCH CERTIFICATE.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	UNIF GIFT MIN ACT -Custodian.....
TEN ENT - as tenants by the entires	under Uniform Gifts to Minors Act.....
JT TEN - as joint tenants with right of survivorship and not as tenants in common	UNIF TRF MIN ACT -Custodian (until age)
	under Uniform Transfers to Minors Act.....

Additional abbreviations may also be used though not in the above list.

For value received, _____ hereby sell, assign and transfer unto _____ **PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE**

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE, OF ASSIGNEE)

_____ Shares
of the Common Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint _____ Attorney
to transfer the said stock on the books of the within-named Company with full power of substitution in the premises.

Dated: _____ 20____
Signature: _____
Signature: _____

Notice: The signature to this assignment must correspond with the name as written upon the face of the certificate, in every particular, without alteration or enlargement, or any change whatever.

Signature(s) Guaranteed: Medallion Guarantee Stamp
THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (Banks, Stockbrokers, Savings and Loan Associations and Credit Unions) WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM, PURSUANT TO S.E.C. RULE 17d-15.

SECURITY INSTRUCTIONS
THIS IS WATERMARKED PAPER. DO NOT ACCEPT IF YOU DO NOT SEE THE WATERMARK. HOLD TO LIGHT TO VIEW PAPER WATERMARK.



The IRS requires that the named transfer agent ("we") report the cost basis of certain shares or units acquired after January 1, 2011. If your shares or units are covered by the legislation, and you requested to sell or transfer the shares or units using a specific cost basis calculation method, then we have processed as you requested. If you did not specify a cost basis calculation method, then we have defaulted to the first in, first out (FIFO) method. Please consult your tax advisor if you need additional information about cost basis.
If you do not keep in contact with the issuer or do not have any activity in your account for the time period specified by state law, your property may become subject to state unclaimed property laws and transferred to the appropriate state.

1534201

FOURTH AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT

This **FOURTH AMENDED AND RESTATED INVESTORS' RIGHTS AGREEMENT** (the "**Agreement**") is made as of the 18th day of June, 2021, 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 purchased 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 were conditioned upon the execution and delivery of the Third Amended and Restated Investors' Rights Agreement, dated October 23, 2018 (the "**Prior Agreement**"), by and between the Company, each of the investors listed on Schedule A thereto, and, solely for purposes of Section 6 and Section 7.7 thereof, the Senior Executive Stockholders (as defined in the Prior Agreement);

WHEREAS, the Prior Agreement may be amended, and any provision therein waived, with the consent of the Company and the holders of a majority of the outstanding Registrable Securities (as such term is defined in the Prior Agreement); and

WHEREAS, the Existing Investors, as holders of a majority of the outstanding Registrable Securities (as such term is defined in the Prior Agreement), and the Company desire to amend and restate the Prior Agreement as set forth herein.

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 Fourth Amended and Restated Certificate of Incorporation of the Company, dated as of October 29, 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, each 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 2.10 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 Holder**” shall have the definition attributed to it in Section 2.1(a).

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 any of LucasZoom, LLC, a Delaware limited liability company, Permira Advisers LLC, a New York limited liability company, and their respective Affiliates, together with their permitted transferees. 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) 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 (ii) with respect to which such Common Stock is listed for trading on either the New York Stock Exchange or the Nasdaq Global 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 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 2.13 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 four (4) registrations by any of the Demand Investors, provided, that such registrations shall include at least two (2) registrations by the Permira Investor, one (1) registration by FP and one (1) registration by GPI, in each case so long as such holder is a Demand 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., TCV Member Fund, L.P. and TCV IX (A) Opportunities, 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 and the Holders covenant and agree as follows:

2.1 Request for Registration.

(a) Following the Company’s IPO, if the Company shall receive at any time a written request from any Demand Investor holding Registrable Securities (the “**Initiating Holder**”), that the Company file a registration statement under the Securities Act for a public offering with an anticipated aggregate offering price in excess of \$25,000,000, then the Company shall, within ten (10) days of the receipt thereof, give written notice of such request to all Holders, who shall then have ten (10) days to notify the Company in writing of their desire to be included in such registration, subject to the limitations of this Section 2.1, effect, as soon as practicable, and in any event within sixty (60) days of the receipt of such request, confidentially submit or file a registration statement under the Securities Act covering all Registrable Securities which the Holders request to be registered and thereafter 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 Holder intends to distribute the Registrable Securities covered by its request by means of an underwriting, it shall so advise the Company as a part of its 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 Holder 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. If a person who has requested inclusion in such registration as provided in Section 2.1(a) does not agree to the terms of any such underwriting, such person shall withdraw therefrom by written notice to the Company and the underwriter delivered prior to the earlier of the execution of the underwriting agreement or the execution of the custody agreement with respect to such registration. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration. 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](#) or [Section 2.3](#), if, in good faith, the underwriter advises the Initiating Holder and the Company in writing that marketing factors require a limitation of the number of shares to be underwritten (including Registrable Securities) then the Company shall so advise all Holders of Registrable Securities which would otherwise be underwritten pursuant hereto, and the number of shares that may be included in the underwriting shall be allocated first to the Initiating Holder on a *pro rata* basis based on the number of Registrable Securities held by such Initiating Holder or in such other proportion as shall be agreed by the Initiating Holder, and then among all Holders of such Registrable Securities on a *pro rata* basis based on the number of Registrable Securities held by all such Holders (excluding the Initiating Holder) or in such other proportion as shall be expressly and unanimously agreed by the Initiating Holder and all other holders of Registrable Securities participating in the underwriting; provided, however, that the number of shares of Registrable Securities to be included in such underwriting and registration shall not be reduced unless all other securities of the Company not included in the request by the Initiating Holder are first entirely excluded from the underwriting and registration. Any Registrable Securities excluded or withdrawn from such underwriting shall be withdrawn from the registration. For purposes of the provision in this [Section 2.1\(b\)](#) concerning apportionment as it relates to demand registrations under [Section 2.1](#) or Underwritten Shelf Takedowns under [Section 2.3](#), for any Holder that is a partnership, limited liability company, or corporation, the partners, retired partners, members, retired members, stockholders, and Affiliates of such Holder, or the estates and immediate 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 “Holder”, and any *pro rata* reduction with respect to such “Holder” shall be based upon the aggregate number of Registrable Securities owned by all Persons included in such “Holder,” as defined in this sentence.

(c) The Company shall not be obligated to effect, or to take any action to effect, any registration pursuant to this [Section 2.1](#):

(i) 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;

(ii) After the Company has effected the Requisite Registrations pursuant to this [Section 2.1](#), and such registrations have been declared or ordered effective and pursuant to which securities have been sold (other than if the Holders elected not to sell securities pursuant to such registration);

(iii) If the Initiating Holder proposes to dispose of shares of Registrable Securities that may be immediately registered on Form S-3 pursuant to a request made pursuant to [Section 2.3](#) below;

(iv) 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 Holder (a “**Demand Suspension Period**”); 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 (any such registration statement, a “**Special Registration Statement**”); or

(v) during a Demand Suspension Period.

(d) A registration statement shall not be counted until such time as such registration statement has been declared effective by the SEC (unless the Initiating Holder withdraws its 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 elects 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 2.2(a), cause to be registered under the Securities Act, all of the Registrable Securities that each such Holder has requested to be registered. 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 2.5 hereof.

(a) Underwriting. If the registration statement of which the Company gives notice under this Section 2.2 is for an underwritten offering, the Company shall so advise the Holders of Registrable Securities. In such event, the right of any such Holder to include Registrable Securities in a registration pursuant to this Section 2.2 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 Registrable Securities through such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company. Notwithstanding any other provision of this Agreement, the Company and the underwriter may in their discretion limit the number of shares to be underwritten, in which case the number of shares to be underwritten shall be allocated first to the Company, and then to any participating Demand Investors on a *pro rata* basis based on the total number of Registrable Securities held by such participating Demand Investors, and then to the other participating Holders on a *pro rata* basis based on the total number of Registrable Securities held by such participating Holders on a *pro rata* basis based on the total number of Registrable Securities held by the such Holders; provided, however, that no such reduction shall reduce the amount of securities of the selling Holders included in the registration below thirty percent (30%) of the total amount of securities included in such registration, unless such offering is the Company's IPO and such registration does not include shares of any other selling stockholder, in which event any or all of the Registrable Securities of the Holders may be excluded in accordance with the immediately preceding clause. In no event will shares of any other selling stockholder be included in such registration that would reduce the number of shares which may be included by Holders without the written consent of Holders of a majority of the Registrable Securities proposed to be sold in the offering. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter, delivered prior to the earlier of the execution of the underwriting agreement or the execution of the custody agreement with respect to such registration. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration. For any Holder which is a partnership, limited liability company or corporation, Affiliates of such Holder, partners, retired partners, members, retired members and stockholders 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 "Holder," and any *pro rata* reduction with respect to such "Holder" shall be based upon the aggregate amount of shares carrying registration rights owned by all Persons included in such "Holder," as defined in this sentence.

2.3 Form S-3 Registration; Underwritten Shelf Takedowns. In case the Company shall receive from any Holder of Registrable Securities a written request or requests that the Company effect a registration on Form S-3 (or any successor to Form S-3) or any similar short-form registration statement pursuant to Rule 415 under the Securities Act (each a “**Shelf Registration Statement**”) 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 of Registrable Securities; 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 2.3:

(i) if Form S-3 is not available for such offering by the Holders;

(ii) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public of less than seven million five hundred thousand dollars (\$7,500,000);

(iii) if the Company shall furnish to the Holders 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 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 forty-five (45) days after receipt of the request of the Holder or Holders under this Section 2.3 (a “**Shelf Suspension Period**”); provided, however, that the Company shall 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 forty-five (45) day period (in each case other than pursuant to a Special Registration Statement);

(iv) during a Shelf Suspension Period; or

(v) 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 Shelf Registration Statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable, and in any event within sixty (60) days, after receipt of the requests of the Holders. Registrations effected pursuant to this Section 2.3 shall not be counted as demands for registration or registrations effected pursuant to Section 2.1.

(d) At any time during which a Shelf Registration Statement on Form S-3 is effective under the Securities Act (or, in the event that the Company is a WKSI (as defined below), at any time that a Shelf Registration Statement that will be automatically effective upon filing is requested in accordance with Section 2.3), any Initiating Holder may request to sell all or any portion of its Registrable Securities in an underwritten offering that is registered pursuant to the Shelf Registration Statement on Form S-3 (each, an “**Underwritten Shelf Takedown**”). All requests by Holders for Underwritten Shelf Takedowns shall be made by giving written notice to the Company (the “**Demand Shelf Takedown Notice**”), which notice shall specify the approximate number of Registrable Securities proposed to be sold in the Underwritten Shelf Takedown and whether such offering will be a non-marketed block trade. Within ten (10) Business Days after receipt of any Demand Shelf Takedown Notice (or two (2) Business Days in the event the Demand Shelf Takedown Notice requests a non-marketed block trade), the Company shall give written notice of such requested Underwritten Shelf Takedown to all other Holders which have Registrable Securities included on such Shelf Registration Statement on Form S-3 (the “**Company Shelf Takedown Notice**”) and, subject to the provisions of Section 2.3(f) below, shall include in such Underwritten Shelf Takedown all Registrable Securities with respect to which the Company has received written requests for inclusion therein (which requests shall be revocable only with the consent of the Permira Investor or, if the Permira Investor is not participating in such Underwritten Shelf Takedown, by the participating Initiating Holder) within three (3) Business Days after sending the Company Shelf Takedown Notice (or such earlier time at which all Holders that have Registrable Securities included on such Shelf Registration Statement have provided responses to the Company Shelf Takedown Notice). So long as a Shelf Registration Statement is effective, no Holder may request any demand registration pursuant to Section 2.1 with respect to Registrable Securities that are registered on such Shelf Registration Statement. Subject to the provisions of Section 2.3(f) below, the Demand Investors shall be entitled to an unlimited number of Underwritten Shelf Takedowns; provided, however, that each Underwritten Shelf Takedown shall count against the number of demand registrations for purposes of the Company’s obligation pursuant to Section 2.1(c)(i) to effect no more than four (4) demand registrations at the request of the Demand Investors.

(e) All Holders proposing to include their Registrable Securities in an Underwritten Shelf Takedown shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Initiating Holder (which underwriter or underwriters, in each case, shall be reasonably acceptable to the Company). The right of any Holder to include its Registrable Securities shall be conditioned upon such Holder’s participation in such underwriting on the terms and conditions (including with respect to the price at which the Registrable Securities included therein will be sold to the underwriter or underwriters) as agreed upon by the Initiating Holder, and the underwriter or underwriters of such underwriting (unless otherwise mutually agreed by such Holder and the Initiating Holder). If a person who has requested inclusion in such Underwritten Shelf Takedown as provided in Section 2.3(d) does not agree to the terms of any such underwriting, such person shall be excluded therefrom by written notice from the Company, the underwriter(s) or the Initiating Holder, as applicable.

(f) The Company shall not be obligated to effect any Underwritten Shelf Takedown pursuant to this Section 2.3:

(i) if the Company is not then eligible to use Form S-3 under the Securities Act;

(ii) if the Initiating Holder, together with the holders of any other securities of the Company entitled to inclusion in such Underwritten Shelf Takedown, propose to sell Registrable Securities in the Underwritten Shelf Takedown at an aggregate price to the public (before deduction of underwriting discounts and commissions and any Registration Expenses payable by such Holders) of less than twenty-five million dollars (\$25,000,000);

(iii) if the Company shall furnish to the Holders 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 Underwritten Shelf Offering to be effected 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, in which event the Company shall have the right to defer the Underwritten Shelf Takedown for a period of not more than forty-five (45) days (a "**Takedown Suspension Period**") after receipt of the request of the Holder or Holders under this Section 2.3; provided, however, that the Company shall 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 ninety (90) day period (in each case other than pursuant to a Special Registration Statement); or

(iv) during a Takedown Suspension Period.

2.4 Furnish Information. Each 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 Registration. Except as specifically provided herein, (i) all Registration Expenses (inclusive of one counsel, which counsel shall be reasonably acceptable to all participating Holders, to the Holders and exclusive of underwriting discounts and selling commissions, stock transfer taxes, and fees of accountants for the Holders and additional counsel to the Holders) incurred in connection with any registration, qualification or compliance pursuant to Sections 2.1, 2.2 or 2.3 herein shall be borne by the Company, and (ii) all other Registration

Expenses, including underwriting discounts and selling commissions and stock transfer taxes, as well as other Holder expenses, including fees of accountants and all other counsel to the Holders, incurred in connection with any registration, offering, qualification or compliance (including in connection with an Underwritten Shelf Takedown) shall be borne by the applicable Holders. All underwriting discounts and selling commissions incurred in connection with any registrations hereunder shall be borne by the Holders of the securities so registered and sold *pro rata* on the basis of the number of shares so registered and sold. The Company shall not, however, be required to pay for expenses of any registration proceeding begun pursuant to Section 2.1, the request of which has been subsequently withdrawn by the applicable Initiating Holder unless (a) the withdrawal is based upon material adverse Company-specific information of which such Initiating Holder was not aware at the time of such request, or (b) the Initiating Holder agrees to deem such registration to have been effected as of the date of such withdrawal for purposes of determining whether the Company shall be obligated pursuant to Section 2.1(c)(i) to undertake any subsequent registration, in which event such right shall be forfeited by such Initiating Holder. If the Holders are required to pay the Registration Expenses, such expenses shall be borne by the holders of securities (including Registrable Securities) requesting such registration or offering in proportion to the number of shares for which registration or sale was requested.

2.6 Obligations of the Company. Whenever required to effect the registration of any Registrable Securities, including to effect an Underwritten Shelf Takedown, the Company shall, at its sole expense and 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 Holder, or, if there is no Initiating Holder, the Holders of a majority of the Registrable Securities registered thereunder, 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 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 to a period of one (1) year. Before filing a registration statement, the Company will furnish the Holders of Registrable Securities covered by such registration statement, the underwriters, if any, and any attorney, accountant or other agent retained by any such Holders of Registrable Securities or underwriters copies of all such documents proposed to be filed, which documents will be subject to reasonable review and comment of such Holders, their counsel and underwriters, if any, and will not file any registration statement to which the Holders of at least a majority of the Registrable Securities covered by such registration statement or the underwriter, if any, shall, for reasonable reasons, object.

(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 keep such registration statement effective or comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement for the period set forth in subsection (a) above.

(c) furnish to the Holders, without charge, such number of copies of a prospectus including a preliminary prospectus, and any amendment of or supplement to the prospectus or any issuer free writing 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 to keep such registration and qualification in effect for so long as the registration statement remains in effect, and to take any other action which may be reasonably necessary or advisable to enable such Holder to consummate the disposition in such jurisdictions of the securities owned by such Holder; 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.

(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(s) of such offering. Except as otherwise provided herein, 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.

(h) (i) use its reasonable best efforts to furnish, if such securities are being sold through underwriters, (A) an opinion, dated the date that such Registrable Securities are delivered to the underwriters for sale, 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 (B) letters, dated the date of the underwriting agreement relating to the sale of such Registrable Securities and the date that such Registrable Securities are delivered to the underwriters for sale, 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, and to the Holders requesting registration of Registrable Securities, and (ii) in connection with any underwritten public offering of Registrable Securities, only upon the reasonable request of the managing underwriters for such offering, agree to, and cause its directors and executive officers to enter into, a lock-up provision in an underwriting agreement or lock-up agreements, as applicable, in each case in customary form and substance, with a lock-up period no greater than ninety (90) days following the execution of the underwriting agreement relating to such underwritten public offering, and with customary exceptions.

(i) Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading or incomplete in the light of the circumstances then existing. The Company will use reasonable best efforts to amend or supplement such prospectus in order to cause such prospectus not to include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or incomplete in light of the circumstances then existing.

(j) comply (and continue to comply) with all applicable rules and regulations of the SEC (including, without limitation, maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) in accordance with the Exchange Act), and make generally available to its security holders, as soon as reasonably practicable after the effective date of the registration statement (and in any event within forty-five (45) days, or ninety (90) days if it is a fiscal year, after the end of such twelve-month (12) period described hereafter), an earnings statement (which need not be audited) covering the period of at least twelve (12) consecutive months beginning with the first day of the Company's first calendar quarter after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder.

(k) provide and cause to be maintained a transfer agent and registrar for all such Registrable Securities covered by such registration statement not later than the effective date of such registration statement.

(l) use commercially reasonable efforts to make available its employees and personnel for participation in "road shows" and other marketing efforts and otherwise provide reasonable assistance to the underwriters (taking into account the needs of the Company's businesses and the requirements of the marketing process) in the marketing of Registrable Securities in any underwritten offering.

(m) use its reasonable best efforts to prevent the entry of any order suspending the effectiveness of the registration statement and, in the event of the issuance of any such stop order, or of any order suspending or preventing the use of any related prospectus or suspending the qualification of any security included in such registration statement for sale in any jurisdiction, the Company shall use its reasonable best efforts promptly to obtain the withdrawal of such order at the earliest possible time.

To the extent the Company is a well-known seasoned issuer (as defined in Rule 405 under the Securities Act) (a “WKSI”) at the time any demand registration request is submitted to the Company pursuant to Section 2.3 above, and such demand registration request requests that the Company file an automatic shelf registration statement (as defined in Rule 405 under the Securities Act) (an “**automatic shelf registration statement**”) on Form S-3, the Company shall file an automatic shelf registration statement which covers those Registrable Securities which are requested to be registered. The Company shall use its reasonable best efforts to remain a WKSI (and not become an ineligible issuer (as defined in Rule 405 under the Securities Act)) during the period during which such automatic shelf registration statement is required to remain effective. If the Company does not pay the filing fee covering the Registrable Securities at the time the automatic shelf registration statement is filed, the Company agrees to pay such fee at such time or times as the Registrable Securities are to be sold. If the automatic shelf registration statement has been outstanding for at least three (3) years, at the end of the third year the Company shall refile a new automatic shelf registration statement covering the Registrable Securities. If, at any time when the Company is required to re-evaluate its WKSI status, the Company determines that it is not a WKSI, the Company shall use its reasonable best efforts to refile the shelf registration statement on Form S-3 and, if such form is not available, Form S-1 and keep such registration statement effective during the period during which such registration statement is required to be kept effective.

If the Company files any shelf registration statement for the benefit of the holders of any of its securities other than the Holders, the Company agrees that it shall include in such registration statement such disclosures as may be required by Rule 430B under the Securities Act (referring to the unnamed selling security holders in a generic manner by identifying the initial offering of the securities to the Holders) in order to ensure that the Holders may be added to such shelf registration statement at a later time through the filing of a prospectus supplement rather than a post-effective amendment.

2.7 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.

2.8 Indemnification. In the event any Registrable Securities are included in a registration statement under Section 2.1, 2.2 or 2.3:

(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 2.8(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 2.8(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 2.8(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 2.8(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 2.8 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 2.8, 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, and only to the extent, materially prejudicial to its ability to defend such action, shall relieve such indemnifying party of any liability to the indemnified party under this Section 2.8, 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 2.8.

(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 2.8 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 2.8 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 2.8, 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 2.8(d), when combined with the amounts paid or payable by such holder pursuant to Section 2.8(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 2.8 shall survive completion of any offering of Registrable Securities in a registration statement and, with respect to liability arising from an offering to which this Section 2.8 would apply that is covered by a registration filed before termination of this Agreement, such termination. No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

2.9 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.

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.

2.10 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.

2.11 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company shall not enter into any agreement with any holder or prospective holder of any securities of the Company that would grant such holder rights to demand the registration of shares of the Company's capital stock, or to include such shares in a registration statement, unless, under the terms of such agreement, such rights are subordinate in all respects to the rights of the Holders.

2.12 "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 (or such shorter period as set forth in the lock-up agreement used in the IPO) (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.

2.13 Termination of Registration Rights. The rights set forth in this Section 2 shall terminate (i) upon a Deemed Liquidation Event, as such term is defined in the Certificate of Incorporation as of the date hereof and (ii) as to any Holder on the date such Holder, together with its, his or her permitted transferees, Affiliates and co-investors, beneficially owns less than one percent (1%) of the outstanding shares of Common Stock and all such securities held by such Holder are eligible for sale by such Holder free of any volume limitation under SEC Rule 144. Upon such termination, such shares shall cease to be “Registrable Securities” for all purposes.

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 yearend 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 is 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 By-laws 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 2.12 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: Joshua Korff, P.C., Fax No.: (212) 446-4900, email: joshua.korff@kirkland.com, and Kevin Crews, P.C., Fax No.: (214) 972-1771, email: kevin.crews@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, email: 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 Agreement as of the date first above written.

LEGALZOOM.COM, INC.

By: /s/ Dan Wernikoff

Name: Dan Wernikoff

Title: Chief Executive Officer

Address: 101 North Brand Boulevard, 11th Floor Glendale,
CA 91203

[Signature Page to Fourth Amended and Restated Investors' Rights Agreement]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

INVESTOR:

LUCASZOOM, LLC

By: /s/ Dipan Patel

Name: Dipan Patel

Title: VP and Treasurer

[Signature Page to Fourth Amended and Restated Investors' Rights Agreement]

IN WITNESS WHEREOF, the parties have executed this 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 Fourth Amended and Restated Investors' Rights Agreement]

IN WITNESS WHEREOF, the parties have executed this 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/ Khai Ha

Name: Khai Ha

Title: Authorized Person

[Signature Page to Fourth Amended and Restated Investors' Rights Agreement]

IN WITNESS WHEREOF, the parties have executed this 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

[Signature Page to Fourth Amended and Restated Investors' Rights Agreement]

IN WITNESS WHEREOF, the parties have executed this 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 (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 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 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 Agreement as of the date first above written.

INVESTORS:

TCV IX (A) OPPORTUNITIES, 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

[Signature Page to Fourth Amended and Restated Investors' Rights Agreement]

SCHEDULE A**INVESTORS**

Name	Address
LucasZoom, LLC	c/o Permira Advisers LLC 3000 Sand Hill Road Building 1, Suite 260 Menlo Park, CA 94025
Institutional Venture Partners XIII, L.P.	3000 Sand Hill Road Building 2, Suite 250 Menlo Park, CA 94025
Thomas Newby	
Thomas Kelly	
GPI Capital Gemini Holdco, LP	1345 Avenue of the Americas, 32nd Floor New York, NY 10105
FPLZ I, L.P.	One Letterman Drive Building C—Suite 410 San Francisco, California 94129
FPLZ II, L.P.	
Neuberger Berman Alternative Funds, Neuberger Berman Long Short Fund	1290 Avenue of the Americas New York, NY 10104 Attention: Charles Kantor
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	Franklin Strategic Series—Franklin Small Cap Growth Fund Franklin Strategic Series – Franklin Growth Opportunities Fund and Franklin Templeton Investment Funds –Franklin U.S. Opportunities Fund One Franklin Parkway San Mateo, CA 94403 Attention: Robert Stevenson and Kat Anderson
KPCB Holdings, Inc., as Nominee	2750 Sand Hill Road Menlo Park, CA 94025
TCV IX, L.P.	c/o Technology Crossover Ventures
TCV IX (A), L.P.	250 Middlefield Rd
TCV IX (B), L.P.	Menlo Park, CA 94025
TCV Member Fund, L.P.	Attention: General Counsel
TCV IX (A) Opportunities, L.P.	Email: legal@tcv.com
	Fax: (650) 614-8222
TA XII-A, L.P.	C/O TA Associates Management, L.P.
TA XII-B, L.P.	64 Willow Place, Suite 100
TA Investors XII, L.P.	Menlo Park, CA 94025
	Attention: Jonathan Meeks and Ashu Agrawal
	Fax: 650.473.2235
WCP Holdings IV, L.P.	WCP Holdings IV, L.P.
	400 Park Avenue, Suite 910
	New York, NY 10022
Cross Creek Partners V, L.P.	Cross Creek Capital II, L.P.
Cross Creek Capital II, L.P.	Cross Creek Capital Partners IV, L.P.
Cross Creek Capital Partners IV, L.P.	Cross Creek Partners V, LP
	505 South Wakara Way, Suite 215
	Salt Lake City, UT 84108



C. Thomas Hopkins
T: +1 310 883 6417
thopkins@cooley.com

June 21, 2021

LegalZoom.com, Inc.
101 North Brand Blvd., 11th Floor
Glendale, California 91203

Ladies and Gentlemen:

We have acted as counsel to LegalZoom.com, Inc., a Delaware corporation (the "**Company**"), in connection with the filing by the Company of a Registration Statement (No. 333-256803) on Form S-1 (as amended, the "**Registration Statement**") with the Securities and Exchange Commission, including a related prospectus filed with the Registration Statement (the "**Prospectus**"), covering an underwritten public offering of up to 21,989,150 shares of the Company's Common Stock, par value \$0.001 ("**Shares**") (including up to 2,868,150 Shares that may be sold by the Company upon exercise of an option to purchase additional shares to be granted to the underwriters).

In connection with this opinion, we have (i) examined and relied upon (a) the Registration Statement and the Prospectus, (b) the Company's Fourth Amended and Restated Certificate of Incorporation and Second Amended and Restated Bylaws, each as currently in effect, (c) the forms of the Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws filed as Exhibits 3.2 and 3.4 to the Registration Statement, respectively, each of which is to be effective in connection with the closing of the offering contemplated by the Registration Statement and (d) originals or copies certified to our satisfaction of such records, documents, certificates, memoranda, opinions and other instruments as in our judgment are necessary or appropriate to enable us to render the opinion expressed below, and (ii) assumed that the Shares will be sold at a price established by the Board of Directors of the Company or a duly authorized committee thereof.

We have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to originals of all documents submitted to us as copies, the accuracy, completeness and authenticity of certificates of public officials and the due authorization, execution and delivery of all documents by all persons other than the Company where authorization, execution and delivery are prerequisites to the effectiveness thereof. As to certain factual matters, we have relied upon a certificate of an officer of the Company and have not independently verified such matters.

Our opinion is expressed only with respect to the General Corporation Law of the State of Delaware. We express no opinion to the extent that any other laws are applicable to the subject matter hereof and express no opinion and provide no assurance as to compliance with any federal or state securities law, rule or regulation.

Cooley LLP 1333 2nd Street, Suite 400, Santa Monica, CA 90401
t: (310) 883-6400 f: (310) 883-6500 cooley.com



LegalZoom.com, Inc.

June 21, 2021

Page Two

On the basis of the foregoing, and in reliance thereon, we are of the opinion that the Shares, when sold and issued against payment therefor as described in the Registration Statement and the Prospectus, will be validly issued, fully paid and non-assessable.

We consent to the reference to our firm under the caption "Legal Matters" in the Prospectus included in the Registration Statement and to the filing of this opinion as an exhibit to the Registration Statement.

Sincerely,

Cooley LLP

By: /s/ C. Thomas Hopkins

C. Thomas Hopkins

Cooley LLP 1333 2nd Street, Suite 400, Santa Monica, CA 90401

t: (310) 883-6400 f: (310) 883-6500 cooley.com

LEGALZOOM.COM, INC.
2021 EQUITY INCENTIVE PLAN

ADOPTED BY THE BOARD OF DIRECTORS: _____, 2021

APPROVED BY THE STOCKHOLDERS: _____, 2021

1. GENERAL.

(a) Successor to and Continuation of Prior Plan. The Plan is the successor to and continuation of the Prior Plan. As of the Effective Date, (i) no additional awards may be granted under the Prior Plan; (ii) the Prior Plan's Available Reserve (plus any Returning Shares) will become available for issuance pursuant to Awards granted under this Plan; and (iii) all outstanding awards granted under the Prior Plan will remain subject to the terms of the Prior Plan (except to the extent such outstanding awards result in Returning Shares that become available for issuance pursuant to Awards granted under this Plan). All Awards granted under this Plan will be subject to the terms of this Plan.

(b) Plan Purpose. The Company, by means of the Plan, seeks to secure and retain the services of Employees, Directors and Consultants, to provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate and to provide a means by which such persons may be given an opportunity to benefit from increases in value of the Common Stock through the granting of Awards.

(c) Available Awards. The Plan provides for the grant of the following Awards: (i) Incentive Stock Options; (ii) Nonstatutory Stock Options; (iii) SARs; (iv) Restricted Stock Awards; (v) RSU Awards; (vi) Performance Awards; and (vii) Other Awards.

(d) Adoption Date; Effective Date. The Plan will come into existence on the Adoption Date, but no Award may be granted prior to the Effective Date.

2. SHARES SUBJECT TO THE PLAN.

(a) Share Reserve. Subject to adjustment in accordance with Section 2(c) and any adjustments as necessary to implement any Capitalization Adjustments, the aggregate number of shares of Common Stock that may be issued pursuant to Awards will not exceed 18,946,871 shares, which number is the sum of: (i) 15,921,156 new shares, plus (ii) a number of shares of Common Stock equal to the Prior Plan's Available Reserve, plus (iii) a number of shares of Common Stock equal to the number of Returning Shares, if any, as such shares become available from time to time. In addition, subject to any adjustments as necessary to implement any Capitalization Adjustments, such aggregate number of shares of Common Stock will automatically increase on January 1 of each year for a period of ten years commencing on January 1, 2022 and ending on (and including) January 1, 2031, in an amount equal to 5% of the total number of shares of Common Stock outstanding on December 31 of the preceding year; provided, however, that the Board may act prior to January 1st of a given year to provide that the increase for such year will be a lesser number of shares of Common Stock.

(b) Aggregate Incentive Stock Option Limit. Notwithstanding anything to the contrary in Section 2(a) and subject to any adjustments as necessary to implement any Capitalization Adjustments, the aggregate maximum number of shares of Common Stock that may be issued pursuant to the exercise of Incentive Stock Options is 56,840,613 shares.

(c) Share Reserve Operation.

(i) Limit Applies to Common Stock Issued Pursuant to Awards. For clarity, the Share Reserve is a limit on the number of shares of Common Stock that may be issued pursuant to Awards and does not limit the granting of Awards, except that the Company will keep available at all times the number of shares of Common Stock reasonably required to satisfy its obligations to issue shares pursuant to such Awards. Shares may be issued in connection with a merger or acquisition as permitted by, as applicable, Nasdaq Listing Rule 5635(c), NYSE Listed Company Manual Section 303A.08, NYSE American Company Guide Section 711 or other applicable rule, and such issuance will not reduce the number of shares available for issuance under the Plan.

(ii) Actions that Do Not Constitute Issuance of Common Stock and Do Not Reduce Share Reserve. The following actions do not result in an issuance of shares under the Plan and accordingly do not reduce the number of shares subject to the Share Reserve and available for issuance under the Plan: (1) the expiration or termination of any portion of an Award without the shares covered by such portion of the Award having been issued, (2) the settlement of any portion of an Award in cash (i.e., the Participant receives cash rather than Common Stock), (3) the withholding of shares that would otherwise be issued by the Company to satisfy the exercise, strike or purchase price of an Award, or (4) the withholding of shares that would otherwise be issued by the Company to satisfy a tax withholding obligation in connection with an Award.

(iii) Reversion of Previously Issued Shares of Common Stock to Share Reserve. The following shares of Common Stock previously issued pursuant to an Award and accordingly initially deducted from the Share Reserve will be added back to the Share Reserve and again become available for issuance under the Plan: (1) any shares that are forfeited back to or repurchased by the Company because of a failure to meet a contingency or condition required for the vesting of such shares, (2) any shares that are reacquired by the Company to satisfy the exercise, strike or purchase price of an Award, and (3) any shares that are reacquired by the Company to satisfy a tax withholding obligation in connection with an Award.

3. ELIGIBILITY AND LIMITATIONS.

(a) Eligible Award Recipients. Subject to the terms of the Plan, Employees, Directors and Consultants are eligible to receive Awards.

(b) Specific Award Limitations.

(i) Limitations on Incentive Stock Option Recipients. Incentive Stock Options may be granted only to Employees of the Company or a “parent corporation” or “subsidiary corporation” thereof (as such terms are defined in Sections 424(e) and (f) of the Code).

(ii) Incentive Stock Option \$100,000 Limitation. To the extent that the aggregate fair market value (determined at the time of grant) of the shares of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and any “parent corporation” or “subsidiary corporation” thereof, as such terms are defined in Sections 424(e) and (f) of the Code) exceeds \$100,000 (or such other limit established in the Code), or any Incentive Stock Options otherwise do not comply with the rules governing Incentive Stock Options, the Options or portions thereof that exceed such limit (according to the order in which they were granted) or otherwise do not comply with such rules will be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Option Agreement(s).

(iii) Limitations on Incentive Stock Options Granted to Ten Percent Stockholders. A Ten Percent Stockholder may not be granted an Incentive Stock Option unless (i) the exercise price of such Option is at least 110% of the Fair Market Value on the date of grant of such Option and (ii) the Option is not exercisable after the expiration of five years from the date of grant of such Option.

(iv) Limitations on Nonstatutory Stock Options and SARs. Nonstatutory Stock Options and SARs may not be granted to Employees, Directors and Consultants who are providing Continuous Service only to any “parent” of the Company (as such term is defined in Rule 405) unless the stock underlying such Awards is treated as “service recipient stock” under Section 409A because the Awards are granted pursuant to a corporate transaction (such as a spin off transaction) or unless such Awards otherwise comply with the distribution requirements of Section 409A.

(c) Aggregate Incentive Stock Option Limit. The aggregate maximum number of shares of Common Stock that may be issued pursuant to the exercise of Incentive Stock Options is the number of shares specified in Section 2(b).

(d) Non-Employee Director Compensation Limit. The aggregate value of all compensation granted or paid, as applicable, in each case following the IPO Date, to any individual for service as a Non-Employee Director with respect to any fiscal year, including Awards granted and cash fees paid by the Company to such Non-Employee Director for his or her service as a Non-Employee Director, will not exceed (i) \$750,000 in total value or (ii) in the event such Non-Employee Director is first appointed or elected to the Board during such fiscal year, and/or is the non-executive chair of the Board, \$1,500,000 in total value, in each case calculating the value of any equity awards based on the grant date fair value of such equity awards for financial reporting purposes.

4. OPTIONS AND STOCK APPRECIATION RIGHTS.

Each Option and SAR will have such terms and conditions as determined by the Board. Each Option will be designated in writing as an Incentive Stock Option or Nonstatutory Stock Option at the time of grant; provided, however, that if an Option is not so designated, then such Option will be a Nonstatutory Stock Option, and the shares purchased upon exercise of each type of Option will be separately accounted for. Each SAR will be denominated in shares of Common Stock equivalents. The terms and conditions of separate Options and SARs need not be identical; provided, however, that each Option Agreement and SAR Agreement will conform (through incorporation of provisions hereof by reference in the Award Agreement or otherwise) to the substance of each of the following provisions:

(a) Term. Subject to Section 3(b) regarding Ten Percent Stockholders, no Option or SAR will be exercisable after the expiration of ten years from the date of grant of such Award or such shorter period specified in the Award Agreement.

(b) Exercise or Strike Price. Subject to Section 3(b) regarding Ten Percent Stockholders, the exercise or strike price of each Option or SAR will not be less than 100% of the Fair Market Value on the date of grant of such Award. Notwithstanding the foregoing, an Option or SAR may be granted with an exercise or strike price lower than 100% of the Fair Market Value on the date of grant of such Award if such Award is granted pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a Corporate Transaction and in a manner consistent with the provisions of Sections 409A and, if applicable, 424(a) of the Code.

(c) Exercise Procedure and Payment of Exercise Price for Options. In order to exercise an Option, the Participant must provide notice of exercise to the Plan Administrator in accordance with the procedures specified in the Option Agreement or otherwise provided by the Company. The Board has the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to utilize a particular method of payment. The exercise price of an Option may be paid, to the extent permitted by Applicable Law and as determined by the Board, by one or more of the following methods of payment to the extent set forth in the Option Agreement:

(i) by cash or check, bank draft or money order payable to the Company;

(ii) pursuant to a “cashless exercise” program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of the Common Stock subject to the Option, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the exercise price to the Company from the sales proceeds;

(iii) by delivery to the Company (either by actual delivery or attestation) of shares of Common Stock that are already owned by the Participant free and clear of any liens, claims, encumbrances or security interests, with a Fair Market Value on the date of exercise that does not exceed the exercise price, provided that (1) at the time of exercise the Common Stock is publicly traded, (2) any remaining balance of the exercise price not satisfied by such delivery is paid by the Participant in cash or other permitted form of payment, (3) such delivery would not violate any Applicable Law or agreement restricting the redemption of the Common Stock, (4) any certificated shares are endorsed or accompanied by an executed assignment separate from certificate, and (5) such shares have been held by the Participant for any minimum period necessary to avoid adverse accounting treatment as a result of such delivery;

(iv) if the Option is a Nonstatutory Stock Option, by a “net exercise” arrangement pursuant to which the Company will reduce the number of shares of Common Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value on the date of exercise that does not exceed the exercise price, provided that (1) such shares used to pay the exercise price will not be exercisable thereafter and (2) any remaining balance of the exercise price not satisfied by such net exercise is paid by the Participant in cash or other permitted form of payment; or

(v) in any other form of consideration that may be acceptable to the Board and permissible under Applicable Law.

(d) Exercise Procedure and Payment of Appreciation Distribution for SARs. In order to exercise any SAR, the Participant must provide notice of exercise to the Plan Administrator in accordance with the SAR Agreement. The appreciation distribution payable to a Participant upon the exercise of a SAR will not be greater than an amount equal to the excess of (i) the aggregate Fair Market Value on the date of exercise of a number of shares of Common Stock equal to the number of Common Stock equivalents that are vested and being exercised under such SAR, over (ii) the strike price of such SAR. Such appreciation distribution may be paid to the Participant in the form of Common Stock or cash (or any combination of Common Stock and cash) or in any other form of payment, as determined by the Board and specified in the SAR Agreement.

(e) Transferability. Options and SARs may not be transferred to third party financial institutions for value. The Board may impose such additional limitations on the transferability of an Option or SAR as it determines. In the absence of any such determination by the Board, the following restrictions on the transferability of Options and SARs will apply, provided that except as explicitly provided herein, neither an Option nor a SAR may be transferred for consideration and provided, further, that if an Option is an Incentive Stock Option, such Option may be deemed to be a Nonstatutory Stock Option as a result of being transferred:

(i) Restrictions on Transfer. An Option or SAR will not be transferable, except by will or by the laws of descent and distribution, and will be exercisable during the lifetime of the Participant only by the Participant; provided, however, that the Board may permit transfer of an Option or SAR in a manner that is not prohibited by applicable tax and securities laws upon the Participant's request, including to a trust if the Participant is considered to be the sole beneficial owner of such trust (as determined under Section 671 of the Code and applicable U.S. state law) while such Option or SAR is held in such trust, provided that the Participant and the trustee enter into a transfer and other agreements required by the Company.

(ii) Domestic Relations Orders. Notwithstanding the foregoing, subject to the execution of transfer documentation in a format acceptable to the Company and subject to the approval of the Board or a duly authorized Officer, an Option or SAR may be transferred pursuant to a domestic relations order.

(f) Vesting. The Board may impose such restrictions on or conditions to the vesting and/or exercisability of an Option or SAR as determined by the Board. Except as otherwise provided in the applicable Award Agreement or other written agreement between a Participant and the Company or an Affiliate, vesting of Options and SARs will cease upon termination of the Participant's Continuous Service.

(g) Termination of Continuous Service for Cause. Except as explicitly otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if a Participant's Continuous Service is terminated for Cause, the Participant's Options and SARs will terminate and be forfeited immediately upon such termination of Continuous Service, and the Participant will be prohibited from exercising any portion (including any vested portion) of such Awards on and after the date of such termination of Continuous Service and the Participant will have no further right, title or interest in such forfeited Award, the shares of Common Stock subject to the forfeited Award, or any consideration in respect of the forfeited Award.

(h) Post-Termination Exercise Period Following Termination of Continuous Service for Reasons Other than Cause. Subject to Section 4(i), if a Participant's Continuous Service terminates for any reason other than for Cause, the Participant may exercise his or her Option or SAR to the extent vested, but only within the following period of time or, if applicable, such other period of time provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate; provided, however, that in no event may such Award be exercised after the expiration of its maximum term (as set forth in Section 4(a)):

(i) three months following the date of such termination if such termination is a termination without Cause (other than any termination due to the Participant's Disability or death);

(ii) 12 months following the date of such termination if such termination is due to the Participant's Disability;

(iii) 18 months following the date of such termination if such termination is due to the Participant's death; or

(iv) 18 months following the date of the Participant's death if such death occurs following the date of such termination but during the period such Award is otherwise exercisable (as provided in (i) or (ii) above).

Following the date of such termination, to the extent the Participant does not exercise such Award within the applicable Post-Termination Exercise Period (or, if earlier, prior to the expiration of the maximum term of such Award), such unexercised portion of the Award will terminate, and the Participant will have no further right, title or interest in terminated Award, the shares of Common Stock subject to the terminated Award, or any consideration in respect of the terminated Award.

(i) Restrictions on Exercise; Extension of Exercisability. A Participant may not exercise an Option or SAR at any time that the issuance of shares of Common Stock upon such exercise would violate Applicable Law. Except as otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if a Participant's Continuous Service terminates for any reason other than for Cause and, at any time during the last thirty days of the applicable Post-Termination Exercise Period: (i) the exercise of the Participant's Option or SAR would be prohibited solely because the issuance of shares of Common Stock upon such exercise would violate Applicable Law, or (ii) the immediate sale of any shares of Common Stock issued upon such exercise would violate the Company's Trading Policy, then the applicable Post-Termination Exercise Period will be extended to the last day of the calendar month that commences following the date the Award would otherwise expire, with an additional extension of the exercise period to the last day of the next calendar month to apply if any of the foregoing restrictions apply at any time during such extended exercise period, generally without limitation as to the maximum permitted number of extensions; provided, however, that in no event may such Award be exercised after the expiration of its maximum term (as set forth in Section 4(a)).

(j) Non-Exempt Employees. No Option or SAR, whether or not vested, granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, will be first exercisable for any shares of Common Stock until at least six months following the date of grant of such Award. Notwithstanding the foregoing, in accordance with the provisions of the Worker Economic Opportunity Act, any vested portion of such Award may be exercised earlier than six months following the date of grant of such Award in the event of (i) such Participant's death or Disability, (ii) a Corporate Transaction in which such Award is not assumed, continued or substituted, (iii) a Change in Control, or (iv) such Participant's retirement (as such term may be defined in the Award Agreement or another applicable agreement or, in the absence of any such definition, in accordance with the Company's then current employment policies and guidelines). This Section 4(j) is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or SAR will be exempt from his or her regular rate of pay.

(k) Whole Shares. Options and SARs may be exercised only with respect to whole shares of Common Stock or their equivalents.

5. AWARDS OTHER THAN OPTIONS AND STOCK APPRECIATION RIGHTS.

(a) Restricted Stock Awards and RSU Awards. Each Restricted Stock Award and RSU Award will have such terms and conditions as determined by the Board; provided, however, that each Restricted Stock Award Agreement and RSU Award Agreement will conform (through incorporation of the provisions hereof by reference in the Award Agreement or otherwise) to the substance of each of the following provisions:

(i) Form of Award.

(1) RSAs: To the extent consistent with the Company's Bylaws, at the Board's election, shares of Common Stock subject to a Restricted Stock Award may be (i) held in book entry form subject to the Company's instructions until such shares become vested or any other restrictions lapse, or (ii) evidenced by a certificate, which certificate will be held in such form and manner as determined by the Board. Unless otherwise determined by the Board, a Participant will have voting and other rights as a stockholder of the Company with respect to any shares subject to a Restricted Stock Award.

(2) RSUs: A RSU Award represents a Participant's right to be issued on a future date the number of shares of Common Stock that is equal to the number of restricted stock units subject to the RSU Award. As a holder of a RSU Award, a Participant is an unsecured creditor of the Company with respect to the Company's unfunded obligation, if any, to issue shares of Common Stock in settlement of such Award and nothing contained in the Plan or any RSU Agreement, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between a Participant and the Company or an Affiliate or any other person. A Participant will not have voting or any other rights as a stockholder of the Company with respect to any RSU Award (unless and until shares are actually issued in settlement of a vested RSU Award).

(ii) Consideration.

(1) RSA: A Restricted Stock Award may be granted in consideration for (A) cash or check, bank draft or money order payable to the Company, (B) past services to the Company or an Affiliate, or (C) any other form of consideration as the Board may determine and permissible under Applicable Law.

(2) RSU: Unless otherwise determined by the Board at the time of grant, a RSU Award will be granted in consideration for the Participant's services to the Company or an Affiliate, such that the Participant will not be required to make any payment to the Company (other than such services) with respect to the grant or vesting of the RSU Award, or the issuance of any shares of Common Stock pursuant to the RSU Award. If, at the time of grant, the Board determines that any consideration must be paid by the Participant (in a form other than the Participant's services to the Company or an Affiliate) upon the issuance of any shares of Common Stock in settlement of the RSU Award, such consideration may be paid in any form of consideration as the Board may determine and permissible under Applicable Law.

(iii) Vesting. The Board may impose such restrictions on or conditions to the vesting of a Restricted Stock Award or RSU Award as determined by the Board. Except as otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, vesting of Restricted Stock Awards and RSU Awards will cease upon termination of the Participant's Continuous Service.

(iv) Termination of Continuous Service. Except as otherwise provided in the Award Agreement or other written agreement between a Participant and the Company or an Affiliate, if a Participant's Continuous Service terminates for any reason, (i) the Company may receive through a forfeiture condition or a repurchase right any or all of the shares of Common Stock held by the Participant under his or her Restricted Stock Award that have not vested as of the date of such termination as set forth in the Restricted Stock Award Agreement and (ii) any portion of his or her RSU Award that has not vested will be forfeited upon such termination and the Participant will have no further right, title or interest in the RSU Award, the shares of Common Stock issuable pursuant to the RSU Award, or any consideration in respect of the RSU Award.

(v) Dividends and Dividend Equivalents. Dividends or dividend equivalents may be paid or credited, as applicable, with respect to any shares of Common Stock subject to a Restricted Stock Award or RSU Award, as determined by the Board and specified in the Award Agreement.

(vi) Settlement of RSU Awards. A RSU Award may be settled by the issuance of shares of Common Stock or cash (or any combination thereof) or in any other form of payment, as determined by the Board and specified in the RSU Award Agreement. At the time of grant, the Board may determine to impose such restrictions or conditions that delay such delivery to a date following the vesting of the RSU Award.

(b) Performance Awards. With respect to any Performance Award, the length of any Performance Period, the Performance Goals to be achieved during the Performance Period, the other terms and conditions of such Award, and the measure of whether and to what degree such Performance Goals have been attained will be determined by the Board.

(c) Other Awards. Other Awards may be granted either alone or in addition to Awards provided for under Section 4 and the preceding provisions of this Section 5. Subject to the provisions of the Plan, the Board will have sole and complete discretion to determine the persons to whom and the time or times at which such Other Awards will be granted, the number of shares of Common Stock (or the cash equivalent thereof) to be granted pursuant to such Other Awards and all other terms and conditions of such Other Awards.

6. ADJUSTMENTS UPON CHANGES IN COMMON STOCK; OTHER CORPORATE EVENTS.

(a) Capitalization Adjustments. In the event of a Capitalization Adjustment, the Board shall appropriately and proportionately adjust: (i) the class(es) and maximum number of shares of Common Stock subject to the Plan and the maximum number of shares by which the Share Reserve may annually increase pursuant to Section 2(a), (ii) the class(es) and maximum number of shares that may be issued pursuant to the exercise of Incentive Stock Options pursuant to Section 2(b), and (iii) the class(es) and number of securities and exercise price, strike price or purchase price of Common Stock subject to outstanding Awards. The Board shall make such adjustments, and its determination shall be final, binding and conclusive. Notwithstanding the foregoing, no fractional shares or rights for fractional shares of Common Stock shall be created in order to implement any Capitalization Adjustment. The Board shall determine an appropriate equivalent benefit, if any, for any fractional shares or rights to fractional shares that might be created by the adjustments referred to in the preceding provisions of this Section.

(b) Dissolution or Liquidation. Except as otherwise provided in the Award Agreement, in the event of a dissolution or liquidation of the Company, all outstanding Awards (other than Awards consisting of vested and outstanding shares of Common Stock not subject to a forfeiture condition or the Company's right of repurchase) will terminate immediately prior to the completion of such dissolution or liquidation, and the shares of Common Stock subject to the Company's repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Award is providing Continuous Service, provided, however, that the Board may determine to cause some or all Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

(c) Corporate Transaction. The following provisions will apply to Awards in the event of a Corporate Transaction except as set forth in Section 11, and unless otherwise provided in the instrument evidencing the Award or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board at the time of grant of an Award.

(i) Awards May Be Assumed. In the event of a Corporate Transaction, any surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) may assume or continue any or all Awards outstanding under the Plan or may substitute similar awards for Awards outstanding under the Plan (including but not limited to, awards to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction), and any reacquisition or repurchase rights held by the Company in respect of Common Stock issued pursuant to Awards may be assigned by the Company to the successor of the Company (or the successor's parent company, if any), in connection with such Corporate Transaction. A surviving corporation or acquiring corporation (or its parent) may choose to assume or continue only a portion of an Award or substitute a similar award for only a portion of an Award, or may choose to assume, continue, or substitute the Awards held by some, but not all Participants. The terms of any assumption, continuation or substitution will be set by the Board.

(ii) Awards Held by Current Participants. In the event of a Corporate Transaction in which the surviving corporation or acquiring corporation (or its parent company) does not assume or continue such outstanding Awards or substitute similar awards for such outstanding Awards, then with respect to Awards that have not been assumed, continued or substituted and that are held by Participants whose Continuous Service has not terminated prior to the effective time of the Corporate Transaction (referred to as the "**Current Participants**"), the vesting of such Awards (and, with respect to Options and SARs, the time when such Awards may be exercised) will be accelerated in full to a date prior to the effective time of such Corporate Transaction (contingent upon the effectiveness of the Corporate Transaction) as the Board determines (or, if the Board does not determine such a date, to the date that is five days prior to the effective time of the Corporate Transaction), and such 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 the Company with respect to such Awards will lapse (contingent upon the effectiveness of the Corporate Transaction). With respect to the vesting of Performance Awards that will accelerate upon the occurrence of a Corporate Transaction pursuant to this subsection (ii) and that have multiple vesting levels depending on the level of performance, unless otherwise provided in the Award Agreement, the vesting of such Performance Awards will accelerate at 100% of the target level upon the occurrence of the Corporate Transaction. With respect to the vesting of Awards that will accelerate upon the occurrence of a Corporate Transaction pursuant to this subsection (ii) and are settled in the form of a cash payment, such cash payment will be made no later than 30 days following the occurrence of the Corporate Transaction.

(iii) Awards Held by Persons other than Current Participants. In the event of a Corporate Transaction in which the surviving corporation or acquiring corporation (or its parent company) does not assume or continue such outstanding Awards or substitute similar awards for such outstanding Awards, then with respect to Awards that have not been assumed, continued or substituted and that are held by persons other than Current Participants, such Awards will terminate if not exercised (if applicable) prior to the occurrence of the Corporate Transaction; provided, however, that any reacquisition or repurchase rights held by the Company with respect to such Awards will not terminate and may continue to be exercised notwithstanding the Corporate Transaction.

(iv) Payment for Awards in Lieu of Exercise. Notwithstanding the foregoing, in the event an Award will terminate if not exercised prior to the effective time of a Corporate Transaction, the Board may provide, in its sole discretion, that the holder of such Award may not exercise such Award but will receive a payment, in such form as may be determined by the Board, equal in value, at the effective time, to the excess, if any, of (1) the value of the property the Participant would have received upon the exercise of the Award (including, at the discretion of the Board, any unvested portion of such Award), over (2) any exercise price payable by such holder in connection with such exercise.

(d) Appointment of Stockholder Representative. As a condition to the receipt of an Award under this Plan, a Participant will be deemed to have agreed that the Award will be subject to the terms of any agreement governing a Corporate Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on the Participant's behalf with respect to any escrow, indemnities and any contingent consideration.

(e) No Restriction on Right to Undertake Transactions. The grant of any Award under the Plan and the issuance of shares pursuant to any Award does 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, rights or options 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.

7. ADMINISTRATION.

(a) Administration by Board. The Board will administer the Plan unless and until the Board delegates administration of the Plan to a Committee or Committees, as provided in subsection (c) below.

(b) Powers of Board. The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine from time to time: (1) which of the persons eligible under the Plan will be granted Awards; (2) when and how each Award will be granted; (3) what type or combination of types of Award will be granted; (4) the provisions of each Award granted (which need not be identical), including the time or times when a person will be permitted to receive an issuance of Common Stock or other payment pursuant to an Award; (5) the number of shares of Common Stock or cash equivalent with respect to which an Award will be granted to each such person; (6) the Fair Market Value applicable to an Award; and (7) the terms of any Performance Award that is not valued in whole or in part by reference to, or otherwise based on, the Common Stock, including the amount of cash payment or other property that may be earned and the timing of payment.

(ii) To construe and interpret the Plan and Awards granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Award Agreement, in a manner and to the extent it deems necessary or expedient to make the Plan or Award fully effective.

(iii) To settle all controversies regarding the Plan and Awards granted under it.

(iv) To accelerate the time at which an Award may first be exercised or the time during which an Award or any part thereof will vest, notwithstanding the provisions in the Award Agreement stating the time at which it may first be exercised or the time during which it will vest.

(v) To prohibit the exercise of any Option, SAR or other exercisable Award during a period of up to 30 days prior to the consummation of any pending stock dividend, stock split, combination or exchange of shares, merger, consolidation or other distribution (other than normal cash dividends) of Company assets to stockholders, or any other change affecting the shares of Common Stock or the share price of the Common Stock (including, but not limited to, any Corporate Transaction), for reasons of administrative convenience.

(vi) To suspend or terminate the Plan at any time. Suspension or termination of the Plan will not Materially Impair rights and obligations under any Award granted while the Plan is in effect except with the written consent of the affected Participant.

(vii) To amend the Plan in any respect the Board deems necessary or advisable; provided, however, that stockholder approval will be required for any amendment to the extent required by Applicable Law. Except as provided above, rights under any Award granted before amendment of the Plan will not be Materially Impaired by any amendment of the Plan unless (1) the Company requests the consent of the affected Participant, and (2) such Participant consents in writing.

(viii) To submit any amendment to the Plan for stockholder approval.

(ix) To approve forms of Award Agreements for use under the Plan and to amend the terms of any one or more Awards, including, but not limited to, amendments to provide terms more favorable to the Participant than previously provided in the Award Agreement, subject to any specified limits in the Plan that are not subject to Board discretion; provided however, that, a Participant's rights under any Award will not be Materially Impaired by any such amendment unless (1) the Company requests the consent of the affected Participant, and (2) such Participant consents in writing.

(x) Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan or Awards.

(xi) To adopt such procedures and sub-plans as are necessary or appropriate to permit and facilitate participation in the Plan by, or take advantage of specific tax treatment for Awards granted to, Employees, Directors or Consultants who are non-U.S. nationals or employed outside the United States (provided that Board approval will not be necessary for immaterial modifications to the Plan or any Award Agreement to ensure or facilitate compliance with the laws of the relevant non-U.S. jurisdiction).

(xii) To effect, at any time and from time to time, subject to the consent of any Participant whose Award is Materially Impaired by such action, (1) the reduction of the exercise price (or strike price) of any outstanding Option or SAR; (2) the cancellation of any outstanding Option or SAR and the grant in substitution thereof of (A) a new Option, SAR, Restricted Stock Award, RSU Award or Other Award, under the Plan or another equity plan of the Company, covering the same or a different number of shares of Common Stock, (B) cash and/or (C) other valuable consideration (as determined by the Board); or (3) any other action that is treated as a repricing under generally accepted accounting principles.

(c) Delegation to Committee.

(i) General. The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to another Committee or a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board will 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. Each Committee may retain the authority to concurrently administer the Plan with the Committee or subcommittee to which it has delegated its authority hereunder and may, at any time, revert in such Committee some or all of the powers previously delegated. The Board may retain the authority to concurrently administer the Plan with any Committee and may, at any time, revert in the Board some or all of the powers previously delegated.

(ii) Rule 16b-3 Compliance. To the extent an Award is intended to qualify for the exemption from Section 16(b) of the Exchange Act that is available under Rule 16b-3 of the Exchange Act, the Award will be granted by the Board or a Committee that consists solely of two or more Non-Employee Directors, as determined under Rule 16b-3(b)(3) of the Exchange Act and thereafter any action establishing or modifying the terms of the Award will be approved by the Board or a Committee meeting such requirements to the extent necessary for such exemption to remain available.

(d) Effect of Board's Decision. All determinations, interpretations and constructions made by the Board or any Committee in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

(e) Delegation to an Officer. The Board or any Committee may delegate to one or more Officers the authority to do one or both of the following (i) designate Employees who are not Officers to be recipients of Options and SARs (and, to the extent permitted by Applicable Law, other types of Awards) and, to the extent permitted by Applicable Law, the terms thereof, and (ii) determine the number of shares of Common Stock to be subject to such Awards granted to such Employees; provided, however, that the resolutions or charter adopted by the Board or any Committee evidencing such delegation will specify the total number of shares of Common Stock that may be subject to the Awards granted by such Officer and that such Officer may not grant an Award to himself or herself. Any such Awards will be granted on the applicable form of Award Agreement most recently approved for use by the Board or the Committee, unless otherwise provided in the resolutions approving the delegation authority. Notwithstanding anything to the contrary herein, neither the Board nor any Committee may delegate to an Officer who is acting solely in the capacity of an Officer (and not also as a Director) the authority to determine the Fair Market Value.

8. TAX WITHHOLDING

(a) Withholding Authorization. As a condition to acceptance of any Award under the Plan, a Participant authorizes withholding from payroll and any other amounts payable to such Participant, and otherwise agrees to make adequate provision for, any sums required to satisfy any U.S. federal, state, local, and/or non-U.S. tax or social insurance contribution withholding obligations of the Company or an Affiliate, if any, which arise in connection with the grant, vesting, exercise, or settlement of such Award, as applicable. Accordingly, a Participant may not be able to exercise an Award even though the Award is vested, and the Company shall have no obligation to issue shares of Common Stock subject to an Award, unless and until such obligations are satisfied.

(b) Satisfaction of Withholding Obligation. To the extent permitted by the terms of an Award Agreement, the Company may, in its sole discretion, satisfy any U.S. federal, state, local and/or non-U.S. tax or social insurance withholding obligation relating to an Award by any of the following means or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to the Participant in connection with the Award; (iii) withholding cash from an Award settled in cash; (iv) withholding payment from any amounts otherwise payable to the Participant; (v) by allowing a Participant to effectuate a "cashless exercise" pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board; or (vi) by such other method as may be set forth in the Award Agreement.

(c) No Obligation to Notify or Minimize Taxes; No Liability to Claims. Except as required by Applicable Law, the Company has no duty or obligation to any Participant to advise such holder as to the time or manner of exercising such Award. Furthermore, the Company has no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of an Award or a possible period in which the Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of an Award to the holder of such Award and will not be liable to any holder of an Award for any adverse tax consequences to such holder in connection with an Award. As a condition to accepting an Award under the Plan, each Participant (i) agrees to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to tax liabilities arising from such Award or other Company compensation and (ii) acknowledges that such Participant was advised to consult with his or her own personal tax, financial and other legal advisors regarding the tax consequences of the Award and has either done so or knowingly and voluntarily declined to do so. Additionally, each Participant acknowledges any Option or SAR granted under the Plan is exempt from Section 409A only if the exercise or strike price is at least equal to the “fair market value” of the Common Stock on the date of grant as determined by the Internal Revenue Service and there is no other impermissible deferral of compensation associated with the Award. Additionally, as a condition to accepting an Option or SAR granted under the Plan, each Participant agrees not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates in the event that the Internal Revenue Service asserts that such exercise price or strike price is less than the “fair market value” of the Common Stock on the date of grant as subsequently determined by the Internal Revenue Service.

(d) Withholding Indemnification. As a condition to accepting an Award under the Plan, in the event that the amount of the Company’s and/or its Affiliate’s withholding obligation in connection with such Award was greater than the amount actually withheld by the Company and/or its Affiliates, each Participant agrees to indemnify and hold the Company and/or its Affiliates harmless from any failure by the Company and/or its Affiliates to withhold the proper amount.

9. MISCELLANEOUS.

(a) Source of Shares. The stock issuable under the Plan will be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market or otherwise.

(b) Use of Proceeds from Sales of Common Stock. Proceeds from the sale of shares of Common Stock pursuant to Awards will constitute general funds of the Company.

(c) Corporate Action Constituting Grant of Awards. Corporate action constituting a grant by the Company of an Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Award is communicated to, or actually received or accepted by, the Participant. In the event that the corporate records (e.g., Board consents, resolutions or minutes) documenting the corporate action approving the grant contain terms (e.g., exercise price, vesting schedule or number of shares) that are inconsistent with those in the Award Agreement or related grant documents as a result of a clerical error in the Award Agreement or related grant documents, the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Award Agreement or related grant documents.

(d) Stockholder Rights. No Participant will be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to such Award unless and until (i) such Participant has satisfied all requirements for exercise of the Award pursuant to its terms, if applicable, and (ii) the issuance of the Common Stock subject to such Award is reflected in the records of the Company.

(e) No Employment or Other Service Rights. Nothing in the Plan, any Award Agreement or any other instrument executed thereunder or in connection with any Award granted pursuant thereto will confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Award was granted or affect the right of the Company or an Affiliate to terminate at will and without regard to any future vesting opportunity that a Participant may have with respect to any Award (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the Bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the U.S. state or non-U.S. jurisdiction in which the Company or the Affiliate is incorporated, as the case may be. Further, nothing in the Plan, any Award Agreement or any other instrument executed thereunder or in connection with any Award will constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or service or confer any right or benefit under the Award or the Plan unless such right or benefit has specifically accrued under the terms of the Award Agreement and/or Plan.

(f) Change in Time Commitment. In the event a Participant's regular level of time commitment in the performance of his or her services for the Company and any Affiliates is reduced (for example, and without limitation, if the Participant is an Employee of the Company and the Employee has a change in status from a full-time Employee to a part-time Employee or takes an extended leave of absence) after the date of grant of any Award to the Participant, the Board may determine, to the extent permitted by Applicable Law, to (i) make a corresponding reduction in the number of shares or cash amount subject to any portion of such Award that is scheduled to vest or become payable after the date of such change in time commitment, and (ii) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Award that is so reduced or extended.

(g) Execution of Additional Documents. As a condition to accepting an Award under the Plan, the Participant agrees to execute any additional documents or instruments necessary or desirable, as determined in the Plan Administrator's sole discretion, to carry out the purposes or intent of the Award, or facilitate compliance with securities and/or other regulatory requirements, in each case at the Plan Administrator's request.

(h) Electronic Delivery and Participation. Any reference herein or in an Award Agreement to a "written" agreement or document will include any agreement or document delivered electronically, filed publicly at www.sec.gov (or any successor website thereto) or posted on the Company's intranet (or other shared electronic medium controlled by the Company to which the Participant has access). By accepting any Award, the Participant consents to receive documents by electronic delivery and to participate in the Plan through any on-line electronic system established and maintained by the Plan Administrator or another third party selected by the Plan Administrator. The form of delivery of any Common Stock (e.g., a stock certificate or electronic entry evidencing such shares) shall be determined by the Company.

(i) Clawback/Recovery. All Awards granted under the Plan will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other Applicable Law and any clawback policy that the Company otherwise adopts, to the extent applicable and permissible under Applicable Law. In addition, the Board may impose such other clawback, recovery or recoupment provisions in an Award Agreement as the Board determines necessary or appropriate, including but not limited to a reacquisition right in respect of previously acquired shares of Common Stock or other cash or property upon the occurrence of Cause. No recovery of compensation under such a clawback policy will be an event giving rise to a Participant's right to voluntarily terminate employment upon a "resignation for good reason," or for a "constructive termination" or any similar term under any plan of or agreement with the Company.

(j) Securities Law Compliance. A Participant will not be issued any shares in respect of an Award unless either (i) the shares are registered under the Securities Act; or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Each Award also must comply with other Applicable Law governing the Award, and a Participant will not receive such shares if the Company determines that such receipt would not be in material compliance with Applicable Law.

(k) Transfer or Assignment of Awards; Issued Shares. Except as expressly provided in the Plan or the form of Award Agreement, Awards granted under the Plan may not be transferred or assigned by the Participant. After the vested shares subject to an Award have been issued, or in the case of a Restricted Stock Award and similar awards, after the issued shares have vested, the holder of such shares is free to assign, hypothecate, donate, encumber or otherwise dispose of any interest in such shares provided that any such actions are in compliance with the provisions herein, the terms of the Trading Policy and Applicable Law.

(l) Effect on Other Employee Benefit Plans. The value of any Award granted under the Plan, as determined upon grant, vesting or settlement, shall not be included as compensation, earnings, salaries, or other similar terms used when calculating any Participant's benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's or any Affiliate's employee benefit plans.

(m) Deferrals. To the extent permitted by Applicable Law, the Board, in its sole discretion, may determine that the delivery of Common Stock or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Award may be deferred and may also establish programs and procedures for deferral elections to be made by Participants. Deferrals will be made in accordance with the requirements of Section 409A.

(n) Section 409A. Unless otherwise expressly provided for in an Award Agreement, the Plan and Award Agreements will be interpreted to the greatest extent possible in a manner that makes the Plan and the Awards granted hereunder exempt from Section 409A, and, to the extent not so exempt, in compliance with the requirements of Section 409A. If the Board determines that any Award granted hereunder is not exempt from and is therefore subject to Section 409A, the Award Agreement evidencing such Award will incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code, and to the extent an Award Agreement is silent on terms necessary for compliance, such terms are hereby incorporated by reference into the Award Agreement. Notwithstanding anything to the contrary in this Plan (and unless the Award Agreement specifically provides otherwise), if the shares of Common Stock are publicly traded, and if a Participant holding an Award that constitutes "deferred compensation" under Section 409A is a "specified employee" for purposes of Section 409A, no distribution or payment of any amount that is due because of a "separation from service" (as defined in

Section 409A without regard to alternative definitions thereunder) will be issued or paid before the date that is six months and one day following the date of such Participant's "separation from service" or, if earlier, the date of the Participant's death, unless such distribution or payment can be made in a manner that complies with Section 409A, and any amounts so deferred will be paid in a lump sum on the day after such six month period elapses, with the balance paid thereafter on the original schedule.

(o) Choice of Law. This Plan and any controversy arising out of or relating to this Plan shall be governed by, and construed in accordance with, the internal laws of the State of Delaware, without regard to conflict of law principles that would result in any application of any law other than the law of the State of Delaware.

10. COVENANTS OF THE COMPANY.

(a) Compliance with Law. The Company will seek to obtain from each regulatory commission or agency, as may be deemed necessary, having jurisdiction over the Plan such authority as may be required to grant Awards and to issue and sell shares of Common Stock upon exercise or vesting of the Awards; provided, however, that this undertaking will not require the Company to register under the Securities Act the Plan, any Award or any Common Stock issued or issuable pursuant to any such Award. If, after reasonable efforts and at a reasonable cost, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary or advisable for the lawful issuance and sale of Common Stock under the Plan, the Company will be relieved from any liability for failure to issue and sell Common Stock upon exercise or vesting of such Awards unless and until such authority is obtained. A Participant is not eligible for the grant of an Award or the subsequent issuance of Common Stock pursuant to the Award if such grant or issuance would be in violation of any Applicable Law.

11. ADDITIONAL RULES FOR AWARDS SUBJECT TO SECTION 409A.

(a) Application. Unless the provisions of this Section of the Plan are expressly superseded by the provisions in the form of Award Agreement, the provisions of this Section shall apply and shall supersede anything to the contrary set forth in the Award Agreement for a Non-Exempt Award.

(b) Non-Exempt Awards Subject to Non-Exempt Severance Arrangements. To the extent a Non-Exempt Award is subject to Section 409A due to application of a Non-Exempt Severance Arrangement, the following provisions of this subsection (b) apply.

(i) If the Non-Exempt Award vests in the ordinary course during the Participant's Continuous Service in accordance with the vesting schedule set forth in the Award Agreement, and does not accelerate vesting under the terms of a Non-Exempt Severance Arrangement, in no event will the shares be issued in respect of such Non-Exempt Award any later than the later of: (i) December 31st of the calendar year that includes the applicable vesting date, or (ii) the 60th day that follows the applicable vesting date.

(ii) If vesting of the Non-Exempt Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with the Participant's Separation from Service, and such vesting acceleration provisions were in effect as of the date of grant of the Non-Exempt Award and, therefore, are part of the terms of such Non-Exempt Award as of the date of grant, then the shares will be earlier issued in settlement of such Non-Exempt Award upon the Participant's Separation from Service in accordance with the terms of the Non-Exempt Severance Arrangement, but in no event later than the 60th day that follows the date of the Participant's Separation from Service. However, if at the time the shares would otherwise be issued the Participant is subject to the distribution limitations contained in

Section 409A applicable to “specified employees,” as defined in Section 409A(a)(2)(B)(i) of the Code, such shares shall not be issued before the date that is six months following the date of such Participant’s Separation from Service, or, if earlier, the date of the Participant’s death that occurs within such six month period.

(iii) If vesting of a Non-Exempt Award accelerates under the terms of a Non-Exempt Severance Arrangement in connection with a Participant’s Separation from Service, and such vesting acceleration provisions were not in effect as of the date of grant of the Non-Exempt Award and, therefore, are not a part of the terms of such Non-Exempt Award on the date of grant, then such acceleration of vesting of the Non-Exempt Award shall not accelerate the issuance date of the shares, but the shares shall instead be issued on the same schedule as set forth in the Grant Notice as if they had vested in the ordinary course during the Participant’s Continuous Service, notwithstanding the vesting acceleration of the Non-Exempt Award. Such issuance schedule is intended to satisfy the requirements of payment on a specified date or pursuant to a fixed schedule, as provided under Treasury Regulations Section 1.409A-3(a)(4).

(c) Treatment of Non-Exempt Awards Upon a Corporate Transaction for Employees and Consultants. The provisions of this subsection (c) shall apply and shall supersede anything to the contrary set forth in the Plan with respect to the permitted treatment of any Non-Exempt Award in connection with a Corporate Transaction if the Participant was either an Employee or Consultant upon the applicable date of grant of the Non-Exempt Award.

(i) Vested Non-Exempt Awards. The following provisions shall apply to any Vested Non-Exempt Award in connection with a Corporate Transaction:

(1) If the Corporate Transaction is also a Section 409A Change in Control, then the Acquiring Entity may not assume, continue or substitute the Vested Non-Exempt Award. Upon the Section 409A Change in Control, the settlement of the Vested Non-Exempt Award will automatically be accelerated and the shares will be immediately issued in respect of the Vested Non-Exempt Award. Alternatively, the Company may instead provide that the Participant will receive a cash settlement equal to the Fair Market Value of the shares that would otherwise be issued to the Participant upon the Section 409A Change in Control.

(2) If the Corporate Transaction is not also a Section 409A Change in Control, then the Acquiring Entity must either assume, continue or substitute each Vested Non-Exempt Award. The shares to be issued in respect of the Vested Non-Exempt Award shall be issued to the Participant by the Acquiring Entity on the same schedule that the shares would have been issued to the Participant if the Corporate Transaction had not occurred. In the Acquiring Entity’s discretion, in lieu of an issuance of shares, the Acquiring Entity may instead substitute a cash payment on each applicable issuance date, equal to the Fair Market Value of the shares that would otherwise be issued to the Participant on such issuance dates, with the determination of the Fair Market Value of the shares made on the date of the Corporate Transaction.

(ii) Unvested Non-Exempt Awards. The following provisions shall apply to any Unvested Non-Exempt Award unless otherwise determined by the Board pursuant to subsection (e) of this Section.

(1) In the event of a Corporate Transaction, the Acquiring Entity shall assume, continue or substitute any Unvested Non-Exempt Award. Unless otherwise determined by the Board, any Unvested Non-Exempt Award will remain subject to the same vesting and forfeiture restrictions that were applicable to the Award prior to the Corporate Transaction. The shares to be issued

in respect of any Unvested Non-Exempt Award shall be issued to the Participant by the Acquiring Entity on the same schedule that the shares would have been issued to the Participant if the Corporate Transaction had not occurred. In the Acquiring Entity's discretion, in lieu of an issuance of shares, the Acquiring Entity may instead substitute a cash payment on each applicable issuance date, equal to the Fair Market Value of the shares that would otherwise be issued to the Participant on such issuance dates, with the determination of Fair Market Value of the shares made on the date of the Corporate Transaction.

(2) If the Acquiring Entity will not assume, substitute or continue any Unvested Non-Exempt Award in connection with a Corporate Transaction, then such Award shall automatically terminate and be forfeited upon the Corporate Transaction with no consideration payable to any Participant in respect of such forfeited Unvested Non-Exempt Award. Notwithstanding the foregoing, to the extent permitted and in compliance with the requirements of Section 409A, the Board may in its discretion determine to elect to accelerate the vesting and settlement of the Unvested Non-Exempt Award upon the Corporate Transaction, or instead substitute a cash payment equal to the Fair Market Value of such shares that would otherwise be issued to the Participant, as further provided in subsection (e)(ii) below. In the absence of such discretionary election by the Board, any Unvested Non-Exempt Award shall be forfeited without payment of any consideration to the affected Participants if the Acquiring Entity will not assume, substitute or continue the Unvested Non-Exempt Awards in connection with the Corporate Transaction.

(3) The foregoing treatment shall apply with respect to all Unvested Non-Exempt Awards upon any Corporate Transaction, and regardless of whether or not such Corporate Transaction is also a Section 409A Change in Control.

(d) Treatment of Non-Exempt Awards Upon a Corporate Transaction for Non-Employee Directors. The following provisions of this subsection (d) shall apply and shall supersede anything to the contrary that may be set forth in the Plan with respect to the permitted treatment of a Non-Exempt Director Award in connection with a Corporate Transaction.

(i) If the Corporate Transaction is also a Section 409A Change in Control, then the Acquiring Entity may not assume, continue or substitute the Non-Exempt Director Award. Upon the Section 409A Change in Control, the vesting and settlement of any Non-Exempt Director Award will automatically be accelerated and the shares will be immediately issued to the Participant in respect of the Non-Exempt Director Award. Alternatively, the Company may provide that the Participant will instead receive a cash settlement equal to the Fair Market Value of the shares that would otherwise be issued to the Participant upon the Section 409A Change in Control pursuant to the preceding provision.

(ii) If the Corporate Transaction is not also a Section 409A Change in Control, then the Acquiring Entity must either assume, continue or substitute the Non-Exempt Director Award. Unless otherwise determined by the Board, the Non-Exempt Director Award will remain subject to the same vesting and forfeiture restrictions that were applicable to the Award prior to the Corporate Transaction. The shares to be issued in respect of the Non-Exempt Director Award shall be issued to the Participant by the Acquiring Entity on the same schedule that the shares would have been issued to the Participant if the Corporate Transaction had not occurred. In the Acquiring Entity's discretion, in lieu of an issuance of shares, the Acquiring Entity may instead substitute a cash payment on each applicable issuance date, equal to the Fair Market Value of the shares that would otherwise be issued to the Participant on such issuance dates, with the determination of Fair Market Value made on the date of the Corporate Transaction.

(e) If the RSU Award is a Non-Exempt Award, then the provisions in this Section 11(e) shall apply and supersede anything to the contrary that may be set forth in the Plan or the Award Agreement with respect to the permitted treatment of such Non-Exempt Award:

(i) Any exercise by the Board of discretion to accelerate the vesting of a Non-Exempt Award shall not result in any acceleration of the scheduled issuance dates for the shares in respect of the Non-Exempt Award unless earlier issuance of the shares upon the applicable vesting dates would be in compliance with the requirements of Section 409A.

(ii) The Company explicitly reserves the right to earlier settle any Non-Exempt Award to the extent permitted and in compliance with the requirements of Section 409A, including pursuant to any of the exemptions available in Treasury Regulations Section 1.409A-3(j)(4)(ix).

(iii) To the extent the terms of any Non-Exempt Award provide that it will be settled upon a Change in Control or Corporate Transaction, to the extent it is required for compliance with the requirements of Section 409A, the Change in Control or Corporate Transaction event triggering settlement must also constitute a Section 409A Change in Control. To the extent the terms of a Non-Exempt Award provides that it will be settled upon a termination of employment or termination of Continuous Service, to the extent it is required for compliance with the requirements of Section 409A, the termination event triggering settlement must also constitute a Separation From Service. However, if at the time the shares would otherwise be issued to a Participant in connection with a "separation from service" such Participant is subject to the distribution limitations contained in Section 409A applicable to "specified employees," as defined in Section 409A(a)(2)(B)(i) of the Code, such shares shall not be issued before the date that is six months following the date of the Participant's Separation From Service, or, if earlier, the date of the Participant's death that occurs within such six month period.

(iv) The provisions in this subsection (e) for delivery of the shares in respect of the settlement of a RSU Award that is a Non-Exempt Award are intended to comply with the requirements of Section 409A so that the delivery of the shares to the Participant in respect of such Non-Exempt Award will not trigger the additional tax imposed under Section 409A, and any ambiguities herein will be so interpreted.

12. SEVERABILITY.

If all or any part of the Plan or any Award Agreement is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not invalidate any portion of the Plan or such Award Agreement not declared to be unlawful or invalid. Any Section of the Plan or any Award Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

13. TERMINATION OF THE PLAN.

The Board may suspend or terminate the Plan at any time. No Incentive Stock Options may be granted after the tenth anniversary of the earlier of: (i) the Adoption Date, or (ii) the date the Plan is approved by the Company's stockholders. No Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

14. DEFINITIONS.

As used in the Plan, the following definitions apply to the capitalized terms indicated below:

(a) **“Acquiring Entity”** means the surviving or acquiring corporation (or its parent company) in connection with a Corporate Transaction.

(b) **“Adoption Date”** means the date the Plan is first approved by the Board or Compensation Committee.

(c) **“Affiliate”** means, at the time of determination, any “parent” or “subsidiary” of the Company as such terms are defined in Rule 405 promulgated under the Securities Act. The Board may determine the time or times at which “parent” or “subsidiary” status is determined within the foregoing definition.

(d) **“Applicable Law”** means the Code and any applicable U.S. or non-U.S. securities, federal, state, material local or municipal or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, listing rule, regulation, judicial decision, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Body (including under the authority of any applicable self-regulating organization such as the Nasdaq Stock Market, New York Stock Exchange, or the Financial Industry Regulatory Authority).

(e) **“Award”** means any right to receive Common Stock, cash or other property granted under the Plan (including an Incentive Stock Option, a Nonstatutory Stock Option, a Restricted Stock Award, a RSU Award, a SAR, a Performance Award or any Other Award).

(f) **“Award Agreement”** means a written agreement between the Company and a Participant evidencing the terms and conditions of an Award. The Award Agreement generally consists of the Grant Notice and the agreement containing the written summary of the general terms and conditions applicable to the Award and which is provided to a Participant along with the Grant Notice.

(g) **“Board”** means the board of directors of the Company (or its designee). Any decision or determination made by the Board shall be a decision or determination that is made in the sole discretion of the Board (or its designee), and such decision or determination shall be final and binding on all Participants.

(h) **“Capitalization Adjustment”** means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Award after the Effective Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, reverse stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

(i) **“Cause”** has the meaning ascribed to such term in any written agreement between the Participant and the Company or an Affiliate defining such term and, in the absence of such agreement, such term means, with respect to a Participant, the occurrence of any of the following events: (i) such Participant’s attempted commission of, or participation in, a fraud or act of dishonesty against the Company or an Affiliate; (ii) such Participant’s intentional, material violation of any contract or agreement between the Participant and the Company or an Affiliate or of any statutory duty owed to the Company or an Affiliate; (iii) such Participant’s unauthorized use or disclosure of the Company’s or any of its Affiliate’s confidential information or trade secrets; or (iv) such Participant’s gross misconduct. The

determination that a termination of the Participant's Continuous Service is either for Cause or without Cause will be made by the Board with respect to Participants who are executive officers of the Company and by the Company's Chief Executive Officer with respect to Participants who are not executive officers of the Company. Any determination by the Company that the Continuous Service of a Participant was terminated with or without Cause for the purposes of outstanding Awards held by such Participant will have no effect upon any determination of the rights or obligations of the Company or an Affiliate or such Participant for any other purpose.

(j) "**Change in Control**" or "**Change of Control**" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events; provided, however, to the extent necessary to avoid adverse personal income tax consequences to the Participant in connection with an Award, such event or events, as the case may be, also constitute a Section 409A Change in Control:

(i) any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control shall not be deemed to occur (A) on account of the acquisition of securities of the Company directly from the Company, (B) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company's securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities, or (C) solely because the level of Ownership held by any Exchange Act Person (the "**Subject Person**") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control shall be deemed to occur;

(ii) there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction;

(iii) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than 50% of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; or

(iv) individuals who, on the date the Plan is adopted by the Board, are members of the Board (the “**Incumbent Board**”) cease for any reason to constitute at least a majority of the members of the Board; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall, for purposes of this Plan, be considered as a member of the Incumbent Board.

Notwithstanding the foregoing or any other provision of this Plan, (A) the term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company, and (B) the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant shall supersede the foregoing definition with respect to Awards subject to such agreement; provided, however, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition shall apply.

(k) “**Code**” means the Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

(l) “**Committee**” means the Compensation Committee and any other committee of one or more Directors to whom authority has been delegated by the Board or Compensation Committee in accordance with the Plan.

(m) “**Common Stock**” means the common stock of the Company.

(n) “**Company**” means LegalZoom.com, Inc., a Delaware corporation, and any successor thereto.

(o) “**Compensation Committee**” means the Compensation Committee of the Board.

(p) “**Consultant**” means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, will not cause a Director to be considered a “Consultant” for purposes of the Plan. Notwithstanding the foregoing, a person is treated as a Consultant under this Plan only if a Form S-8 Registration Statement under the Securities Act is available to register either the offer or the sale of the Company’s securities to such person.

(q) “**Continuous Service**” means that the Participant’s service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Director or Consultant or a change in the Entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant’s service with the Company or an Affiliate, will not terminate a Participant’s Continuous Service; provided, however, that if the Entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Board, such Participant’s Continuous Service will be considered to have terminated on the date such Entity ceases to qualify as an Affiliate. For example, a change in status from an Employee of the Company to a Consultant of an Affiliate or to a Director will not constitute an interruption of Continuous Service. To the extent permitted by law, the Board or the chief executive officer of the Company, in that party’s sole discretion, may determine whether Continuous Service will be considered interrupted in the case of (i) any leave of absence approved by the Board or chief executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors.

Notwithstanding the foregoing, a leave of absence will be treated as Continuous Service for purposes of vesting in an Award only to such extent as may be provided in the Company's leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by law. In addition, to the extent required for exemption from or compliance with Section 409A, the determination of whether there has been a termination of Continuous Service will be made, and such term will be construed, in a manner that is consistent with the definition of "separation from service" as defined under Treasury Regulation Section 1.409A-1(h) (without regard to any alternative definition thereunder).

(r) "**Corporate Transaction**" means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board, of the consolidated assets of the Company and its Subsidiaries;

(ii) a sale or other disposition of at least 50% of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(s) "**Director**" means a member of the Board.

(t) "**determine**" or "**determined**" means as determined by the Board or the Committee (or its designee) in its sole discretion.

(u) "**Disability**" means, with respect to a Participant, such 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 12 months, as provided in Section 22(e)(3) of the Code, and will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

(v) "**Effective Date**" means the IPO Date, provided this Plan is approved by the Company's stockholders prior to the IPO Date.

(w) "**Employee**" means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an "Employee" for purposes of the Plan.

(x) "**Employer**" means the Company or the Affiliate that employs the Participant.

(y) "**Entity**" means a corporation, partnership, limited liability company or other entity.

(z) "**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(aa) “Exchange Act Person” means any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that “Exchange Act Person” will not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to a registered public offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date, is the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company’s then outstanding securities.

(bb) “Fair Market Value” means, as of any date, unless otherwise determined by the Board, the value of the Common Stock (as determined on a per share or aggregate basis, as applicable) determined as follows:

(i) If the Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value will be the closing sales price for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the date of determination, as reported in a source the Board deems reliable.

(ii) If there is no closing sales price for the Common Stock on the date of determination, then the Fair Market Value will be the closing selling price on the last preceding date for which such quotation exists.

(iii) In the absence of such markets for the Common Stock, or if otherwise determined by the Board, the Fair Market Value will be determined by the Board in good faith and in a manner that complies with Sections 409A and 422 of the Code.

(cc) “Governmental Body” means any: (i) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (ii) U.S. federal, state, local, municipal, non-U.S. or other government; (iii) governmental or regulatory body, or quasi-governmental body of any nature (including any governmental division, department, administrative agency or bureau, commission, authority, instrumentality, official, ministry, fund, foundation, center, organization, unit, body or Entity and any court or other tribunal, and for the avoidance of doubt, any Tax authority) or other body exercising similar powers or authority; or (iv) self-regulatory organization (including the Nasdaq Stock Market, New York Stock Exchange, and the Financial Industry Regulatory Authority).

(dd) “Grant Notice” means the notice provided to a Participant that he or she has been granted an Award under the Plan and which includes the name of the Participant, the type of Award, the date of grant of the Award, number of shares of Common Stock subject to the Award or potential cash payment right, (if any), the vesting schedule for the Award (if any) and other key terms applicable to the Award.

(ee) “Incentive Stock Option” means an option granted pursuant to Section 4 of the Plan that is intended to be, and qualifies as, an “incentive stock option” within the meaning of Section 422 of the Code.

(ff) “IPO Date” means the date of execution of the underwriting agreement between the Company and the underwriter(s) managing the initial public offering of the Common Stock, pursuant to which the Common Stock is priced for the initial public offering.

(gg) “Materially Impair” means any amendment to the terms of the Award that materially adversely affects the Participant’s rights under the Award. A Participant’s rights under an Award will not be deemed to have been Materially Impaired by any such amendment if the Board, in its sole discretion, determines that the amendment, taken as a whole, does not materially impair the Participant’s rights. For example, the following types of amendments to the terms of an Award do not Materially Impair the Participant’s rights under the Award: (i) imposition of reasonable restrictions on the minimum number of shares subject to an Option that may be exercised, (ii) to maintain the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code; (iii) to change the terms of an Incentive Stock Option in a manner that disqualifies, impairs or otherwise affects the qualified status of the Award as an Incentive Stock Option under Section 422 of the Code; (iv) to clarify the manner of exemption from, or to bring the Award into compliance with or qualify it for an exemption from, Section 409A; or (v) to comply with other Applicable Law.

(hh) “Non-Employee Director” means a Director who either (i) is not a current employee or officer of the Company or an Affiliate, does not receive compensation, either directly or indirectly, from the Company or an Affiliate for services rendered as a consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act (“**Regulation S-K**”)), does not possess an interest in any other transaction for which disclosure would be required under Item 404(a) of Regulation S-K, and is not engaged in a business relationship for which disclosure would be required pursuant to Item 404(b) of Regulation S-K; or (ii) is otherwise considered a “non-employee director” for purposes of Rule 16b-3.

(ii) “Non-Exempt Award” means any Award that is subject to, and not exempt from, Section 409A, including as the result of (i) a deferral of the issuance of the shares subject to the Award which is elected by the Participant or imposed by the Company or (ii) the terms of any Non-Exempt Severance Agreement.

(jj) “Non-Exempt Director Award” means a Non-Exempt Award granted to a Participant who was a Director but not an Employee on the applicable grant date.

(kk) “Non-Exempt Severance Arrangement” means a severance arrangement or other agreement between the Participant and the Company that provides for acceleration of vesting of an Award and issuance of the shares in respect of such Award upon the Participant’s termination of employment or separation from service (as such term is defined in Section 409A(a)(2)(A)(i) of the Code (and without regard to any alternative definition thereunder) (“**Separation from Service**”)) and such severance benefit does not satisfy the requirements for an exemption from application of Section 409A provided under Treasury Regulations Section 1.409A-1(b)(4), 1.409A-1(b)(9) or otherwise.

(ll) “Nonstatutory Stock Option” means any option granted pursuant to Section 4 of the Plan that does not qualify as an Incentive Stock Option.

(mm) “Officer” means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act.

(nn) “Option” means an Incentive Stock Option or a Nonstatutory Stock Option to purchase shares of Common Stock granted pursuant to the Plan.

(oo) “Option Agreement” means a written agreement between the Company and the Optionholder evidencing the terms and conditions of the Option grant. The Option Agreement includes the Grant Notice for the Option and the agreement containing the written summary of the general terms and conditions applicable to the Option and which is provided to a Participant along with the Grant Notice. Each Option Agreement will be subject to the terms and conditions of the Plan.

(pp) “Optionholder” means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(qq) “Other Award” means an award valued in whole or in part by reference to, or otherwise based on, Common Stock, including the appreciation in value thereof (e.g., options or stock rights with an exercise price or strike price less than 100% of the Fair Market Value at the time of grant), that is not an Incentive Stock Option, Nonstatutory Stock Option, SAR, Restricted Stock Award, RSU Award or Performance Award.

(rr) “Other Award Agreement” means a written agreement between the Company and a holder of an Other Award evidencing the terms and conditions of an Other Award grant. Each Other Award Agreement will be subject to the terms and conditions of the Plan.

(ss) “Own,” “Owned,” “Owner,” “Ownership” means that a person or Entity will be deemed to “Own,” to have “Owned,” to be the “Owner” of, or to have acquired “Ownership” of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(tt) “Participant” means an Employee, Director or Consultant to whom an Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Award.

(uu) “Performance Award” means an Award that may vest or may be exercised or a cash award that may vest or become earned and paid contingent upon the attainment during a Performance Period of certain Performance Goals and which is granted under the terms and conditions of Section 5(b) pursuant to such terms as are approved by the Board. In addition, to the extent permitted by Applicable Law and set forth in the applicable Award Agreement, the Board may determine that cash or other property may be used in payment of Performance Awards. 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, the Common Stock.

(vv) “Performance Criteria” means the one or more criteria that the Board will select for purposes of establishing the Performance Goals for a Performance Period. The Performance Criteria that will be used to establish such Performance Goals may be based on any one of, or combination of, the following as determined by the Board: earnings (including earnings per share and net earnings); earnings before interest, taxes and depreciation; earnings before interest, taxes, depreciation and amortization; total stockholder return; return on equity or average stockholder’s equity; return on assets, investment, or capital employed; stock price; margin (including gross margin); income (before or after taxes); operating income; operating income after taxes; pre-tax profit; operating cash flow; sales or revenue targets; increases in revenue or product revenue; expenses and cost reduction goals; improvement in or attainment of working capital levels; economic value added (or an equivalent metric); market share; cash flow; cash flow per share; share price performance; debt reduction; customer satisfaction; net promoter score; stockholders’ equity; capital expenditures; debt levels; operating profit or net operating profit; workforce diversity; growth of net income or operating income; billings; financing; regulatory milestones; stockholder liquidity; corporate governance and compliance; intellectual property; personnel matters; progress of internal research; progress of partnered programs; partner satisfaction; budget management; partner or collaborator achievements; internal controls, including those related to the Sarbanes-Oxley Act of 2002; investor relations, analysts and communication; implementation or completion of projects or

processes; employee retention; number of users, including unique users; strategic partnerships or transactions (including in-licensing and out-licensing of intellectual property); establishing relationships with respect to the marketing, distribution and sale of the Company's products or services; supply chain achievements; co-development, co-marketing, profit sharing, joint venture or other similar arrangements; individual performance goals; corporate development and planning goals; and other measures of performance selected by the Board or Committee.

(ww) "Performance Goals" means, for a Performance Period, the one or more goals established by the Board for the Performance Period based upon the Performance Criteria. Performance Goals may be based on a Company-wide basis, with respect to one or more business units, divisions, Affiliates, or business segments, and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise by the Board (i) in the Award Agreement at the time the Award is granted or (ii) in such other document setting forth the Performance Goals at the time the Performance Goals are established, the Board will appropriately make adjustments in the method of calculating the attainment of Performance Goals for a Performance Period as follows: (1) to exclude restructuring and/or other nonrecurring charges; (2) to exclude exchange rate effects; (3) to exclude the effects of changes to generally accepted accounting principles; (4) to exclude the effects of any statutory adjustments to corporate tax rates; (5) to exclude the effects of items that are "unusual" in nature or occur "infrequently" as determined under generally accepted accounting principles; (6) to exclude the dilutive effects of acquisitions or joint ventures; (7) to assume that any business divested by the Company achieved performance objectives at targeted levels during the balance of a Performance Period following such divestiture; (8) to exclude the effect of any change in the outstanding shares of 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; (9) to exclude the effects of stock based compensation and the award of bonuses under the Company's bonus plans; (10) to exclude costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under generally accepted accounting principles; and (11) to exclude the goodwill and intangible asset impairment charges that are required to be recorded under generally accepted accounting principles. In addition, the Board retains the discretion to reduce or eliminate the compensation or economic benefit due upon attainment of Performance Goals and to define the manner of calculating the Performance Criteria it selects to use for such Performance Period. Partial achievement of the specified criteria may result in the payment or vesting corresponding to the degree of achievement as specified in the Award Agreement.

(xx) "Performance Period" means the period of time selected by the Board over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to vesting or exercise of an Award. Performance Periods may be of varying and overlapping duration, at the sole discretion of the Board.

(yy) "Plan" means this LegalZoom.com, Inc. 2021 Equity Incentive Plan, as amended from time to time.

(zz) "Plan Administrator" means the person, persons, and/or third-party administrator designated by the Company to administer the day to day operations of the Plan and the Company's other equity incentive programs.

(aaa) "Post-Termination Exercise Period" means the period following termination of a Participant's Continuous Service within which an Option or SAR is exercisable, as specified in Section 4(h).

(bbb) “**Prior Plan’s Available Reserve**” means the number of shares available for the grant of new awards under the Prior Plan as of immediately prior to the Effective Date.

(ccc) “**Prior Plan**” means the Company’s 2016 Stock Incentive Plan, as amended.

(ddd) “**Restricted Stock Award**” or “**RSA**” means an Award of shares of Common Stock which is granted pursuant to the terms and conditions of Section 5(a).

(eee) “**Restricted Stock Award Agreement**” means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award grant. The Restricted Stock Award Agreement includes the Grant Notice for the Restricted Stock Award and the agreement containing the written summary of the general terms and conditions applicable to the Restricted Stock Award and which is provided to a Participant along with the Grant Notice. Each Restricted Stock Award Agreement will be subject to the terms and conditions of the Plan.

(fff) “**Returning Shares**” means shares subject to outstanding stock awards granted under the Prior Plan and that following the Effective Date: (i) are not issued because such stock award or any portion thereof expires or otherwise terminates without all of the shares covered by such stock award having been issued; (ii) are not issued because such stock award or any portion thereof is settled in cash; (iii) are forfeited back to or repurchased by the Company because of the failure to meet a contingency or condition required for the vesting of such shares; (iv) are withheld or reacquired to satisfy the exercise, strike or purchase price; or (v) are withheld or reacquired to satisfy a tax withholding obligation.

(ggg) “**RSU Award**” or “**RSU**” means an Award of restricted stock units representing the right to receive an issuance of shares of Common Stock which is granted pursuant to the terms and conditions of Section 5(a).

(hhh) “**RSU Award Agreement**” means a written agreement between the Company and a holder of a RSU Award evidencing the terms and conditions of a RSU Award. The RSU Award Agreement includes the Grant Notice for the RSU Award and the agreement containing the written summary of the general terms and conditions applicable to the RSU Award and which is provided to a Participant along with the Grant Notice. Each RSU Award Agreement will be subject to the terms and conditions of the Plan.

(iii) “**Rule 16b-3**” means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

(jjj) “**Rule 405**” means Rule 405 promulgated under the Securities Act.

(kkk) “**Section 409A**” means Section 409A of the Code and the regulations and other guidance thereunder.

(lll) “**Section 409A Change in Control**” means a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the Company’s assets, as provided in Section 409A(a)(2)(A)(v) of the Code and Treasury Regulations Section 1.409A-3(i)(5) (without regard to any alternative definition thereunder).

(mmm) “**Securities Act**” means the Securities Act of 1933, as amended.

(nnn) “**Share Reserve**” means the number of shares available for issuance under the Plan as set forth in Section 2(a).

(ooo) “Stock Appreciation Right” or “SAR” means a right to receive the appreciation on Common Stock that is granted pursuant to the terms and conditions of Section 4.

(ppp) “SAR Agreement” means a written agreement between the Company and a holder of a SAR evidencing the terms and conditions of a SAR grant. The SAR Agreement includes the Grant Notice for the SAR and the agreement containing the written summary of the general terms and conditions applicable to the SAR and which is provided to a Participant along with the Grant Notice. Each SAR Agreement will be subject to the terms and conditions of the Plan.

(qqq) “Subsidiary” means, with respect to the Company, (i) any corporation of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than 50%.

(rrr) “Ten Percent Stockholder” means a person who Owns (or is deemed to Own pursuant to Section 424(d) of the Code) stock possessing more than 10% of the total combined voting power of all classes of stock of the Company or any Affiliate.

(sss) “Trading Policy” means the Company’s policy permitting certain individuals to sell Company shares only during certain “window” periods and/or otherwise restricts the ability of certain individuals to transfer or encumber Company shares, as in effect from time to time.

(ttt) “Unvested Non-Exempt Award” means the portion of any Non-Exempt Award that had not vested in accordance with its terms upon or prior to the date of any Corporate Transaction.

(uuu) “Vested Non-Exempt Award” means the portion of any Non-Exempt Award that had vested in accordance with its terms upon or prior to the date of a Corporate Transaction.

LEGALZOOM.COM, INC.
GLOBAL STOCK OPTION GRANT NOTICE
(2021 EQUITY INCENTIVE PLAN)

LegalZoom.com, Inc. (the “**Company**”), pursuant to its 2021 Equity Incentive Plan (the “**Plan**”), has granted to you (“**Optionholder**”) an option to purchase the number of shares of the Common Stock set forth below (the “**Option**”). Your Option is subject to all of the terms and conditions as set forth herein and in the Plan and the Global Stock Option Agreement, including any additional terms and conditions for your country set forth in the appendix thereto (the “**Appendix**” and, together with the Global Stock Option Agreement, the “**Agreement**”), all of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Agreement shall have the meanings set forth in the Plan or the Agreement, as applicable.

Optionholder:	_____
Date of Grant:	_____
Vesting Commencement Date:	_____
Number of Shares of Common Stock Subject to Option:	_____
Exercise Price (Per Share):	_____
Total Exercise Price:	_____
Expiration Date:	_____

Type of Grant: [Incentive Stock Option] OR [Nonstatutory Stock Option]

Exercise and

Vesting Schedule: Subject to the Optionholder’s Continuous Service through each applicable vesting date, the Option will vest as follows:

[_____]

Optionholder Acknowledgements: By your signature below or by electronic acceptance or authentication in a form authorized by the Company, you understand and agree that:

- The Option is governed by this Global Stock Option Grant Notice, (the “**Grant Notice**”) and the provisions of the Plan and the Agreement, all of which are made a part of this document. Unless otherwise provided in the Plan, this Grant Notice and the Agreement (together, the “**Option Agreement**”) may not be modified, amended or revised except in a writing signed by you and a duly authorized officer of the Company.
- If the Option is an Incentive Stock Option, it (plus other outstanding Incentive Stock Options granted to you) cannot be first *exercisable* for more than \$100,000 in value (measured by exercise price) in any calendar year. Any excess over \$100,000 is a Nonstatutory Stock Option.
- You consent to receive this Grant Notice, the Agreement, the Plan, the Prospectus and any other Plan-related documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.
- You have read and are familiar with the provisions of the Plan, the Agreement, and the Prospectus. In the event of any conflict between the provisions in this Grant Notice, the Agreement, or the Prospectus and the terms of the Plan, the terms of the Plan shall control.
- The Option Agreement sets forth the entire understanding between you and the Company regarding the acquisition of Common Stock and supersedes all prior oral and written agreements, promises and/or representations on that subject with the exception of other equity awards previously granted to you and any written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company and you in each case that specifies the terms that should govern this Option.

- Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, Uniform Electronic Transactions Act or other applicable law) or other transmission method and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

LEGALZOOM.COM, INC.

OPTIONHOLDER:

By: _____
Signature

Signature

Title: _____

Date: _____

Date: _____

LEGALZOOM.COM, INC.
2021 EQUITY INCENTIVE PLAN
GLOBAL STOCK OPTION AGREEMENT

As reflected by your Global Stock Option Grant Notice (“**Grant Notice**”) LegalZoom.com, Inc. (the “**Company**”) has granted you an option under its 2021 Equity Incentive Plan (the “**Plan**”) to purchase a number of shares of Common Stock at the exercise price indicated in your Grant Notice (the “**Option**”). The terms of your Option as specified in the Grant Notice and this Global Stock Option Agreement, including any additional terms and conditions for your country set forth in the appendix hereto (the “**Appendix**” and, together with the Global Stock Option Agreement, the “**Agreement**”), constitute your Option Agreement. Capitalized terms not explicitly defined in this Agreement but defined in the Grant Notice or the Plan shall have the meanings set forth in the Grant Notice or Plan, as applicable.

The general terms and conditions applicable to your Option are as follows:

1. GOVERNING PLAN DOCUMENT. Your Option is subject to all the provisions of the Plan. Your Option is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the Option Agreement and the provisions of the Plan, the provisions of the Plan shall control.

2. EXERCISE.

(a) You may generally exercise the vested portion of your Option for whole shares of Common Stock at any time during its term by delivery of payment of the exercise price and applicable withholding taxes and other required documentation to the Plan Administrator in accordance with the exercise procedures established by the Plan Administrator, which may include an electronic submission. Please review the Plan, which may restrict or prohibit your ability to exercise your Option during certain periods.

(b) To the extent permitted by Applicable Law, you may pay your Option exercise price as follows:

(i) cash, check, bank draft or money order;

(ii) subject to Applicable Law and Company and/or Committee consent at the time of exercise, pursuant to a “cashless exercise” program as further described in the Plan if at the time of exercise the Common Stock is publicly traded;

(iii) subject to Company and/or Committee consent at the time of exercise, by delivery of previously owned shares of Common Stock as further described in the Plan; or

(iv) subject to Applicable Law and Company and/or Committee consent at the time of exercise, if the Option is a Nonstatutory Stock Option, by a “net exercise” arrangement as further described in the Plan.

3. TERM. You may not exercise your Option before the commencement of its term or after its term expires. The term of your Option commences on the Date of Grant and expires upon the earliest of the following:

(a) immediately upon the termination of your Continuous Service for Cause;

(b) three months after the termination of your Continuous Service for any reason other than Cause, Disability or death;

(c) 12 months after the termination of your Continuous Service due to your Disability;

(d) 18 months after your death if you die during your Continuous Service;

(e) immediately upon a Corporate Transaction if the Board has determined that the Option will terminate in connection with a Corporate Transaction,

(f) the Expiration Date indicated in your Grant Notice; or

(g) the day before the 10th anniversary of the Date of Grant.

Notwithstanding the foregoing, if you die during the period provided in Section 3(b) or 3(c) above, the term of your Option shall not expire until the earlier of (i) eighteen months after your death, (ii) upon any termination of the Option in connection with a Corporate Transaction, (iii) the Expiration Date indicated in your Grant Notice, or (iv) the day before the tenth anniversary of the Date of Grant. Additionally, the Post-Termination Exercise Period of your Option may be extended as provided in the Plan.

To obtain the federal income tax advantages associated with an Incentive Stock Option, the Code requires that at all times beginning on the date of grant of your Option and ending on the day three months before the date of your Option’s exercise, you must be an employee of the Company or an Affiliate, except in the event of your death or Disability. If the Company provides for the extended exercisability of your Option under certain circumstances for your benefit, your Option will not necessarily be treated as an Incentive Stock Option if you exercise your Option more than three months after the date your employment terminates.

4. RESPONSIBILITY FOR TAXES.

(a) Regardless of any action taken by the Company or, if different, the Affiliate to which you provide Continuous Service (the “**Service Recipient**”) with respect to any income tax, social insurance, payroll tax, fringe benefits tax, payment on account, or other tax-related items associated with the grant, vesting or exercise of the Option or sale of the underlying Common Stock or other tax-related items related to your participation in the Plan and legally applicable or deemed applicable to you (the “**Tax Liability**”), you hereby acknowledge

and agree that the Tax Liability is your ultimate responsibility and may exceed the amount, if any, actually withheld by the Company or the Service Recipient. You further acknowledge that the Company and the Service Recipient (i) make no representations or undertakings regarding any Tax Liability in connection with any aspect of this Option, including, but not limited to, the grant, vesting or exercise of the Option, the issuance of Common Stock pursuant to such exercise, the subsequent sale of shares of Common Stock, and the payment of any dividends on the shares; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Option to reduce or eliminate your Tax Liability or achieve a particular tax result. Further, if you are subject to Tax Liability in more than one jurisdiction, you acknowledge that the Company and/or the Service Recipient (or former service recipient, as applicable) may be required to withhold or account for Tax Liability in more than one jurisdiction.

(b) Prior to any relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to the Company and/or the Service Recipient to satisfy all Tax Liability. As further provided in Section 8 of the Plan, you hereby authorize the Company and any applicable Service Recipient to satisfy any applicable withholding obligations with regard to the Tax Liability by one or a combination of the following methods: (i) causing you to pay any portion of the Tax Liability in cash or cash equivalent in a form acceptable to the Company and/or the Service Recipient; (ii) withholding from any compensation otherwise payable to you by the Company or the Service Recipient; (iii) withholding from the proceeds of the sale of shares of Common Stock issued upon exercise of the Option (including by means of a “cashless exercise” pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board to the extent permitted by the Company, or by means of the Company acting as your agent to sell sufficient shares of Common Stock for the proceeds to satisfy such withholding requirements, on your behalf pursuant to this authorization without further consent); (iv) withholding shares of Common Stock otherwise issuable to you upon the exercise of the Option, provided, however, that to the extent necessary to qualify for an exemption from application of Section 16(b) of the Exchange Act, if applicable, such share withholding procedure will be subject to the express prior approval of the Board or the Company’s Compensation Committee; and/or (v) any other method determined by the Company to be in compliance with Applicable Law. Furthermore, you agree to pay or reimburse the Company or the Service Recipient any amount the Company or the Service Recipient may be required to withhold, collect or pay as a result of your participation in the Plan or that cannot be satisfied by the means previously described. In the event it is determined that the amount of the Tax Liability was greater than the amount withheld by the Company and/or the Service Recipient (as applicable), you agree to indemnify and hold the Company and/or the Service Recipient (as applicable) harmless from any failure by the Company or the applicable Service Recipient to withhold the proper amount.

(c) The Company and/or the Service Recipient may withhold or account for your Tax Liability by considering statutory withholding amounts or other withholding rates applicable in your jurisdiction(s), including (i) maximum applicable rates in your jurisdiction(s). In the event of over-withholding, you may receive a refund of any over-withheld amount in cash from the Company or the Service Recipient (with no entitlement to the Common Stock equivalent), or if not refunded, you may seek a refund from the local tax authorities. In the event of under-withholding, you may be required to pay any Tax Liability directly to the applicable tax

authority or to the Company and/or the Service Recipient. If the Tax Liability withholding obligation is satisfied by withholding shares of Common Stock, for tax purposes, you are deemed to have been issued the full number of shares of Common Stock subject to the exercised portion of the Option, notwithstanding that a number of the shares of Common Stock is held back solely for the purpose of paying such Tax Liability.

(d) You acknowledge that you may not be able to exercise your Option even though the Option is vested, and that the Company shall have no obligation to issue or deliver shares of Common Stock until you have fully satisfied any applicable Tax Liability, as determined by the Company. Unless any withholding obligation for the Tax Liability is satisfied, the Company shall have no obligation to issue or deliver to you any Common Stock in respect of the Option.

5. INCENTIVE STOCK OPTION DISPOSITION REQUIREMENT. If your Option is an Incentive Stock Option, you must notify the Company in writing within 15 days after the date of any disposition of any of the shares of the Common Stock issued upon exercise of your Option that occurs within two years after the date your Option is granted or within one year after such shares of Common Stock are transferred upon exercise of your Option.

6. NATURE OF GRANT. In accepting the Option, you acknowledge, understand and agree that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the Option is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Options, or benefits in lieu of Options, even if Options have been granted in the past;

(c) all decisions with respect to future Options or other grants, if any, will be at the sole discretion of the Company;

(d) the Option and your participation in the Plan shall not create a right to employment or other service relationship with the Company;

(e) the Option and your participation in the Plan shall not be interpreted as forming or amending an employment or service contract with the Company or the Service Recipient, and shall not interfere with the ability of the Company or the Service Recipient, as applicable, to terminate your Continuous Service (if any);

(f) you are voluntarily participating in the Plan;

(g) the Option and the shares of Common Stock subject to the Option, and the income from and value of same, are not intended to replace any pension rights or compensation;

(h) the Option and the shares of Common Stock subject to the Option, and the income from and value of same, are not part of normal or expected compensation for purposes of, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments;

(i) unless otherwise agreed with the Company in writing, the Option and the shares of Common Stock subject to the Option, and the income from and value of same, are not granted as consideration for, or in connection with, the service you may provide as a director of an Affiliate;

(j) the future value of the underlying shares of Common Stock is unknown, indeterminable and cannot be predicted with certainty;

(k) if the underlying shares of Common Stock do not increase in value after the grant date, the Option will have no value;

(l) if you exercise the Option and acquire shares of Common Stock, the value of such shares of Common Stock may increase or decrease in value, even below the exercise price;

(m) no claim or entitlement to compensation or damages shall arise from forfeiture of the Option resulting from the termination of your Continuous Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are providing service or the terms of your employment or other service agreement, if any);

(n) for purposes of the Option, your Continuous Service will be considered terminated as of the date you are no longer actively providing services to the Company or any Affiliate (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are providing service or the terms of your employment or other service agreement, if any), and such date will not be extended by any notice period (*e.g.*, your period of Continuous Service would not include any contractual notice period or any period of "garden leave" or similar period mandated under employment laws in the jurisdiction where you are providing service or the terms of your employment or other service agreement, if any); the Compensation Committee shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of your Option (including whether you may still be considered to be providing services while on a leave of absence); and

(o) neither the Company nor the Service Recipient shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the Option or of any amounts due to you pursuant to exercise of the Option or the subsequent sale of any shares of Common Stock acquired upon exercise.

7. TRANSFERABILITY. Except as otherwise provided in the Plan, your Option is not transferable, except by will or by the applicable laws of descent and distribution, and is exercisable during your life only by you.

8. CORPORATE TRANSACTION. Your Option is subject to the terms of any agreement governing a Corporate Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on your behalf with respect to any escrow, indemnities and any contingent consideration.

9. NO LIABILITY FOR TAXES. As a condition to accepting the Option, you hereby (a) agree to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to any Tax Liability arising from the Option and (b) acknowledge that you were advised to consult with your own personal tax, financial and other legal advisors regarding the tax consequences of the Option and have either done so or knowingly and voluntarily declined to do so. Additionally, you acknowledge that the Option is exempt from Section 409A only if the exercise price is at least equal to the “fair market value” of the Common Stock on the date of grant as determined by the Internal Revenue Service and there is no other impermissible deferral of compensation associated with the Option. Additionally, as a condition to accepting the Option, you agree not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates in the event that the Internal Revenue Service asserts that such exercise is less than the “fair market value” of the Common Stock on the date of grant as subsequently determined by the Internal Revenue Service.

10. OBLIGATIONS; RECOUPMENT. You hereby acknowledge that the grant of your Option is additional consideration for any obligations (whether during or after employment) that you have to the Company not to compete, not to solicit its customers, clients or employees, not to disclose or misuse confidential information or similar obligations. Accordingly, if the Company reasonably determines that you breached such obligations, in addition to any other available remedy, the Company may, to the extent permitted by Applicable Law, recoup any income realized by you with respect to the exercise of your Option within two years of such breach. In addition, to the extent permitted by Applicable Law, this right to recoupment by the Company applies in the event that your employment is terminated for Cause or if the Company reasonably determines that circumstances existed that it could have terminated your employment for Cause.

11. NO ADVICE REGARDING GRANT. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Common Stock. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

12. GOVERNING LAW AND VENUE. The Option and the provisions of this Agreement are governed by, and construed in accordance with, the internal laws of the State of Delaware, without regard to the conflict of law principles that would result in any application of any law other than the law of the State of Delaware. For purposes of any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of the State of Delaware, and no other courts, where this grant is made and/or to be performed.

13. SEVERABILITY. If any part of this Option Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Option Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Option Agreement (or part of such a Section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

14. INDEBTEDNESS TO THE COMPANY. In the event that you have any loans, draws, advances or any other indebtedness owing to the Company at the time of exercise of all or a portion of the Option, the Company may deduct and not deliver that number of shares of Common Stock with a Fair Market Value subject to the Option equal to such indebtedness to satisfy all or a portion of such indebtedness, to the extent permitted by law and in a manner consistent with Section 409A of the Code, if applicable.

15. COMPLIANCE WITH LAW. Notwithstanding any other provision of the Plan or this Agreement, unless there is an exemption from any registration, qualification or other legal requirement applicable to the shares of Common Stock, the Company shall not be required to deliver any shares issuable upon exercise of the Option prior to the completion of any registration or qualification of the shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission ("SEC") or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. You understand that the Company is under no obligation to register or qualify the shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares. Further, you agree that the Company shall have unilateral authority to amend the Agreement without your consent to the extent necessary to comply with securities or other laws applicable to issuance of shares of Common Stock.

16. LANGUAGE. You acknowledge that you are proficient in the English language, or have consulted with an advisor who is proficient in the English language, so as to enable you to understand the provisions of this Agreement and the Plan. If you have received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

17. ELECTRONIC DELIVERY AND PARTICIPATION. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company.

18. SEVERABILITY. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

19. APPENDIX. Notwithstanding any provisions in this Option Agreement, the Option shall be subject to any additional terms and conditions set forth in any Appendix for your country. Moreover, if you relocate to one of the countries included in the Appendix, the additional terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

20. IMPOSITION OF OTHER REQUIREMENT. The Company reserves the right to impose other requirements on your participation in the Plan, on the Option and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

21. WAIVER. You acknowledge that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other participant.

22. INSIDER TRADING/MARKET ABUSE. You acknowledge that, depending on your or your broker's country or where the Company shares are listed, you may be subject to insider trading restrictions and/or market abuse laws which may affect your ability to accept, acquire, sell or otherwise dispose of shares of Common Stock, rights to shares (*e.g.*, Options) or rights linked to the value of shares (*e.g.*, phantom awards, futures) during such times you are considered to have "inside information" regarding the Company as defined in the laws or regulations in the applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Keep in mind third parties includes fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. You are responsible for complying with any restrictions and should speak to your personal advisor on this matter.

23. EXCHANGE CONTROL, FOREIGN ASSET/ACCOUNT AND/OR TAX REPORTING. Depending upon the country to which laws you are subject, you may have certain foreign asset/account and/or tax reporting requirements that may affect your ability to acquire or hold shares of Common Stock under the Plan or cash received from participating in the Plan (including from any dividends or sale proceeds arising from the sale of shares of Common Stock) in a brokerage or bank account outside your country of residence. Your country may require that you report such accounts, assets or transactions to the applicable authorities in your country. You also may be required to repatriate cash received from participating in the Plan to your country within a certain period of time after receipt. You are responsible for knowledge of and compliance with any such regulations and should speak with your personal tax, legal and financial advisors regarding same.

24. OTHER DOCUMENTS. You hereby acknowledge receipt of or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Prospectus. In addition, you acknowledge receipt of the Company's Trading Policy.

25. QUESTIONS. If you have questions regarding these or any other terms and conditions applicable to your Option, including a summary of the applicable federal income tax consequences please see the Prospectus.

* * * *

**LEGALZOOM.COM, INC.
2021 EQUITY INCENTIVE PLAN**

**APPENDIX
TO GLOBAL STOCK OPTION AGREEMENT**

TERMS AND CONDITIONS

This Appendix forms part of the Agreement and includes additional terms and conditions that govern the Option granted to you under the Plan if you reside and/or work in one of the jurisdictions listed below. Capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or in the Global Stock Option Agreement.

If you are a citizen or resident (or are considered as such for local law purposes) of a country other than the country in which you are currently residing and/or working, or if you relocate to another country after the grant of the Option, the Company shall, in its discretion, determine to what extent the additional terms and conditions contained herein shall be applicable to you.

NOTIFICATIONS

This Appendix may also include information regarding exchange controls and certain other issues of which you should be aware with respect to participation in the Plan. The information is based on the securities, exchange control, and other laws in effect in the respective countries as of [_____]. Such laws are often complex and change frequently. As a result, you should not rely on the information in this Appendix as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time you vest in or exercise the Option, acquire shares of Common Stock, or sell shares of Common Stock acquired under the Plan.

In addition, the information contained below is general in nature and may not apply to your particular situation. You should seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

If you are a citizen or resident (or are considered as such for local law purposes) of a country other than the country in which you are currently residing and/or working, or if you relocate to another country after the grant of the Option, the notifications herein may not apply to you in the same manner.

LEGALZOOM.COM, INC.
GLOBAL RSU AWARD GRANT NOTICE
(2021 EQUITY INCENTIVE PLAN)

LegalZoom.com, Inc. (the “**Company**”) has awarded to you (the “**Participant**”) the number of restricted stock units specified and on the terms set forth below (the “**RSU Award**”). Your RSU Award is subject to all of the terms and conditions as set forth herein and in the Company’s 2021 Equity Incentive Plan (the “**Plan**”) and the Global RSU Award Agreement, including any additional terms and conditions for your country set forth in the appendix thereto (the “**Appendix**” and, together with the Global RSU Award Agreement, the “**Agreement**”), all of which are incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Agreement shall have the meanings set forth in the Plan or the Agreement, as applicable.

Participant: _____
Date of Grant: _____
Vesting Commencement Date: _____
Number of Restricted Stock Units: _____

Vesting Schedule: [_____]. Notwithstanding the foregoing, except as set forth below, vesting shall terminate upon the Participant’s termination of Continuous Service, as described in Section 6(l) of the Agreement.

Issuance Schedule: One share of Common Stock will be issued for each restricted stock unit which vests at the time set forth in Section 5 of the Agreement.

Participant Acknowledgements: By your signature below or by electronic acceptance or authentication in a form authorized by the Company, you understand and agree that:

- The RSU Award is governed by this Global RSU Award Grant Notice (the “**Grant Notice**”), and the provisions of the Plan and the Agreement, all of which are made a part of this document. Unless otherwise provided in the Plan, this Grant Notice and the Agreement (together, the “**RSU Award Agreement**”) may not be modified, amended or revised except in a writing signed by you and a duly authorized officer of the Company.
- You have read and are familiar with the provisions of the Plan, the RSU Award Agreement and the Prospectus. In the event of any conflict between the provisions in the RSU Award Agreement, or the Prospectus and the terms of the Plan, the terms of the Plan shall control.
- The RSU Award Agreement sets forth the entire understanding between you and the Company regarding the acquisition of Common Stock and supersedes all prior oral and written agreements, promises and/or representations on that subject with the exception of: (i) other equity awards previously granted to you, and (ii) any written employment agreement, offer letter, severance agreement, written severance plan or policy, or other written agreement between the Company and you in each case that specifies the terms that should govern this RSU Award.

LEGALZOOM.COM, INC.

PARTICIPANT:

By: _____
Signature

Signature

Title: _____

Date: _____

Date: _____

2.

LEGALZOOM.COM, INC.
2021 EQUITY INCENTIVE PLAN

GLOBAL RSU AWARD AGREEMENT

As reflected by your Global RSU Award Grant Notice (“**Grant Notice**”), LegalZoom.com, Inc. (the “**Company**”) has granted you a RSU Award under its 2021 Equity Incentive Plan (the “**Plan**”) for the number of restricted stock units as indicated in your Grant Notice (the “**RSU Award**”). The terms of your RSU Award as specified in this Global RSU Award Agreement for your RSU Award, including any additional terms and conditions for your country set forth in the appendix hereto (the “**Appendix**” and, together with the Global RSU Award Agreement, the “**Agreement**”) and the Grant Notice constitute your “**RSU Award Agreement**”. Defined terms not explicitly defined in this Agreement but defined in the Grant Notice or the Plan shall have the same definitions as in the Grant Notice or Plan, as applicable.

The general terms applicable to your RSU Award are as follows:

1. GOVERNING PLAN DOCUMENT. Your RSU Award is subject to all the provisions of the Plan. Your RSU Award is further subject to all interpretations, amendments, rules and regulations, which may from time to time be promulgated and adopted pursuant to the Plan. In the event of any conflict between the RSU Award Agreement and the provisions of the Plan, the provisions of the Plan shall control.

2. GRANT OF THE RSU AWARD. This RSU Award represents your right to be issued on a future date the number of shares of the Company’s Common Stock that is equal to the number of restricted stock units indicated in the Grant Notice subject to your satisfaction of the vesting conditions set forth therein (the “**Restricted Stock Units**”). Any additional Restricted Stock Units that become subject to the RSU Award pursuant to Capitalization Adjustments as set forth in the Plan and the provisions of Section 3 below, if any, shall be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units covered by your RSU Award.

3. DIVIDENDS. You shall receive no benefit or adjustment to your RSU Award with respect to any cash dividend, stock dividend or other distribution that does not result from a Capitalization Adjustment as provided in the Plan; provided, however, that this sentence shall not apply with respect to any shares of Common Stock that are delivered to you in connection with your RSU Award after such shares have been delivered to you.

4. RESPONSIBILITY FOR TAXES.

(a) Regardless of any action taken by the Company or, if different, the Affiliate to which you provide Continuous Service (the “**Service Recipient**”) with respect to any income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items associated with the grant or vesting of the RSU Award or sale of the underlying Common Stock or other tax-related items related to your participation in the Plan and legally

applicable or deemed applicable to you (the “**Tax Liability**”), you hereby acknowledge and agree that the Tax Liability is your ultimate responsibility and may exceed the amount, if any, actually withheld by the Company or the Service Recipient. You further acknowledge that the Company and the Service Recipient (i) make no representations or undertakings regarding any Tax Liability in connection with any aspect of this RSU Award, including, but not limited to, the grant or vesting of the RSU Award, the issuance of Common Stock pursuant to such vesting, the subsequent sale of shares of Common Stock, and the payment of any dividends on the shares; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the RSU Award to reduce or eliminate your Tax Liability or achieve a particular tax result. Further, if you are subject to Tax Liability in more than one jurisdiction, you acknowledge that the Company and/or the Service Recipient (or former service recipient, as applicable) may be required to withhold or account for Tax Liability in more than one jurisdiction.

(b) Prior to any relevant taxable or tax withholding event, as applicable, you agree to make adequate arrangements satisfactory to the Company and/or the Service Recipient to satisfy all Tax Liability. As further provided in Section 8 of the Plan, you hereby authorize the Company and any applicable Service Recipient to satisfy any applicable withholding obligations with regard to the Tax Liability by one or a combination of the following methods: (i) causing you to pay any portion of the Tax Liability in cash or cash equivalent in a form acceptable to the Company and/or the Service Recipient; (ii) withholding from any compensation otherwise payable to you by the Company or the Service Recipient; (iii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with the Award; *provided*, however, that to the extent necessary to qualify for an exemption from application of Section 16(b) of the Exchange Act, if applicable, such share withholding procedure will be subject to the express prior approval of the Board or the Company’s Compensation Committee; (iv) permitting or requiring you to enter into a “same day sale” commitment, if applicable, with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a “**FINRA Dealer**”), pursuant to this authorization and without further consent, whereby you irrevocably elect to sell a portion of the shares of Common Stock to be delivered in connection with your Restricted Stock Units to satisfy the Tax Liability and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Tax Liability directly to the Company or the Service Recipient; and/or (v) any other method determined by the Company to be in compliance with Applicable Law. Furthermore, you agree to pay or reimburse the Company or the Service Recipient any amount the Company or the Service Recipient may be required to withhold, collect or pay as a result of your participation in the Plan or that cannot be satisfied by the means previously described. In the event it is determined that the amount of the Tax Liability was greater than the amount withheld by the Company and/or the Service Recipient (as applicable), you agree to indemnify and hold the Company and/or the Service Recipient (as applicable) harmless from any failure by the Company or the applicable Service Recipient to withhold the proper amount.

(c) The Company and/or the Service Recipient may withhold or account for your Tax Liability by considering statutory withholding amounts or other withholding rates applicable in your jurisdiction(s), including (i) maximum applicable rates in your jurisdiction(s). In the event of over-withholding, you may receive a refund of any over-withheld amount in cash from the Company or the Service Recipient (with no entitlement to the Common Stock

equivalent), or if not refunded, you may seek a refund from the local tax authorities. In the event of under-withholding, you may be required to pay any Tax Liability directly to the applicable tax authority or to the Company and/or the Service Recipient. If the Tax Liability withholding obligation is satisfied by withholding shares of Common Stock, for tax purposes, you are deemed to have been issued the full number of shares of Common Stock subject to the vested portion of the RSU Award, notwithstanding that a number of the shares of Common Stock is held back solely for the purpose of paying such Tax Liability.

(d) You acknowledge that you may not participate in the Plan and the Company shall have no obligation to issue or deliver shares of Common Stock until you have fully satisfied any applicable Tax Liability, as determined by the Company. Unless any withholding obligation for the Tax Liability is satisfied, the Company shall have no obligation to issue or deliver to you any Common Stock in respect of the RSU Award.

5. DATE OF ISSUANCE.

(a) The issuance of shares in respect of the Restricted Stock Units is intended to comply with U.S. Treasury Regulations Section 1.409A-1(b)(4) and will be construed and administered in such a manner. Subject to the satisfaction of the Tax Liability withholding obligation, if any, in the event one or more Restricted Stock Units vests, the Company shall issue to you one (1) share of Common Stock for each vested Restricted Stock Unit on the applicable vesting date. Each issuance date determined by this paragraph is referred to as an “**Original Issuance Date**.”

(b) If the Original Issuance Date falls on a date that is not a business day, delivery shall instead occur on the next following business day. In addition, if:

(i) the Original Issuance Date does not occur (1) during an “open window period” applicable to you, as determined by the Company in accordance with the Company’s then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell shares of Common Stock on an established stock exchange or stock market (including but not limited to under a previously established written trading plan that meets the requirements of Rule 10b5-1 under the Exchange Act and was entered into in compliance with the Company’s policies (a “**10b5-1 Arrangement**)), and

(ii) either (1) a Tax Liability withholding obligation does not apply, or (2) the Company decides, prior to the Original Issuance Date, (A) not to satisfy the Tax Liability withholding obligation by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award, and (B) not to permit you to enter into a “same day sale” commitment with a broker-dealer (including but not limited to a commitment under a 10b5-1 Arrangement) and (C) not to permit you to pay your Tax Liability in cash,

then the shares that would otherwise be issued to you on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when you are not prohibited from selling shares of the Common Stock in the open public market, but in no event later than December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of your taxable year in which the Original Issuance

Date occurs), or, **if and only if** permitted in a manner that complies with U.S. Treasury Regulations Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the applicable year following the year in which the shares of Common Stock under this Award are no longer subject to a “substantial risk of forfeiture” within the meaning of U.S. Treasury Regulations Section 1.409A-1(d).

6. NATURE OF GRANT. In accepting the RSU Award, you acknowledge, understand and agree that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) the grant of the RSU Award is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past;

(c) all decisions with respect to future RSU Awards or other grants, if any, will be at the sole discretion of the Company;

(d) the RSU Award and your participation in the Plan shall not create a right to employment or other service relationship with the Company;

(e) the RSU Award and your participation in the Plan shall not be interpreted as forming or amending an employment or service contract with the Company or the Service Recipient, and shall not interfere with the ability of the Company or the Service Recipient, as applicable, to terminate your Continuous Service (if any);

(f) you are voluntarily participating in the Plan;

(g) the RSU Award and the shares of Common Stock subject to the RSU Award, and the income from and value of same, are not intended to replace any pension rights or compensation;

(h) the RSU Award and the shares of Common Stock subject to the RSU Award, and the income from and value of same, are not part of normal or expected compensation for purposes of, including but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, holiday pay, long-service awards, pension or retirement or welfare benefits or similar payments;

(i) unless otherwise agreed with the Company in writing, the RSU Award and the shares of Common Stock subject to the RSU Award, and the income from and value of same, are not granted as consideration for, or in connection with, the service you may provide as a director of an Affiliate;

(j) the future value of the underlying shares of Common Stock is unknown, indeterminable and cannot be predicted with certainty;

(k) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSU Award resulting from the termination of your Continuous Service (for any reason whatsoever, whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are providing service or the terms of your employment or other service agreement, if any);

(l) for purposes of the RSU Award, your Continuous Service will be considered terminated as of the date you are no longer actively providing services to the Company or any Affiliate (regardless of the reason for such termination and whether or not later found to be invalid or in breach of employment laws in the jurisdiction where you are providing service or the terms of your employment or other service agreement, if any), and such date will not be extended by any notice period (*e.g.*, your period of Continuous Service would not include any contractual notice period or any period of “garden leave” or similar period mandated under employment laws in the jurisdiction where you are providing service or the terms of your employment or other service agreement, if any); the Compensation Committee shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of your RSU Award (including whether you may still be considered to be providing services while on a leave of absence); and

(m) neither the Company nor the Service Recipient shall be liable for any foreign exchange rate fluctuation between your local currency and the United States Dollar that may affect the value of the Restricted Stock Units or of any amounts due to you pursuant to the settlement of the RSU Award or the subsequent sale of any shares of Common Stock acquired upon settlement.

7. TRANSFERABILITY. Except as otherwise provided in the Plan, your RSU Award is not transferable, except by will or by the applicable laws of descent and distribution

8. CORPORATE TRANSACTION. Your RSU Award is subject to the terms of any agreement governing a Corporate Transaction involving the Company, including, without limitation, a provision for the appointment of a stockholder representative that is authorized to act on your behalf with respect to any escrow, indemnities and any contingent consideration.

9. NO LIABILITY FOR TAXES. As a condition to accepting the RSU Award, you hereby (a) agree to not make any claim against the Company, or any of its Officers, Directors, Employees or Affiliates related to any Tax Liability arising from the RSU Award and (b) acknowledge that you were advised to consult with your own personal tax, financial and other legal advisors regarding the tax consequences of the RSU Award and have either done so or knowingly and voluntarily declined to do so.

10. NO ADVICE REGARDING GRANT. The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, or your acquisition or sale of the underlying shares of Common Stock. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

11. GOVERNING LAW AND VENUE. The RSU Award and the provisions of this Agreement are governed by, and construed in accordance with, the internal laws of the State of Delaware, without regard to the conflict of law principles that would result in any application of any law other than the law of the State of Delaware. For purposes of any action, lawsuit or other proceedings brought to enforce this Agreement, relating to it, or arising from it, the parties hereby submit to and consent to the sole and exclusive jurisdiction of the courts of the State of Delaware, and no other courts, where this grant is made and/or to be performed.

12. SEVERABILITY. If any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid will, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

13. COMPLIANCE WITH LAW. Notwithstanding any other provision of the Plan or this Agreement, unless there is an exemption from any registration, qualification or other legal requirement applicable to the shares of Common Stock, the Company shall not be required to deliver any shares issuable upon settlement of the Restricted Stock Units prior to the completion of any registration or qualification of the shares under any local, state, federal or foreign securities or exchange control law or under rulings or regulations of the U.S. Securities and Exchange Commission ("SEC") or of any other governmental regulatory body, or prior to obtaining any approval or other clearance from any local, state, federal or foreign governmental agency, which registration, qualification or approval the Company shall, in its absolute discretion, deem necessary or advisable. You understand that the Company is under no obligation to register or qualify the shares with the SEC or any state or foreign securities commission or to seek approval or clearance from any governmental authority for the issuance or sale of the shares. Further, you agree that the Company shall have unilateral authority to amend the Agreement without your consent to the extent necessary to comply with securities or other laws applicable to issuance of shares of Common Stock.

14. LANGUAGE. You acknowledge that you are proficient in the English language, or have consulted with an advisor who is proficient in the English language, so as to enable you to understand the provisions of this Agreement and the Plan. If you have received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

15. ELECTRONIC DELIVERY AND PARTICIPATION. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree to participate in the Plan through an online or electronic system established and maintained by the Company or a third party designated by the Company.

16. SEVERABILITY. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

17. APPENDIX. Notwithstanding any provisions in this Global RSU Award Agreement, the RSU Award shall be subject to any additional terms and conditions set forth in any Appendix for your country. Moreover, if you relocate to one of the countries included in the Appendix, the additional terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of this Agreement.

18. IMPOSITION OF OTHER REQUIREMENT. The Company reserves the right to impose other requirements on your participation in the Plan, on the RSU and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

19. WAIVER. You acknowledge that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by you or any other participant.

20. INSIDER TRADING/MARKET ABUSE. You acknowledge that, depending on your or your broker's country or where the Company shares are listed, you may be subject to insider trading restrictions and/or market abuse laws which may affect your ability to accept, acquire, sell or otherwise dispose of shares of Common Stock, rights to shares (*e.g.*, Restricted Stock Units) or rights linked to the value of shares (*e.g.*, phantom awards, futures) during such times you are considered to have "inside information" regarding the Company as defined in the laws or regulations in the applicable jurisdictions). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Keep in mind third parties includes fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. You are responsible for complying with any restrictions and should speak to your personal advisor on this matter.

21. EXCHANGE CONTROL, FOREIGN ASSET/ACCOUNT AND/OR TAX REPORTING. Depending upon the country to which laws you are subject, you may have certain foreign asset/account and/or tax reporting requirements that may affect your ability to acquire or hold shares of Common Stock under the Plan or cash received from participating in the Plan (including from any dividends or sale proceeds arising from the sale of shares of Common Stock) in a brokerage or bank account outside your country of residence. Your country may require that you report such accounts, assets or transactions to the applicable authorities in your country. You also may be required to repatriate cash received from participating in the Plan to your country within a certain period of time after receipt. You are responsible for knowledge of and compliance with any such regulations and should speak with your personal tax, legal and financial advisors regarding same.

22. OTHER DOCUMENTS. You hereby acknowledge receipt of or the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Prospectus. In addition, you acknowledge receipt of the Company's Trading Policy.

23. QUESTIONS. If you have questions regarding these or any other terms and conditions applicable to your RSU Award, including a summary of the applicable federal income tax consequences please see the Prospectus.

LEGALZOOM.COM, INC.
2021 EQUITY INCENTIVE PLAN

APPENDIX
TO GLOBAL RSU AWARD AGREEMENT

TERMS AND CONDITIONS

This Appendix forms part of the Agreement and includes additional terms and conditions that govern the RSU Award granted to you under the Plan if you reside and/or work in one of the jurisdictions listed below. Capitalized terms used but not defined in this Appendix have the meanings set forth in the Plan and/or in the Global RSU Award Agreement.

If you are a citizen or resident (or are considered as such for local law purposes) of a country other than the country in which you are currently residing and/or working, or if you relocate to another country after the grant of the RSU Award, the Company shall, in its discretion, determine to what extent the additional terms and conditions contained herein shall be applicable to you.

NOTIFICATIONS

This Appendix may also include information regarding exchange controls and certain other issues of which you should be aware with respect to participation in the Plan. The information is based on the securities, exchange control, and other laws in effect in the respective countries as of [_____]. Such laws are often complex and change frequently. As a result, you should not rely on the information in this Appendix as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the time you vest in the Restricted Stock Units, acquire shares of Common Stock, or sell shares of Common Stock acquired under the Plan.

In addition, the information contained below is general in nature and may not apply to your particular situation. You should seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

If you are a citizen or resident (or are considered as such for local law purposes) of a country other than the country in which you are currently residing and/or working, or if you relocate to another country after the grant of the RSU Award, the notifications herein may not apply to you in the same manner.

LEGALZOOM.COM, INC.

2021 EMPLOYEE STOCK PURCHASE PLAN

ADOPTED BY THE BOARD OF DIRECTORS: _____, 2021

APPROVED BY THE STOCKHOLDERS: _____, 2021

IPO DATE: _____, 2021

1. GENERAL; PURPOSE.

(a) The Plan provides a means by which Eligible Employees of the Company and Designated Companies may be given an opportunity to purchase shares of Common Stock. The Plan permits the Company to grant a series of Purchase Rights to Eligible Employees under an Employee Stock Purchase Plan. In addition, the Plan permits the Company to grant a series of Purchase Rights to Eligible Employees that do not meet the requirements of an Employee Stock Purchase Plan.

(b) The Plan includes two components: a 423 Component and a Non-423 Component. The Company intends (but makes no undertaking or representation to maintain) the 423 Component to qualify as an Employee Stock Purchase Plan. The provisions of the 423 Component, accordingly, will be construed in a manner that is consistent with the requirements of Section 423 of the Code. Except as otherwise provided in the Plan or determined by the Board, the Non-423 Component will operate and be administered in the same manner as the 423 Component.

(c) The Company, by means of the Plan, seeks to retain the services of Eligible Employees, to secure and retain the services of new Employees and to provide incentives for such persons to exert maximum efforts for the success of the Company and its Related Corporations.

2. ADMINISTRATION.

(a) The Board or the Committee will administer the Plan. References herein to the Board shall be deemed to refer to the Committee except where context dictates otherwise.

(b) The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

(i) To determine how and when Purchase Rights will be granted and the provisions of each Offering (which need not be identical).

(ii) To designate from time to time (A) which Related Corporations will be eligible to participate in the Plan as Designated 423 Corporations, (B) which Related Corporations or Affiliates will be eligible to participate in the Plan as Designated Non-423 Corporations, and (C) which Designated Companies will participate in each separate Offering (to the extent that the Company makes separate Offerings).

(iii) To construe and interpret the Plan and Purchase Rights, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan, in a manner and to the extent it deems necessary or expedient to make the Plan fully effective.

(iv) To settle all controversies regarding the Plan and Purchase Rights granted under the Plan.

(v) To suspend or terminate the Plan at any time as provided in Section 12.

(vi) To amend the Plan at any time as provided in Section 12.

(vii) Generally, to exercise such powers and to perform such acts as it deems necessary or expedient to promote the best interests of the Company and its Related Corporations and to carry out the intent that the Plan be treated as an Employee Stock Purchase Plan with respect to the 423 Component.

(viii) To adopt such rules, procedures and sub-plans as are necessary or appropriate to permit or facilitate participation in the Plan by Employees who are foreign nationals or employed or located outside the United States. Without limiting the generality of, and consistent with, the foregoing, the Board specifically is authorized to adopt rules, procedures, and sub-plans regarding, without limitation, eligibility to participate in the Plan, the definition of eligible "earnings," handling and making of Contributions, establishment of bank or trust accounts to hold Contributions, payment of interest, conversion of local currency, obligations to pay payroll tax, determination of beneficiary designation requirements, withholding procedures and handling of share issuances, any of which may vary according to applicable requirements, and which, if applicable to a Designated Non-423 Corporation, do not have to comply with the requirements of Section 423 of the Code.

(c) The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee any of the administrative powers the Committee is authorized to exercise (and references in this Plan and any Offering Document to the Board will 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. Further, to the extent not prohibited by Applicable Law, the Board or Committee may, from time to time, delegate some or all of its authority under the Plan to one or more officers of the Company or other persons or groups of persons as it deems necessary, appropriate or advisable under conditions or limitations that it may set at or after the time of the delegation. The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revert in the Board some or all of the powers previously delegated. Whether or not the Board has delegated administration of the Plan to a Committee, the Board will have the final power to determine all questions of policy and expediency that may arise in the administration of the Plan.

(d) All determinations, interpretations and constructions made by the Board in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

3. SHARES OF COMMON STOCK SUBJECT TO THE PLAN.

(a) Subject to the provisions of Section 11(a) relating to Capitalization Adjustments, the maximum number of shares of Common Stock that may be issued under the Plan will not exceed 3,552,538 shares of Common Stock, plus the number of shares of Common Stock that are automatically added on January 1st of each year for a period of up to ten years, commencing on January 1, 2022 and ending on (and including) January 1, 2031, in an amount equal to the lesser of (i) 1.5% of the total number of shares of Common Stock outstanding on December 31st of the preceding calendar year, and (ii) 7,105,076 shares of Common Stock. Notwithstanding the foregoing, the Board may act prior to the first

day of any calendar year to provide that there will be no January 1st increase in the share reserve for such calendar year or that the increase in the share reserve for such calendar year will be a lesser number of shares of Common Stock than would otherwise occur pursuant to the preceding sentence. For the avoidance of doubt, up to the maximum number of shares of Common Stock reserved under this Section 3(a) may be used to satisfy purchases of Common Stock under the 423 Component and any remaining portion of such maximum number of shares may be used to satisfy purchases of Common Stock under the Non-423 Component.

(b) If any Purchase Right granted under the Plan terminates without having been exercised in full, the shares of Common Stock not purchased under such Purchase Right will again become available for issuance under the Plan.

(c) The stock purchasable under the Plan will be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market.

4. GRANT OF PURCHASE RIGHTS; OFFERING.

(a) The Board may from time to time grant or provide for the grant of Purchase Rights to Eligible Employees under an Offering (consisting of one or more Purchase Periods) on an Offering Date or Offering Dates selected by the Board. Each Offering will be in such form and will contain such terms and conditions as the Board will deem appropriate, and, with respect to the 423 Component, will comply with the requirement of Section 423(b)(5) of the Code that all Employees granted Purchase Rights will have the same rights and privileges. The terms and conditions of an Offering shall be incorporated by reference into the Plan and treated as part of the Plan. The provisions of separate Offerings need not be identical, but each Offering will include (through incorporation of the provisions of this Plan by reference in the document comprising the Offering or otherwise) the period during which the Offering will be effective, which period will not exceed 27 months beginning with the Offering Date, and the substance of the provisions contained in Sections 5 through 8, inclusive.

(b) If a Participant has more than one Purchase Right outstanding under the Plan, unless he or she otherwise indicates in forms delivered to the Company or a third party designated by the Company (each, a "**Company Designee**"): (i) each form will apply to all of his or her Purchase Rights under the Plan, and (ii) a Purchase Right with a lower exercise price (or an earlier-granted Purchase Right, if different Purchase Rights have identical exercise prices) will be exercised to the fullest possible extent before a Purchase Right with a higher exercise price (or a later-granted Purchase Right if different Purchase Rights have identical exercise prices) will be exercised.

(c) The Board will have the discretion to structure an Offering so that if the Fair Market Value of a share of Common Stock on the first Trading Day of a new Purchase Period within that Offering is less than or equal to the Fair Market Value of a share of Common Stock on the Offering Date for that Offering, then (i) that Offering will terminate immediately as of that first Trading Day, and (ii) the Participants in such terminated Offering will be automatically enrolled in a new Offering beginning on the first Trading Day of such new Purchase Period.

5. ELIGIBILITY.

(a) Purchase Rights may be granted only to Employees of the Company or, as the Board may designate in accordance with Section 2(b), to Employees of a Related Corporation or an Affiliate. Except as provided in Section 5(b) or as required by Applicable Law, an Employee will not be eligible to be granted Purchase Rights unless, on the Offering Date, the Employee has been in the employ of the Company or the Related Corporation or an Affiliate, as the case may be, for such continuous period

preceding such Offering Date as the Board may require, but in no event will the required period of continuous employment be equal to or greater than two years. In addition, the Board may (unless prohibited by Applicable Law) provide that no Employee will be eligible to be granted Purchase Rights under the Plan unless, on the Offering Date, such Employee's customary employment with the Company, the Related Corporation, or the Affiliate is more than 20 hours per week and more than five months per calendar year or such other criteria as the Board may determine consistent with Section 423 of the Code with respect to the 423 Component. The Board may also exclude from participation in the Plan or any Offering Employees who are "highly compensated employees" (within the meaning of Section 423(b)(4)(D) of the Code) of the Company or a Related Corporation or a subset of such highly compensated employees.

(b) The Board may provide that each person who, during the course of an Offering, first becomes an Eligible Employee will, on a date or dates specified in the Offering which coincides with the day on which such person becomes an Eligible Employee or which occurs thereafter, receive a Purchase Right under that Offering, which Purchase Right will thereafter be deemed to be a part of that Offering. Such Purchase Right will have the same characteristics as any Purchase Rights originally granted under that Offering, as described herein, except that:

(i) the date on which such Purchase Right is granted will be the "Offering Date" of such Purchase Right for all purposes, including determination of the exercise price of such Purchase Right;

(ii) the period of the Offering with respect to such Purchase Right will begin on its Offering Date and end coincident with the end of such Offering; and

(iii) the Board may provide that if such person first becomes an Eligible Employee within a specified period of time before the end of the Offering, he or she will not receive any Purchase Right under that Offering.

(c) No Employee will be eligible for the grant of any Purchase Rights under the 423 Component if, immediately after any such Purchase Rights are granted, such Employee owns stock possessing five percent or more of the total combined voting power or value of all classes of stock of the Company or of any Related Corporation. For purposes of this Section 5(c), the rules of Section 424(d) of the Code will apply in determining the stock ownership of any Employee, and stock which such Employee may purchase under all outstanding Purchase Rights and options will be treated as stock owned by such Employee.

(d) As specified by Section 423(b)(8) of the Code, an Eligible Employee may be granted Purchase Rights under the 423 Component only if such Purchase Rights, together with any other rights granted under all Employee Stock Purchase Plans of the Company and any Related Corporations, do not permit such Eligible Employee's rights to purchase stock of the Company or any Related Corporation to accrue at a rate which, when aggregated, exceeds U.S. \$25,000 of Fair Market Value of such stock (determined at the time such rights are granted, and which, with respect to the Plan, will be determined as of their respective Offering Dates) for each calendar year in which such rights are outstanding at any time.

(e) Officers of the Company and any Designated Company, if they are otherwise Eligible Employees, will be eligible to participate in Offerings under the Plan. Notwithstanding the foregoing, the Board may (unless prohibited by Applicable Law) provide in an Offering that Employees who are highly compensated Employees within the meaning of Section 423(b)(4)(D) of the Code will not be eligible to participate.

(f) Notwithstanding anything in this Section 5 to the contrary, in the case of an Offering under the Non-423 Component, an Eligible Employee (or group of Eligible Employees) may be excluded from participation in the Plan or an Offering if the Board has determined, in its sole discretion, that participation of such Eligible Employee(s) is not advisable or practical for any reason.

6. PURCHASE RIGHTS; PURCHASE PRICE.

(a) On each Offering Date, each Eligible Employee, pursuant to an Offering made under the Plan, will be granted a Purchase Right to purchase up to that number of shares of Common Stock purchasable either with a percentage of earnings (as defined by the Board in each Offering) or with a maximum dollar amount, as designated by the Board, during the period that begins on the Offering Date (or such later date as the Board determines for a particular Offering) and ends on the date stated in the Offering, which date will be no later than the end of the Offering.

(b) The Board will establish one or more Purchase Dates during an Offering on which Purchase Rights granted for that Offering will be exercised and shares of Common Stock will be purchased in accordance with such Offering.

(c) In connection with each Offering made under the Plan, the Board may specify (i) a maximum number of shares of Common Stock that may be purchased by any Participant on any Purchase Date during such Offering, (ii) a maximum aggregate number of shares of Common Stock that may be purchased by all Participants pursuant to such Offering and/or (iii) a maximum aggregate number of shares of Common Stock that may be purchased by all Participants on any Purchase Date under the Offering. If the aggregate purchase of shares of Common Stock issuable upon exercise of Purchase Rights granted under the Offering would exceed any such maximum aggregate number, then, in the absence of any Board action otherwise, a pro rata (based on each Participant's accumulated Contributions) allocation of the shares of Common Stock (rounded down to the nearest whole share) available will be made in as nearly a uniform manner as will be practicable and equitable.

(d) The purchase price of shares of Common Stock acquired pursuant to Purchase Rights will be not less than the lesser of:

- (i) an amount equal to 85% of the Fair Market Value of the shares of Common Stock on the Offering Date; or
- (ii) an amount equal to 85% of the Fair Market Value of the shares of Common Stock on the applicable Purchase Date.

7. PARTICIPATION; WITHDRAWAL; TERMINATION.

(a) An Eligible Employee may elect to participate in an Offering and authorize payroll deductions as the means of making Contributions by completing and delivering to the Company or a Company Designee, within the time specified for the Offering, an enrollment form provided by the Company or Company Designee. The enrollment form will specify the amount of Contributions not to exceed the maximum amount specified by the Board. Each Participant's Contributions will be credited to a bookkeeping account for such Participant under the Plan and will be deposited with the general funds of the Company except where Applicable Law requires that Contributions be deposited with a third party. If permitted in the Offering, a Participant may begin such Contributions with the first payroll occurring on or after the Offering Date (or, in the case of a payroll date that occurs after the end of the prior Offering but before the Offering Date of the next new Offering, Contributions from such payroll will be included in the new Offering). If permitted in the Offering, a Participant may thereafter reduce (including to zero)

or increase his or her Contributions. If required under Applicable Law or if specifically provided in the Offering, in addition to or instead of making Contributions by payroll deductions, a Participant may make Contributions through payment by cash, check or wire transfer prior to a Purchase Date.

(b) During an Offering, a Participant may cease making Contributions and withdraw from the Offering by delivering to the Company or a Company Designee a withdrawal form provided by the Company. The Company may impose a deadline before a Purchase Date for withdrawing. Upon such withdrawal, such Participant's Purchase Right in that Offering will immediately terminate and the Company will distribute as soon as practicable to such Participant all of his or her accumulated but unused Contributions and such Participant's Purchase Right in that Offering shall thereupon terminate. A Participant's withdrawal from that Offering will have no effect upon his or her eligibility to participate in any other Offerings under the Plan, but such Participant will be required to deliver a new enrollment form to participate in subsequent Offerings.

(c) Unless otherwise required by Applicable Law, Purchase Rights granted pursuant to any Offering under the Plan will terminate immediately if the Participant either (i) is no longer an Employee for any reason or for no reason (subject to any post-employment participation period required by Applicable Law) or (ii) is otherwise no longer eligible to participate. The Company will distribute as soon as practicable to such individual all of his or her accumulated but unused Contributions.

(d) Unless otherwise determined by the Board, a Participant whose employment transfers or whose employment terminates with an immediate rehire (with no break in service) by or between the Company and a Designated Company or between Designated Companies will not be treated as having terminated employment for purposes of participating in the Plan or an Offering; however, if a Participant transfers from an Offering under the 423 Component to an Offering under the Non-423 Component, the exercise of the Participant's Purchase Right will be qualified under the 423 Component only to the extent such exercise complies with Section 423 of the Code. If a Participant transfers from an Offering under the Non-423 Component to an Offering under the 423 Component, the exercise of the Purchase Right will remain non-qualified under the Non-423 Component. The Board may establish different and additional rules governing transfers between separate Offerings within the 423 Component and between Offerings under the 423 Component and Offerings under the Non-423 Component.

(e) During a Participant's lifetime, Purchase Rights will be exercisable only by such Participant. Purchase Rights are not transferable by a Participant, except by will, by the laws of descent and distribution, or, if permitted by the Company, by a beneficiary designation as described in Section 10.

(f) Unless otherwise specified in the Offering or as required by Applicable Law, the Company will have no obligation to pay interest on Contributions.

8. EXERCISE OF PURCHASE RIGHTS.

(a) On each Purchase Date, each Participant's accumulated Contributions will be applied to the purchase of shares of Common Stock, up to the maximum number of shares of Common Stock permitted by the Plan and the applicable Offering, at the purchase price specified in the Offering. No fractional shares will be issued unless specifically provided for in the Offering.

(b) Unless otherwise provided in the Offering, if any amount of accumulated Contributions remains in a Participant's account after the purchase of shares of Common Stock on the final Purchase Date of an Offering, then such remaining amount will not roll over to the next Offering and will instead be distributed in full to such Participant after the final Purchase Date of such Offering without interest (unless otherwise required by Applicable Law).

(c) No Purchase Rights may be exercised to any extent unless the shares of Common Stock to be issued upon such exercise under the Plan are covered by an effective registration statement pursuant to the Securities Act and the Plan is in material compliance with all applicable U.S. federal and state, foreign and other securities, exchange control and other laws applicable to the Plan. If on a Purchase Date the shares of Common Stock are not so registered or the Plan is not in such compliance, no Purchase Rights will be exercised on such Purchase Date, and the Purchase Date will be delayed until the shares of Common Stock are subject to such an effective registration statement and the Plan is in material compliance, except that the Purchase Date will in no event be more than 27 months from the Offering Date. If, on the Purchase Date, as delayed to the maximum extent permissible, the shares of Common Stock are not registered and the Plan is not in material compliance with all Applicable Law, as determined by the Company in its sole discretion, no Purchase Rights will be exercised and all accumulated but unused Contributions will be distributed to the Participants without interest (unless the payment of interest is otherwise required by Applicable Law).

9. COVENANTS OF THE COMPANY.

The Company will seek to obtain from each U.S. federal or state, non-U.S. or other regulatory commission, agency or other Governmental Body having jurisdiction over the Plan such authority as may be required to grant Purchase Rights and issue and sell shares of Common Stock thereunder unless the Company determines, in its sole discretion, that doing so is not practical or would cause the Company to incur costs that are unreasonable. If, after commercially reasonable efforts, the Company is unable to obtain the authority that counsel for the Company deems necessary for the grant of Purchase Rights or the lawful issuance and sale of Common Stock under the Plan, and at a commercially reasonable cost, the Company will be relieved from any liability for failure to grant Purchase Rights and/or to issue and sell Common Stock upon exercise of such Purchase Rights.

10. DESIGNATION OF BENEFICIARY.

(a) The Company may, but is not obligated to, permit a Participant to submit a form designating a beneficiary who will receive any shares of Common Stock and/or Contributions from the Participant's account under the Plan if the Participant dies before such shares and/or Contributions are delivered to the Participant. The Company may, but is not obligated to, permit the Participant to change such designation of beneficiary. Any such designation and/or change must be on a form approved by the Company.

(b) If a Participant dies, and in the absence of a valid beneficiary designation, the Company will deliver any shares of Common Stock and/or Contributions to the executor or administrator of the estate of the Participant. If no executor or administrator has been appointed (to the knowledge of the Company), the Company, in its sole discretion, may deliver such shares of Common Stock and/or Contributions, without interest (unless the payment of interest is otherwise required by Applicable Law), to the Participant's spouse, dependents or relatives, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

11. ADJUSTMENTS UPON CHANGES IN COMMON STOCK; CORPORATE TRANSACTIONS.

(a) In the event of a Capitalization Adjustment, the Board will appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a), (ii) the class(es) and maximum number of securities by which the share reserve is to increase automatically each year pursuant to Section 3(a), (iii) the class(es) and number of securities subject to, and the purchase price applicable to outstanding Offerings and Purchase Rights, and (iv) the class(es) and number of securities that are the subject of the purchase limits under each ongoing Offering. The Board will make these adjustments, and its determination will be final, binding and conclusive.

(b) In the event of a Corporate Transaction, then: (i) any surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) may assume or continue outstanding Purchase Rights or may substitute similar rights (including a right to acquire the same consideration paid to the stockholders in the Corporate Transaction) for outstanding Purchase Rights, or (ii) if any surviving or acquiring corporation (or its parent company) does not assume or continue such Purchase Rights or does not substitute similar rights for such Purchase Rights, then the Participants' accumulated Contributions will be used to purchase shares of Common Stock (rounded down to the nearest whole share) within ten business days (or such other period specified by the Board) prior to the Corporate Transaction under the outstanding Purchase Rights, and the Purchase Rights will terminate immediately after such purchase.

12. AMENDMENT, TERMINATION OR SUSPENSION OF THE PLAN.

(a) The Board may amend the Plan at any time in any respect the Board deems necessary or advisable. However, except as provided in Section 11(a) relating to Capitalization Adjustments, stockholder approval will be required for any amendment of the Plan for which stockholder approval is required by Applicable Law.

(b) The Board may suspend or terminate the Plan at any time. No Purchase Rights may be granted under the Plan while the Plan is suspended or after it is terminated.

Any benefits, privileges, entitlements and obligations under any outstanding Purchase Rights granted before an amendment, suspension or termination of the Plan will not be materially impaired by any such amendment, suspension or termination except (i) with the consent of the person to whom such Purchase Rights were granted, (ii) as necessary to facilitate compliance with Applicable Law, listing requirements, or governmental regulations (including, without limitation, the provisions of Section 423 of the Code and the regulations and other interpretive guidance issued thereunder relating to Employee Stock Purchase Plans) including without limitation any such regulations or other guidance that may be issued or amended after the date the Plan is adopted by the Board, or (iii) as necessary to obtain or maintain favorable tax, listing, or regulatory treatment. To be clear, the Board may amend outstanding Purchase Rights without a Participant's consent if such amendment is necessary to ensure that the Purchase Right and/or the Plan complies with the requirements of Section 423 of the Code with respect to the 423 Component or with respect to other Applicable Law. Notwithstanding anything in the Plan or any Offering Document to the contrary, the Board will be entitled to: (i) establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars; (ii) permit Contributions in excess of the amount designated by a Participant in order to adjust for mistakes in the Company's processing of properly completed Contribution elections; (iii) establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with amounts withheld from the Participant's Contributions; (iv) amend any outstanding Purchase Rights or clarify any ambiguities regarding the terms of any Offering to enable the Purchase Rights to qualify under and/or comply with Section 423 of the Code with respect to the 423 Component; and (v) establish other limitations or procedures as the Board determines in its sole discretion advisable that are consistent with the Plan. The actions of the Board pursuant to this paragraph will not be considered to alter or impair any Purchase Rights granted under an Offering as they are part of the initial terms of each Offering and the Purchase Rights granted under each Offering.

13. TAX QUALIFICATION; TAX WITHHOLDING.

(a) Although the Company may endeavor to (i) qualify a Purchase Right for special tax treatment under the laws of the United States or jurisdictions outside of the United States or (ii) avoid adverse tax treatment, the Company makes no representation to that effect and expressly disavows any covenant to maintain special or to avoid unfavorable tax treatment, notwithstanding anything to the contrary in this Plan. The Company will be unconstrained in its corporate activities without regard to the potential negative tax impact on Participants.

(b) Each Participant will make arrangements, satisfactory to the Company and any applicable Related Corporation, to enable the Company or the Related Corporation to fulfill any withholding obligation for Tax-Related Items. Without limitation to the foregoing, in the Company's sole discretion and subject to Applicable Law, such withholding obligation may be satisfied in whole or in part by (i) withholding from the Participant's salary or any other cash payment due to the Participant from the Company or a Related Corporation; (ii) withholding from the proceeds of the sale of shares of Common Stock acquired under the Plan, either through a voluntary sale or a mandatory sale arranged by the Company; or (iii) any other method deemed acceptable by the Board. The Company shall not be required to issue any shares of Common Stock under the Plan until such obligations are satisfied.

14. EFFECTIVE DATE OF PLAN.

The Plan will become effective immediately prior to and contingent upon the IPO Date. No Purchase Rights will be exercised unless and until the Plan has been approved by the stockholders of the Company, which approval must be within 12 months before or after the date the Plan is adopted (or if required under Section 12(a) above, materially amended) by the Board.

15. MISCELLANEOUS PROVISIONS.

(a) Proceeds from the sale of shares of Common Stock pursuant to Purchase Rights will constitute general funds of the Company.

(b) A Participant will not be deemed to be the holder of, or to have any of the rights of a holder with respect to, shares of Common Stock subject to Purchase Rights unless and until the Participant's shares of Common Stock acquired upon exercise of Purchase Rights are recorded in the books of the Company (or its transfer agent).

(c) The Plan and Offering do not constitute an employment contract. Nothing in the Plan or in the Offering will in any way alter the at will nature of a Participant's employment or amend a Participant's employment contract, if applicable, or be deemed to create in any way whatsoever any obligation on the part of any Participant to continue in the employ of the Company or a Related Corporation or an Affiliate, or on the part of the Company, a Related Corporation or an Affiliate to continue the employment of a Participant.

(d) The provisions of the Plan will be governed by the laws of the State of Delaware without resort to that state's conflicts of laws rules.

(e) If any particular provision of the Plan is found to be invalid or otherwise unenforceable, such provision will not affect the other provisions of the Plan, but the Plan will be construed in all respects as if such invalid provision were omitted.

(f) If any provision of the Plan does not comply with Applicable Law, such provision shall be construed in such a manner as to comply with Applicable Law.

16. DEFINITIONS.

As used in the Plan, the following definitions will apply to the capitalized terms indicated below:

(a) “**423 Component**” means the part of the Plan, which excludes the Non-423 Component, pursuant to which Purchase Rights that satisfy the requirements for an Employee Stock Purchase Plan may be granted to Eligible Employees.

(b) “**Affiliate**” means any entity, other than a Related Corporation, whether now or subsequently established, which is at the time of determination, a “parent” or “subsidiary” of the Company as such terms are defined in Rule 405 promulgated under the Securities Act. The Board may determine the time or times at which “parent” or “subsidiary” status is determined within the foregoing definition.

(c) “**Applicable Law**” means the Code and any applicable securities, federal, state, foreign, material local or municipal or other law, statute, constitution, principle of common law, resolution, ordinance, code, edict, decree, rule, listing rule, regulation, judicial decision, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Body (or under the authority of the Nasdaq Stock Market or the Financial Industry Regulatory Authority).

(d) “**Board**” means the board of directors of the Company.

(e) “**Capitalization Adjustment**” means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Purchase Right after the date the Plan is adopted by the Board without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or other similar equity restructuring transaction, as that term is used in Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

(f) “**Code**” means the Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

(g) “**Committee**” means a committee of one or more members of the Board to whom authority has been delegated by the Board in accordance with Section 2(c).

(h) “**Common Stock**” means the common stock of the Company.

(i) “**Company**” means LegalZoom.com, Inc., a Delaware corporation, and any successor thereto.

(j) “**Contributions**” means the payroll deductions and other additional payments specifically provided for in the Offering that a Participant contributes to fund the exercise of a Purchase Right. A Participant may make additional payments into his or her account if specifically provided for in the Offering, and then only if the Participant has not already had the maximum permitted amount withheld during the Offering through payroll deductions.

(k) “**Corporate Transaction**” means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) a sale or other disposition of all or substantially all, as determined by the Board in its sole discretion, of the consolidated assets of the Company and its subsidiaries;

(ii) a sale or other disposition of at least 50% of the outstanding securities of the Company;

(iii) a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

(iv) a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

(l) “**Designated 423 Corporation**” means any Related Corporation selected by the Board to participate in the 423 Component.

(m) “**Designated Company**” means any Designated Non-423 Corporation or Designated 423 Corporation, provided, however, that at any given time, a Related Corporation participating in the 423 Component shall not be a Related Corporation participating in the Non-423 Component.

(n) “**Designated Non-423 Corporation**” means any Related Corporation or Affiliate selected by the Board to participate in the Non-423 Component.

(o) “**Director**” means a member of the Board.

(p) “**Eligible Employee**” means an Employee who meets the requirements set forth in the document(s) governing the Offering for eligibility to participate in the Offering, provided that such Employee also meets the requirements for eligibility to participate set forth in the Plan.

(q) “**Employee**” means any person, including an Officer or Director, who is “employed” for purposes of Section 423(b)(4) of the Code by the Company or a Related Corporation, or solely with respect to the Non-423 Component, an Affiliate. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an “Employee” for purposes of the Plan.

(r) “**Employee Stock Purchase Plan**” means a plan that grants Purchase Rights intended to be options issued under an “employee stock purchase plan,” as that term is defined in Section 423(b) of the Code.

(s) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended and the rules and regulations promulgated thereunder.

(t) “**Fair Market Value**” means, as of any date, the value of the Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value of a share of Common Stock will be the closing sales price for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the date of determination, as reported in such source as the Board deems reliable. Unless otherwise provided by the Board, if there is no closing sales price for the Common Stock on the date of determination, then the Fair Market Value will be the closing sales price on the last preceding date for which such quotation exists.

(ii) In the absence of such markets for the Common Stock, the Fair Market Value will be determined by the Board in good faith in compliance with Applicable Law and, to the extent applicable as determined in the sole discretion of the Board, in a manner that complies with Section 409A of the Code.

(iii) Notwithstanding the foregoing, for any Offering that commences on the IPO Date, the Fair Market Value of the shares of Common Stock on the Offering Date will be the price per share at which shares are first sold to the public in the Company’s initial public offering as specified in the final prospectus for that initial public offering.

(u) “**Governmental Body**” means any: (i) nation, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; (ii) federal, state, local, municipal, foreign or other government; (iii) governmental or regulatory body, or quasi-governmental body of any nature (including any governmental division, department, administrative agency or bureau, commission, authority, instrumentality, official, ministry, fund, foundation, center, organization, unit, body or entity and any court or other tribunal, and for the avoidance of doubt, any tax authority) or other body exercising similar powers or authority; or (iv) self-regulatory organization (including the Nasdaq Stock Market and the Financial Industry Regulatory Authority).

(v) “**IPO Date**” means the date of the underwriting agreement between the Company and the underwriters managing the initial public offering of the Common Stock, pursuant to which the Common Stock is priced for the initial public offering.

(w) “**Non-423 Component**” means the part of the Plan, which excludes the 423 Component, pursuant to which Purchase Rights that are not intended to satisfy the requirements for an Employee Stock Purchase Plan may be granted to Eligible Employees.

(x) “**Offering**” means the grant to Eligible Employees of Purchase Rights, with the exercise of those Purchase Rights automatically occurring at the end of one or more Purchase Periods. The terms and conditions of an Offering will generally be set forth in the “**Offering Document**” approved by the Board for that Offering.

(y) “**Offering Date**” means a date selected by the Board for an Offering to commence.

(z) “**Officer**” means a person who is an officer of the Company or a Related Corporation within the meaning of Section 16 of the Exchange Act.

(aa) “**Participant**” means an Eligible Employee who holds an outstanding Purchase Right.

(bb) “**Plan**” means this LegalZoom.com, Inc. 2021 Employee Stock Purchase Plan, as amended from time to time, including both the 423 Component and the Non-423 Component.

(cc) **“Purchase Date”** means one or more dates during an Offering selected by the Board on which Purchase Rights will be exercised and on which purchases of shares of Common Stock will be carried out in accordance with such Offering.

(dd) **“Purchase Period”** means a period of time specified within an Offering, generally beginning on the Offering Date or on the first Trading Day following a Purchase Date, and ending on a Purchase Date. An Offering may consist of one or more Purchase Periods.

(ee) **“Purchase Right”** means an option to purchase shares of Common Stock granted pursuant to the Plan.

(ff) **“Related Corporation”** means any “parent corporation” or “subsidiary corporation” of the Company whether now or subsequently established, as those terms are defined in Sections 424(e) and (f), respectively, of the Code.

(gg) **“Securities Act”** means the Securities Act of 1933, as amended.

(hh) **“Tax-Related Items”** means any income tax, social insurance, payroll tax, fringe benefit tax, payment on account or other tax-related items arising out of or in relation to a Participant’s participation in the Plan, including, but not limited to, the exercise of a Purchase Right and the receipt of shares of Common Stock or the sale or other disposition of shares of Common Stock acquired under the Plan.

(ii) **“Trading Day”** means any day on which the exchange(s) or market(s) on which shares of Common Stock are listed, including but not limited to the NYSE, Nasdaq Global Select Market, the Nasdaq Global Market, the Nasdaq Capital Market or any successors thereto, is open for trading.

June 16, 2021

Dan Wernikoff
delivered via email

Dear Dan:

On behalf of LegalZoom.com, Inc., a Delaware corporation (the "Company"), I am pleased to provide you an offer of continuing employment with the Company pursuant to the terms and conditions set forth in this letter (this "Agreement"). All capitalized terms not otherwise defined shall have the definition and meaning provided in Section 17.

1. Title; Duties; Reporting. You will serve as the Company's Chief Executive Officer and as a member of the Board of Directors of the Company (the "Board") (subject to being nominated and re-elected to the Board by Company stockholders) and shall report directly to the Board. You shall be a member of the Company's senior management team and shall have such duties and responsibilities as shall be consistent with your position. You will also devote your full time, efforts, abilities, and energies to promote the general welfare and interests of the Company and any related enterprises of the Company. You will loyally, conscientiously, and professionally do and perform all duties and responsibilities of your position, as well as any other duties and responsibilities as will be reasonably assigned to you by the Company, consistent with your position and this Agreement. You will strictly adhere to and obey all Company rules, policies, procedures, regulations and guidelines including, but not limited to, those contained in the Company's employee handbook, as well as any others that the Company may establish. You will strictly adhere to all applicable state and/or federal laws and/or regulations relating to your employment with the Company.

(a) No Conflicting Obligations. By signing this Agreement, you confirm to the Company that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for the Company or executing this Agreement.

(b) Outside Activities. You may (i) serve as a director or member of a committee or organization involving no actual or potential conflict of interest with the Company and its subsidiaries and affiliates; (ii) deliver lectures and fulfill speaking engagements; (iii) engage in charitable and community activities; and (iv) invest your personal assets in such form or manner that will not violate this Agreement; provided, however, that the activities described in clauses (i), (ii), (iii) and (iv) do not materially affect, interfere, or create an actual or potential conflict of interest with the performance of your duties and obligations to the Company and further provided that the Board must provide its advance written consent with respect to the items referenced in clause (i) which consent the Board may provide or withhold in its reasonable discretion.

2. Term.

(a) Term of Agreement. This Agreement and your employment under the terms hereunder shall take effect immediately prior to, and contingent upon, the effectiveness of the registration statement on Form S-1 filed with the Securities and Exchange Commission for the initial public offering of the Company's common stock (the "Effective Date"). Notwithstanding

the foregoing, in the event you do not remain employed with the Company through the Effective Date or the Effective Date does not occur, this Agreement will have no effect, will not be binding on the Company (or any of its affiliates) or on you, and neither you nor the Company (or any of its affiliates) shall have rights or obligations hereunder. The period from the Effective Date until the termination of your employment under this Agreement is hereinafter referred to as “the term of this Agreement” or “the term hereof” or “the Term.”

(b) Resignation. Upon termination of your employment for any reason, you shall be deemed to have immediately resigned from all positions as an employee, officer and/or director with the Company, and any of its affiliates, as of your last day of employment (the “Termination Date”). This Agreement shall serve as notice of such resignations by you; provided, however, you agree to execute any documents that the Company may reasonably request evidencing such resignations.

3. Compensation.

(a) Base Salary. As of the Effective Date, your base salary shall be \$500,000 per year, less applicable withholdings and deductions, payable in accordance with the Company’s standard payroll procedures. The base salary as determined herein and adjusted from time to time shall constitute the “Base Salary” for purposes of this Agreement.

(b) Performance Bonus. During each fiscal year of the Company during the Term, you will be eligible to earn a cash performance bonus (“Performance Bonus”) with a target amount of 75% of your Base Salary for the applicable fiscal year of the Company. Your actual bonus for any fiscal year, if any, shall be based on the successful completion of the performance objectives that are prescribed and established between you and the Board. Except as set forth in Section 4(a), to earn and receive any Performance Bonus, you must remain employed by the Company through the date of each of the Performance Bonus payment(s) and the termination of your employment for any reason before such payment date means you will not receive such payment. The Performance Bonus will be paid to you at the same time as other similarly-situated employees of the Company.

(c) Company-Sponsored Benefits. As a member of the senior management team of the Company, you will also be eligible to receive all Exempt-Level Benefits pursuant to the Company’s standard benefit plans (as may be in effect from time to time) that the Company generally provides to the other members of the senior management team, subject to the terms and conditions of such benefit plans. These currently include, without limitation, group health benefits, 401(k) retirement benefits, business expense reimbursements, sick time and Company paid holidays. The Company may, in its sole discretion and from time to time, amend or eliminate any of these benefits. Notwithstanding the foregoing or any Company policy to the contrary, you shall not accrue any paid time off (whether vacation or otherwise). Instead, you shall be permitted to take paid time off as you determine, subject to reasonable business needs.

(d) Indemnification. You shall be entitled to indemnification for losses incurred in connection with your service as an officer or employee (including coverage under applicable insurance policies) on terms no less favorable than any other senior executives of the Company and as otherwise required by applicable law.

(e) Equity Compensation

(i) Additional Equity Compensation. You and the Company acknowledge and agree that on September 19, 2019, the Board granted you stock options under the Company's 2016 Stock Incentive Plan, as amended (the "2016 Plan"), providing you the opportunity to benefit from future appreciation with respect to 4.0% fully diluted ownership in the Company as of the date of the grant (determined on an as-converted basis and inclusive of shares reserved for issuance under any Company equity compensation plan) (the "Equity Award"). The Equity Award shall vest with respect to half of such 4.0% (2.0% of the fully diluted ownership in the Company, such portion referred to herein as the "Time-Based Options") quarterly over 4 years (from October 1, 2019) with a 12-month cliff (meaning amounts that otherwise would vest during the first 12 months shall be scheduled to vest on the first anniversary of October 1, 2019). In addition, the Time-Based Options shall vest as set forth in Section 4(a) below (subject to satisfying the conditions for payments thereunder). The Equity Award shall vest with respect to the remaining 50% of such 4.0% (the portion that is not the Time-Based Options, such portion, the "Performance Options") in accordance with the amended vesting schedule set forth in Section 3(e)(ii) below. Subject to Section 4(a) below, all vesting is subject to your continued employment with the Company through the applicable vesting date or event. Except as described in this Section 3(e)(i), the Equity Award reflects the Company's standard terms and conditions for grants of equity compensation. For the avoidance of doubt, in the event of an extraordinary dividend, the Company shall make equitable adjustments to the Equity Award or provide equivalent cash payments to you (which may be subject to the same vesting schedule as applicable to the Equity Award) in lieu of adjustment. You and the Company acknowledge and agree that on September 23, 2020, the Board reduced the per share exercise price of both the Time-Based Options and Performance Options to \$9.82 (the then-current fair market value of a share of the Company's common stock). The stock option agreement that governs the Time-Based Options and the stock option agreement that governs the Performance Options are referred to herein as the "Service-Based Option Agreement" and the "Performance Option Agreement," respectively.

(ii) Amendment to Performance Options. By signing this Agreement, you agree that the "Vesting Schedule" section in the "Notice of Stock Option Grant" in Part I of the Performance Option Agreement is hereby amended and restated in its entirety to read as follows:

"Vesting Schedule: This Option shall vest according to the following schedule:

One forty-eighth (1/48th) of the Shares subject to the Option shall vest each month following October 1, 2019 (the "Vesting Commencement Date") on the same day of the month as the Vesting Commencement Date (and if there is no corresponding day, on the last day of the month), subject to Optionee continuing to be a Service Provider through each such date."

Except as expressly amended by this section 3(f)(ii), the Performance Option Agreement (as defined above) shall be unaffected hereby and shall remain in full force and effect. For clarity, the terms of the Time-Based Options, including those set forth in the Service-Based Option Agreement, shall not be affected by the foregoing amendment of the Performance Options and shall remain in full force and effect.

(iii) IPO RSUs. At the Effective Date, you will be granted restricted stock units (each, an “IPO RSU” and collectively, the “IPO RSUs”) with an approximate grant date value of \$3,250,000 (the “IPO RSUs Grant Date Value”), subject to both (A) approval by the Board or the Compensation Committee of the Board (the “Compensation Committee”), and (B) you remaining employed through the grant date of the IPO RSUs. Each IPO RSU will cover one share of the Company’s common stock, and the aggregate number of IPO RSUs will be calculated by dividing the IPO RSUs Grant Date Value by the initial per share price to the public as set forth in the final prospectus included within the registration statement on Form S-1 filed with the Securities and Exchange Commission for the initial public offering of the Company’s common stock, provided that any fractional restricted stock unit resulting from such division will be rounded down to the nearest whole unit. The IPO RSUs shall be granted under the 2016 Plan and the Company’s standard form of restricted stock unit agreement approved by the Board for use thereunder. Subject to Section 4(a) below and the terms of the 2016 Plan, twenty-five percent (25%) of the IPO RSUs shall vest on the one-year anniversary of the Vesting Commencement Date (as defined below), and one-twelfth (1/12th) of the remaining IPO RSUs shall vest on each of the next twelve (12) Quarterly Vesting Dates thereafter, subject to your continuous status as a Service Provider (as defined in the 2016 Plan) on each vesting date. The “Vesting Commencement Date” shall mean the first Quarterly Vesting Date following the Effective Date, provided if the Effective Date occurs on a Quarterly Vesting Date, the Vesting Commencement Date shall mean the Effective Date. “Quarterly Vesting Dates” shall mean each of February 15, May 15, August 15, and November 15; provided, however, that to the extent any such date occurs on a weekend day or U.S. federal holiday, the Quarterly Vesting Date will be deemed to occur on the immediately following day that is not a weekend day or U.S. federal holiday.

(iv) IPO Option. At the Effective Date, you will be granted a stock option to purchase shares of the Company’s common stock (the “IPO Option”), subject to both (A) approval by the Board or the Compensation Committee, and (B) you remaining employed through the grant date of the IPO Option. The aggregate number of shares subject to the IPO Option will be calculated by multiplying the aggregate number of IPO RSUs by 2.5, provided any fractional share resulting from such multiplication will be rounded down to the nearest whole share. The IPO Option will have a per share exercise price equal to 100% of the fair market value of a share of the Company’s common stock on the date of grant, as determined by the Board or the Compensation Committee in its sole discretion. The IPO Option shall be granted under the 2016 Plan and the Company’s standard form of stock option agreement approved by the Board for use thereunder. Subject to Section 4(a) below and the terms of the 2016 Plan, twenty-five percent (25%) of the shares of the Company’s common stock subject to the IPO Option shall vest on the one-year anniversary of the Vesting Commencement Date (as defined above), and one-twelfth (1/12th) of the remaining shares of the Company’s common stock subject to the IPO Option shall vest on each of the next twelve (12) Quarterly Vesting Dates (as defined above) thereafter, subject to your continuous status as a Service Provider (as defined in the 2016 Plan) on each vesting date.

4. Termination of Employment. Notwithstanding anything to the contrary in this Agreement whether express or implied, your employment with the Company is at-will and the Company may at any time terminate your employment with the Company and the Term, for any reason or no reason, and with or without Cause, and you may resign from your employment with or without Good Reason and terminate the Term, in each case subject to the terms and provisions of this Agreement, and all as set forth in greater detail in this Section 4. If your employment terminates due to your resignation without Good Reason or by the Company for Cause, then you will not be eligible for any severance benefits. You shall receive payment from the Company of the Accrued Obligations through the Termination Date upon the termination of your employment for any reason.

(a) Severance and Other Termination Benefits. Subject to Section 4(a)(iv), if during the Term there is a Qualifying Termination or your employment with the Company terminates as a result of your death or Disability, then you shall be eligible to receive the following payments and benefits (as applicable, the "Severance Benefits"):

(i) Qualifying Termination Outside of the Change in Control Period. In the event you have a Qualifying Termination that occurs outside of the Change in Control Period, the Severance Benefits shall consist of the following:

(A) cash severance payments of twelve (12) months' continued Base Salary, subject to all applicable deductions and withholdings, paid in accordance with the Company's standard payroll schedule over a period of twelve (12) months; provided, however (x) amounts shall accrue until the Release (as defined below) becomes fully and irrevocably effective, and (y) in the event the Release Period spans two calendar years, no amount of such cash severance payments will be paid prior to January 1 of the second calendar year; and

(B) if, following the end of the fiscal year of the Company in which your Qualifying Termination occurs, the Company determines in good faith that the applicable Performance Bonus objectives and milestones for that fiscal year have been achieved, you will receive a Performance Bonus in the amount so determined by the Company, and pro-rated based on the date of your Qualifying Termination, payable to you on the earlier of (i) the date annual performance bonuses are paid to other similarly-situated employees of the Company and (ii) March 15th of the calendar year next following the calendar year in which your Qualifying Termination occurs, subject to all applicable deductions and withholdings, provided that in the event the Release Period spans two calendar years, no amount of such cash severance payments will be paid prior to January 1 of the second calendar year; and

(C) to the extent permitted by applicable laws without incurring statutory penalties, the Company will reimburse the cost (to the same extent that the Company was paying as of immediately before the Termination Date) for all group employee health benefits coverage continuation under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") to the same extent provided by the Company's group health plans immediately before the Termination Date ("COBRA Benefits") for twelve (12) months after the Termination Date or until you become eligible for group health insurance benefits from another employer, whichever occurs first, provided that you timely elect COBRA coverage. You agree (i) at any time either before or during the period of time you are receiving the COBRA Benefits to

inform the Company promptly in writing if you become eligible to receive group health coverage from another employer and to respond to any Company inquiries confirming that you did not become eligible for other coverage; and (ii) that you may not increase the number of your designated dependents, if any, during this time unless you do so at your own expense. The period of such COBRA Benefits shall be considered part of your COBRA coverage entitlement period. Reimbursement for the COBRA Benefits shall be provided to you within sixty (60) days of your submission of evidence of the premium payment, subject to such submission being delivered to the Company within sixty (60) days of your making the applicable payment; and

(D) immediate vesting acceleration of the Time-Based Options and Performance Options to the extent outstanding and unvested as of the date of your Qualifying Termination, in each case as to the number of shares of the Company's common stock subject to such award that otherwise would have vested had you remained employed by the Company through the twelve (12)- month anniversary of the date of your Qualifying Termination; and

(E) the Time-Based Option, Performance Options and IPO Option to the extent outstanding and vested as of the date of your Qualifying Termination (after giving effect to the vesting acceleration described in subpart (D) above and any other applicable vesting acceleration) shall each remain outstanding and exercisable until the earlier of (i) the expiration of the original term of such stock option, (ii) the one-year anniversary of the date of your Qualifying Termination, provided if such stock option is the IPO Option, then the 90th day following your Qualifying Termination instead, and (iii) immediately prior to the effective time of a Change in Control if such stock option is not assumed, continued or substituted by the surviving or acquiring entity (or its parent) in connection with such Change in Control.

(ii) Qualifying Termination During the Change in Control Period. In the event you have a Qualifying Termination that occurs during the Change in Control Period, the Severance Benefits shall instead consist of the following:

(A) a cash severance payment equal to the sum of: (i) eighteen (18) months' of your Base Salary, plus (ii) a cash payment equal to 150% of your Performance Bonus at target level for the fiscal year of the Company in which your Qualifying Termination occurs, subject to all applicable deductions and withholdings, paid as a one-time, lump-sum payment on the first regularly-scheduled Company payroll date falling after the date the Release becomes fully and irrevocably effective, provided that in the event the Release Period spans two calendar years, no amount of such cash severance payment will be paid prior to January 1 of the second calendar year; and

(B) the COBRA Benefits, continuing for eighteen (18) months after the Termination Date or until you become eligible for group health insurance benefits from another employer, whichever occurs first, and otherwise subject to the same terms and conditions set forth in Section 4(a)(i)(C); and

(C) immediate vesting acceleration of one hundred percent (100%) of the Time-Based Options, Performance Options, IPO RSUs and IPO Option to the extent outstanding and unvested as of the date of your Qualifying Termination; and

(D) the Time-Based Options, Performance Options and IPO Option to the extent outstanding and vested as of the date of your Qualifying Termination (after giving effect to the vesting acceleration described in subpart (C) above and any other applicable vesting acceleration) shall each remain outstanding and exercisable until the earlier of: (i) the expiration of the original term of such stock option, (ii) the one-year anniversary of the date of your Qualifying Termination, and (iii) immediately prior to the effective time of a Change in Control if such stock option is not assumed, continued or substituted by the surviving or acquiring entity (or its parent) in connection with such Change in Control.

(iii) Termination of Employment due to Death or Disability. In the event your employment with the Company terminates as a result of your death or Disability, the Severance Benefits shall instead consist of the following: (A) the Time-Based Options, Performance Options, IPO RSUs and IPO Option to the extent unvested and outstanding immediately prior to such termination of your employment shall immediately become fully vested and, as applicable, exercisable; and (B) the Time-Based Options, Performance Options and IPO Option to the extent vested and outstanding on the date of such termination of your employment (after giving effect to the vesting acceleration provided for in clause (A) above and any other applicable vesting acceleration) shall remain outstanding and exercisable until the earlier of: (i) the expiration of the original term of such stock option, (ii) the one-year anniversary of the date of your termination of employment with the Company, and (iii) immediately prior to the effective time of a Change in Control if such stock options are not assumed, continued or substituted by the surviving or acquiring entity (or its parent) in connection with such Change in Control.

(iv) Release of Claims. Notwithstanding anything to the contrary, in order to receive any Severance Benefits, you (or after your death, your estate) must timely execute and deliver (and not revoke) a separation agreement and general release of claims in favor of the Company, any affiliates or related entities, and their employees and affiliates, substantially in the form and content attached as Exhibit A hereto (the "Release"), within the time period specified in the release, but in any event such release must become effective by its terms by no later than the 55th day following the Termination Date (such time period, extended by an additional 7 days, the "Release Period"). For the avoidance of doubt, in no event shall you be eligible to receive Severance Benefits pursuant to both Section 4(a)(i) and Section 4(a)(ii) and you are not eligible to receive any Severance Benefits in the event your employment is terminated as a result of your death or Disability other than as provided for in Section 4(a)(iii). You shall receive payment or benefits from the Company of the Accrued Obligations, as applicable, regardless of whether a separation agreement and general release of claims in the form and content attached as Exhibit A hereto is executed and timely provided to the Company.

(b) Termination for Cause. The Company may terminate your employment and the Term at any time for Cause. In the event you are provided written notice of a potential termination for Cause (subject to any cure period), your right to exercise any equity compensation award (and the vesting or settlement of any equity compensation award) shall automatically be suspended during the cure period (if any). Upon the termination of your employment for Cause, you shall not be entitled to exercise any outstanding equity compensation award whatsoever and all of your outstanding equity compensation awards (both vested and unvested) shall automatically terminate without consideration. Any determination by the Company with respect to the foregoing shall be final, conclusive and binding on all interested parties. Any termination for Cause will not limit any other right or remedy the Company may have under this Agreement or otherwise.

(c) **Termination without Cause.** The Company shall have the unilateral right to terminate your employment and the Term at any time without Cause, and without notice, in the Company's sole and absolute discretion. Any such termination without Cause shall not constitute a breach of any term of this Agreement, express or implied, or a wrongful deprivation of your office or position. If the Company terminates your employment and the Term without Cause, it shall be treated as a Qualifying Termination and the Company shall have no obligation to you, except to pay you (or cause to occur, if applicable) the amounts (and actions) set forth in Section 4(a) above in accordance with the terms thereof.

(d) **Termination due to Death.** Your employment and the Term will be automatically terminated on the date of your death.

(e) **Termination due to Disability.** If you are subject to a Disability, and if within thirty (30) days after written notice is provided to you by the Company you shall not have returned to fully perform your duties, your employment and the Term, upon a second written notice from the Company, will be terminated for Disability as of the date set forth in such second written notice.

(f) **Resignation for Good Reason.** You may terminate your employment and the Term at any time for Good Reason; provided that you provide the Company with written notice within thirty (30) days of the date of the initial existence of the purported Good Reason event and such notice must describe in detail the basis and underlying facts supporting your belief that a Good Reason event has occurred (the "**Good Reason Notice**"). Failure to timely provide such Good Reason Notice to the Company means that you will be deemed to have consented to and irrevocably waived that particular potential Good Reason event. After its receipt of the Good Reason Notice, the Company shall then have sixty (60) days to cure or remedy the alleged Good Reason event. If the Company does cure or remedy the alleged Good Reason event during such sixty (60) day period then the Good Reason event will be deemed to have not occurred. If the Company does not cure or remedy the Good Reason event during such sixty (60) day period then your employment with the Company shall be automatically terminated for Good Reason as of the day following the expiration of the sixty (60) day cure/remedy period. If you terminate your employment for Good Reason in accordance with the provisions of this Section 4(f), it shall be treated as a Qualifying Termination and the Company shall pay you (or cause to occur, if applicable) the amounts (and actions) set forth in Section 4(a) above in accordance with the terms thereof and any related provisions of this Agreement.

(g) **Resignation without Good Reason.** You may terminate your employment and the Term at any time for no reason, or for any reason that does not otherwise constitute Good Reason, in your sole and absolute discretion, but only if you provide written notice to the Company at least fifteen (15) days prior to the effective date of your intended resignation date (and such notice must specify the effective date of your resignation of employment). In the event you so terminate your employment without Good Reason, you shall only be entitled to receive (subject to Section 14 below) the Accrued Obligations through the Termination Date and neither you nor the Company shall have any further obligations to the other except as set forth in Sections 6 through 15.

The Company is not obligated to employ your services (nor compensate you) for any length of time beyond the fifteen (15) day period commencing from the date of your written notice to the Company of your intended resignation. Further, the Company is not obligated to actually utilize your services at any time during such period commencing from the date of your written notice to the Company of your intended resignation through the Termination Date, and the Company may prevent you from accessing any of the Company's premises or resources during such period.

5. Golden Parachute Excise Tax.

(a) In the event that it shall be determined that any payment, distribution or other action by the Company to or for your benefit (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, (a "Payment")) would be subject to any excise tax (an "Excise Tax") imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), and if, immediately prior to the Relevant 280G Event (as defined below), the Payments are eligible for the shareholder approval exemption under Section 280G(b)(5)(B) of the Code, and (ii) Company shareholders, as of the Effective Date, control sufficient voting power, as of immediately prior to the Relevant 280G Event, to approve the Payments so as to exempt the Payments from Excise Taxes (the two foregoing conditions, the "Shareholder Approval Conditions") then: (i) the Company shall submit the Payments for shareholder approval to the extent necessary for no Excise Tax to be due and (ii) you shall execute such releases or other documents necessary to seek to obtain the requisite shareholder approval in a manner satisfying Section 280G(b)(5)(B) of the Code. For purposes of this Section 5, "Relevant 280G Event" means the relevant change in ownership or effective control, or change in the ownership of a substantial portion of the assets, of a corporation (all within the meaning of Section 280G of the Code), that will or may result in Payments becoming subject to the Excise Tax.

(b) In the event that at least one of the Shareholder Approval Conditions is not satisfied, then the Payments shall be payable as to such less amount which would result in no portion of such payments or distributions being subject to the Excise Tax; provided, however, that no such reduction shall be made if the net after-tax amount (after taking into account federal, state, local or other income, employment and excise taxes) to which you would otherwise be entitled without such reduction would be greater than the net after-tax amount (after taking into account federal, state, local or other income, employment and excise taxes) to you resulting from the receipt of such payments and benefits with such reduction.

(c) If a reduction in the Payments is necessary so that no Payment is subject to the Excise Tax, the reduction shall occur in the following order: (1) reduction of cash payments for which the full amount is treated as a parachute payment; (2) cancellation of accelerated vesting (or, if necessary, payment) of cash awards for which the full amount is not treated as a parachute payment; (3) cancellation of any accelerated vesting of equity compensation awards; and (4) reduction of any continued employee benefits. In selecting the equity compensation awards (if any) for which vesting will be reduced under clause (3) of the preceding sentence, awards shall be selected in a manner that maximizes the after-tax aggregate amount of the Payments provided to you; provided, that, if (and only if) necessary in order to avoid the imposition of an additional tax under Section 409A (as defined below), awards instead shall be selected in the reverse order of the date of grant. For the avoidance of doubt, for purposes of measuring an equity compensation award's value to you, such award's value shall equal the then aggregate fair market value of the vested shares underlying the award less any aggregate exercise price less applicable taxes. Also, if two or more equity compensation awards are granted on the same date, each award will be reduced on a pro-rata basis. In no event shall you have any discretion with respect to the ordering of payment reductions.

(d) In no event will the Company be required to gross up any payment or benefit to you to avoid the effects of the Excise Tax or to pay any regular or excise taxes arising from the application of the Excise Tax.

(e) All mathematical determinations and all determinations of whether any of the Payments are “parachute payments” (within the meaning of Section 280G) that are required to be made under this Section 5, shall be made by a nationally recognized independent audit firm, law firm or other advisor selected by the Company (the “Advisors”), who shall provide their determination, together with detailed supporting calculations regarding the amount of any relevant matters, both to the Company and to you. Such determination shall be made by the Advisors using reasonable good faith interpretations of the Code. Any determination by the Advisors shall be binding upon the Company and you, absent manifest error.

6. Expense Reimbursement. You shall be reimbursed for all documented reasonable business expenses that are incurred in the ordinary course of business upon the properly completed and timely submission of requisite forms and receipts to the Company in accordance with the Company’s expense reimbursement policy as in effect from time to time.

7. Confidential Information.

(a) As an employee of the Company, you will have access to certain confidential information of the Company and you may, during the course of your employment or thereafter, develop certain information or inventions which will be the property of the Company. You acknowledge that you will be making use of, acquiring and/or adding to confidential information. The confidential information is and will remain the sole and exclusive property of the Company. You will not at any time use, divulge, disclose or communicate, either directly or indirectly, in any manner whatsoever, any confidential information to any person or business entity, or remove from the premises of the Company any confidential information in whatever form, unless required by you to perform the essential functions of your position with the Company while employed by the Company.

(b) In consideration of, and as a condition to, your continued employment with the Company, and as an essential inducement to the Company to enter into this Agreement, this Agreement is expressly subject to your continued compliance with the Confidential Information and Employee Invention Assignment Agreement (the “Confidentiality Agreement”) between you and the Company attached hereto as Exhibit B (but with such changes as the Company may determine are necessary to reflect changes in applicable law). You will fully comply with all obligations under the Confidentiality Agreement and further agree that the provisions of such agreement shall survive any termination or expiration of this Agreement or termination of your employment.

8. **Covenants.** You and the Company (as applicable) agree to timely and fully comply with all of the covenants set forth in this Section 8 and further understand and agree that such covenants (in addition to Sections 5 and 9 through 15) shall survive any termination of your employment and termination or expiration of this Agreement.

(a) **Return of Company Property.** On your Termination Date, or at any other time as required by the Company, you will immediately surrender to the Company all Company property, including, but not limited to, Confidential Information (as such term is defined in the Confidentiality Agreement), keys, key cards, computers, telephones, pagers, credit cards, automobiles, equipment, and/or other similar property of the Company.

(b) **Mutual Nondisparagement.** You will not, at any time during the period of your employment with the Company and thereafter, make (or direct anyone else to make) any disparaging statements (oral or written) about the Company, or any of its affiliated entities, officers, directors, employees, stockholders, representatives or agents, or any of the Company's products or services or work-in-progress, that are harmful to their businesses, business reputations or personal reputations. The Company will not in any authorized corporate communication, and will instruct the members of the Board to not, during the period of your employment with the Company and thereafter, make (or direct anyone else to make) any disparaging statements (oral or written) about you, that are harmful to your businesses, business reputation or personal reputation. Notwithstanding this Section 8(b), nothing herein shall prohibit any party from providing truthful testimony in connection with a governmental investigation or legal proceeding or from reporting a suspected violation of law.

(c) **Non-Solicit.** During your employment with the Company and for twelve (12) months after your Termination Date, but only to the extent permitted by applicable law, you shall not, directly or indirectly, either as an individual or as an employee, agent, consultant, advisor, independent contractor, general partner, officer, director, stockholder, investor, lender, or in any other capacity whatsoever, of any person, firm, corporation or partnership: (i) solicit, induce, recruit or encourage any of the Company's employees or consultants to terminate their relationship with the Company, or (ii) attempt to solicit, induce, recruit, or encourage any of the Company's employees or consultants to terminate their relationship with the Company, or (iii) attempt to solicit, induce, recruit, encourage or take away employees or consultants of the Company; provided, however, that you may respond to requests for references regarding any person to the extent that you did not actively encourage or initiate the underlying action or subject matter to which the reference relates. A general advertisement for employment not targeted at any specific individual shall not constitute a violation of this Section 8(c).

(d) **Non-Disclosure.** Notwithstanding any requirement that the Company may have to publicly disclose the terms of this Agreement (and its exhibits) pursuant to applicable law or regulations, you agree to use reasonable efforts to maintain in confidence the existence of this Agreement, the contents and terms of this Agreement, and the consideration for this Agreement (hereinafter collectively referred to as "**Agreement Information**"). You also agree to take every reasonable precaution to prevent disclosure of any Agreement Information to third parties, except for disclosures required by law or absolutely necessary with respect to your immediate family members or personal advisors who shall also agree to maintain the confidentiality of the Agreement Information. Nothing herein shall prevent any disclosure by you as required by law.

(e) Cooperation. You agree that, upon the Company's request, during the five (5) years immediately following your termination of employment with the Company you shall reasonably cooperate with the Company (and be available as reasonably necessary) after the Termination Date in connection with any matters involving events that occurred during your period of employment with the Company. When making requests for you to assist with matters involving events that occurred during your period of employment with the Company, the Company agrees to reasonably accommodate your schedule. If the Company requests more than five (5) hours of your time in any calendar month, the Company will compensate you for your time in excess of that number of hours on reasonable mutually agreeable terms.

(f) Amounts Due. You will fully pay off any outstanding amounts owed to the Company no later than their applicable due date or within thirty (30) days of the Termination Date (if no other due date has previously been established). Within thirty (30) days of the Termination Date, you will submit any outstanding business expense reports to the Company for business expenses incurred prior to the Termination Date.

(g) Company Resources. As of the Termination Date, or at any other time as required by the Company, you will no longer represent that you are an officer, director or employee of the Company or any Company affiliate and you will immediately discontinue using the Company mailing address, telephone, facsimile machines, voice mail and e-mail.

(h) Representations. You represent that you have not entered into any agreements, understandings, or arrangements with any person or entity that you would breach as a result of, or that would in any way preclude or prohibit you from entering into, this Agreement with the Company or performing any of the duties and responsibilities provided for in this Agreement. You represent that you do not possess any confidential, proprietary business information belonging to any other entity, and will not use any confidential, proprietary business information belonging to any other entity in connection with your employment with the Company. You represent that you are not resigning employment or relocating any residence in reliance on any promise or representation by the Company regarding the kind, character, or existence of such work, or the length of time such work will last, or the compensation therefor.

(i) Clawback Policy. The Company may (i) cause the cancellation of any equity or cash compensation, (ii) require reimbursement of any of your equity or cash compensation and (iii) effect any other right of recoupment of equity or other compensation provided under this Agreement or otherwise, in each case to the extent required under applicable law or pursuant to the requirements of a stock exchange applicable to the Company. In addition, you understand and agree that incentive compensation paid to you (including, without limitation, bonuses and equity compensation) shall be subject to recoupment in the event that, subsequent to payment, the Board reasonably determines that required performance criteria was, in fact, not satisfied (for example, due to a subsequent financial restatement).

(j) Violations. You acknowledge that (i) upon a violation of any of the covenants contained in this Section 8, or (ii) if the Company is terminating your employment for Cause as provided under this Agreement, the Company would sustain irreparable harm as a result and that the Company would not have entered into this Agreement without such restrictions, and, therefore, you agree that in addition to any other remedies which the Company may have, the Company shall

be entitled, without bond of any kind, to seek equitable relief including specific performance and injunctions (without posting of bond) restraining you from committing or continuing any such violation. Moreover, the Company will be entitled to an accounting of profits, compensation, remuneration or other benefits received by you, in addition to any other contractual, legal or equitable rights, damages or remedies available.

9. Entire Agreement. This Agreement and its attachments, the Confidentiality Agreement, and any other agreements referenced herein, as amended or superseded from time to time, contain the entire agreement between you and the Company regarding their terms and supersede any and all prior written or oral understandings, including, but not limited to, the August 17, 2019, Employment Letter Agreement between you and the Company, as amended by the Amendment to Employment Agreement by and between you and the Company, effective January 12, 2020, but excluding any award agreements that govern the Time-Based Options and Performance Options (the "Prior Agreements"). With respect to the Time-Based Options and Performance Options, the acceleration of vesting provisions contained in this Agreement supersede and replace in their entirety, and act as amendments to, any acceleration of vesting provisions contained in the award agreements for the Time-Based Options and Performance Options (which agreements, to the extent not otherwise amended by this Agreement (including, without limitation, under Sections 3 and 4), remain in full force and effect); provided, however, for purposes of clarity, such provisions do not supersede or replace Section 16(d) of the 2016 Plan. You agree and acknowledge that you are not eligible for, and will not receive, any compensation, benefits, or severance pursuant to the Prior Agreements. You also agree and acknowledge that there are no circumstances as of the date of this Agreement that constitute, and nothing contemplated in this Agreement or otherwise shall be deemed for any purpose to be or to create, an involuntary termination without Cause, a Good Reason resignation right, or other "Qualifying Termination" for purposes of the Prior Agreements or any other severance or change in control plan, agreement or policy maintained by the Company or its affiliates. Except as otherwise provided herein, this Agreement may not be amended or modified except in a writing, executed by you and a duly authorized officer of the Company other than yourself. This Agreement may be executed by facsimile or email signatures and in counterparts, each of which shall constitute an original, and all of which shall constitute one and the same instrument.

10. Choice of Law; Severability; Waiver. This Agreement will be governed by the laws of the State of California, United States, without reference to the conflict of law provisions thereof. If any provision of this Agreement, or portion thereof, shall be held invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall attach only to such provision or portion thereof, and shall not in any manner affect or render invalid or unenforceable any other provision, or portion thereof, of this Agreement. No breach of any provision hereof can be waived unless in writing. Waiver of any one breach of any provision hereof will not be deemed to be a waiver of any other breach of the same or any other provision of this Agreement.

11. Successors and Assigns. The Company may assign this Agreement to any successor (whether by amalgamation, merger, consolidation, sale of assets, purchase or otherwise) to all or substantially all of the equity, assets or business of the Company, and this Agreement will be binding upon and inure to the benefit of such successors and assigns, including any successor entity. You may not assign this Agreement or your obligations hereunder.

12. **Notice.** Any and all notices required or permitted to be given to you or the Company pursuant to the provisions of this Agreement will be in writing, and will be effective and deemed to provide such party sufficient notice hereunder on the earliest of the following: (i) at the time of personal delivery, if delivery is in person; (ii) one (1) business day after deposit with an express overnight courier for United States deliveries, or two (2) business days after such deposit for deliveries outside of the United States; (iii) three (3) business days after deposit in the United States mail by certified mail (return receipt requested) for United States deliveries. All notices that the Company is required to or may desire to give you that are not delivered personally will be sent with postage and/or other charges prepaid and properly addressed to you at your home address of record with the Company, or at such other address as you may from time to time designate by one of the indicated means of notice herein. All notices that you are required to or may desire to give to the Company that are not delivered personally will be sent with postage and/or other charges prepaid and properly addressed to the Company's General Counsel at its principal office, or at such other office as the Company may from time to time designate by one of the indicated means of notice herein.

13. **Withholding and Taxes.** The Company shall have the right to withhold and deduct from any payment provided for hereunder or under any other Company plan or agreement any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to any such payment. The Company (including without limitation members of the Board) shall not be liable to you or other persons as to any unexpected or adverse tax consequence realized by you and you shall be solely responsible for the timely payment of all taxes arising from this Agreement that are imposed on you.

14. **Section 409A.** This Agreement is intended to be exempt from or comply with the requirements of Code Section 409A ("**Section 409A**"). In the event this Agreement or any benefit paid to you hereunder is deemed to be subject to Section 409A, you consent to the Company adopting such conforming amendments as the Company deems necessary, in good faith and in its reasonable discretion, to comply with Section 409A and avoid the imposition of taxes under Section 409A. Each payment made pursuant to any provision of this Agreement, including under Section 4(a), shall be considered a separate payment and not one of a series of payments for purposes of Section 409A. Notwithstanding anything to the contrary herein, except to the extent any expense, reimbursement or in-kind benefit provided pursuant to this Agreement does not constitute a "deferral of compensation" within the meaning of Section 409A: (A) the amount of expenses eligible for reimbursement or in-kind benefits provided to you during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to you in any other calendar year; (B) the reimbursements for expenses for which you are entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred; and (C) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit. While it is intended that all payments and benefits provided under this Agreement to you will be exempt from or comply with Section 409A, the Company makes no representation or covenant to ensure that the payments under this Agreement are exempt from or compliant with Section 409A. The Company will have no liability to you or any other party if a payment or benefit under this Agreement is challenged by any taxing authority or is ultimately determined not to be exempt or compliant. You further understand and agree that you will be entirely responsible for any and all taxes on any benefits payable to you as a result of this Agreement. In addition, if upon your

Separation from Service, you are then a “specified employee” (as defined in Section 409A), then notwithstanding anything to the contrary in this Agreement, and solely to the extent necessary to comply with Section 409A and avoid the imposition of taxes under Section 409A, the Company shall defer payment of “nonqualified deferred compensation” subject to Section 409A payable as a result of and within six (6) months following such Separation from Service under this Agreement until the earlier of (i) the first business day of the seventh month following your Separation from Service, or (ii) ten (10) days after the Company receives written notification of your death. Any such delayed payments shall be made without interest. Furthermore, for purposes of compliance with Section 409A, references to “terminate,” “termination” or the like shall be interpreted to mean your Separation from Service. Notwithstanding anything to the contrary in this Agreement or the Release, if you become entitled to vesting acceleration benefits under Section 4(a) with respect to your IPO RSUs, and the Release Period spans two calendar years, your unvested IPO RSUs shall not accelerate vesting pursuant to Section 4(a) any earlier than January 1 in the calendar year immediately following the calendar year in which your termination occurs. For the avoidance of doubt, termination or forfeiture of any of your Company equity awards eligible for vesting acceleration under Section 4(a) due to your termination of employment with the Company shall be tolled to the extent necessary to implement the vesting acceleration contemplated by Section 4(a), but in no event will your Company stock options remain outstanding beyond their maximum term to expiration.

15. Offset. Notwithstanding anything to the contrary in this Agreement, any severance or other payments or benefits made to you under this Agreement may be reduced, in the Company’s discretion, by any amounts you owe to the Company or as will be needed to satisfy any future co-payments you would need to make for continuing post- termination benefits; provided, however, that any such offsets do not violate Section 409A.

16. Voluntary Agreement. You acknowledge that you have been advised to review this Agreement with your own legal counsel and other advisors of your choosing and that prior to entering into this Agreement, you have had the opportunity to review this Agreement with your attorney and other advisors and have not asked (or relied upon) the Company or its counsel to represent you or your counsel in this matter. You further represent that you have carefully read and understand the scope and effect of the provisions of this Agreement and that you are fully aware of the legal and binding effect of this Agreement. This Agreement is executed voluntarily by you and without any duress or undue influence on the part or behalf of the Company.

17. Definitions. The following definitions shall apply for purposes of this Agreement:

(a) “Accrued Obligations” shall mean the sum of (i) any portion of your accrued but unpaid Base Salary through the Termination Date; (ii) subject to Section 14, any compensation previously earned but deferred by you (together with any interest or earnings thereon) that has not yet been paid and that is not otherwise to be paid at a later date pursuant to any deferred compensation arrangement of the Company to which you are a party, if any; (iii) your accrued but unpaid vacation pay through the Termination Date; (iv) any reimbursements that you are entitled to receive under Section 6 of the Agreement or otherwise; and (v) any vested benefits or amounts that you are otherwise entitled to receive under any plan, policy, practice or program of or any other contract or agreement with the Company in accordance with the terms thereof (other than any such plan, policy, practice or program of the Company that provides benefits in the nature of severance or continuation pay).

(b) “Cause” shall mean that one or more of the following has occurred:

(i) you have been convicted of, plead guilty or no contest to, or entered into a plea agreement with respect to (x) any felony (under the laws of the United States, any relevant state, or the equivalent of a felony in any international jurisdiction in which the Company does business) or (y) any crime involving dishonesty or moral turpitude;

(ii) you have engaged in (A) any willful misconduct (including any violation of federal securities laws) or gross negligence, or (B) any act of dishonesty, violence or threat of violence, in each case with respect to this clause (B), that would reasonably be expected to result in a material injury to the Company;

(iii) you have breached a material written policy of the Company or the rules of any governmental or regulatory body applicable to the Company;

(iv) you (y) have willfully failed to materially perform or uphold your duties under this Agreement and/or (z) willfully fail to comply with lawful directives of the Board (including, without limitation, failure to comply with business travel requirements set by the Board); or

(v) you have materially breached this Agreement or any other material contract to which you and the Company are parties

provided that, with respect to Sections 17(b)(iii) and 17(b)(v) and if the event giving rise to the claim of Cause is curable, the Company provides you written notice of the event within thirty (30) days of the Company learning of the occurrence of such event, and such Cause event remains uncured thirty (30) days after the Company has provided such written notice; provided further that any termination of your employment for “Cause” with respect to Sections 17(b)(iii) or 17(b)(v) occurs no later than thirty (30) days following the expiration of such cure period.

(c) “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.

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.

(d) "Change in Control Period" shall mean the period commencing on the Change in Control and ending 24 months following a Change in Control.

(e) "Disability" shall mean your medically determinable physical or mental incapacitation such that for a continuous period of not less than twelve (12) months, you are unable to engage in any substantial gainful activity or which can be expected to result in death.

(f) "Good Reason" shall mean any one or more of the following that occur without your consent: (i) a material diminution in your Base Salary, except for reductions that are comparable to reductions generally applicable to similarly situated executives of the Company (ii) a material diminution in your job duties, responsibilities and/or authority as the Company's Chief Executive Officer, or (iii) a material change in the geographic location at which you must perform your services to the Company, which shall be defined to be a relocation of your principal workplace to a new location that is more than fifty (50) miles away from your then-current principal workplace. Notwithstanding the foregoing, a diminution in your responsibilities as a director of the Board, including any reduction, sharing or relinquishment of your title and/or role as a director, shall not constitute Good Reason.

(g) "Qualifying Termination" shall mean your employment is terminated without Cause (excluding by reason of your death or Disability) by the Company or by you for Good Reason (each, a Qualifying Termination).

(h) "Separation from Service" has the meaning set forth in Treasury Regulations Section 1.409A-1 (h)(1).

18. Exhibits. All Exhibits attached to this Agreement shall be incorporated herein by this reference as though fully set forth herein.

A duplicate original of this Agreement is enclosed for your records. If you decide to accept the terms of this Agreement, please sign the enclosed copy of this Agreement in the spaces indicated and return it to me. Your signature will acknowledge that you have read and understood and agreed to the terms and conditions of this Agreement.

[signature page follows]

In witness whereof, the parties have each executed this Agreement as of the dates indicated below.

LegalZoom.com, Inc.

By: /s/ Jeff Stibel

Its: Director

Dated: June 16, 2021

By: /s/ Dan Wernikoff

Dated: June 16, 2021

EXHIBIT A

FORM OF SEPARATION AGREEMENT AND RELEASE OF ALL CLAIMS AND COVENANT NOT TO SUE

SEPARATION AGREEMENT AND RELEASE OF ALL CLAIMS AND COVENANT NOT TO SUE

This Separation Agreement and Release of All Claims and Covenant Not to Sue ("**Release**") is made pursuant to the Employment Agreement ("**Employment Agreement**") entered into by and between Dan Wernikoff ("**Employee**") and LegalZoom.com, Inc., a Delaware corporation ("**Company**"), to which this Release is an exhibit, in consideration for and as condition precedent to the Company's obligation to provide separation benefits to Employee pursuant to the Employment Agreement and which Employee is otherwise not entitled to receive. Certain terms if they are not defined in this Release shall have the meaning provided to them in the Employment Agreement.

In order for this Release to become effective, Employee must deliver to the Company a properly signed and dated Release on or after Employee's Termination Date and before **4:00 pm PST on [DATE]** or else it will be irrevocably determined that Employee has decided to not execute this Release and this Release shall be null and void with no force or effect. This Release will become effective only if it has been timely executed by the Employee and the revocation period has expired without revocation by Employee as set forth in Section 5(a) below (such effective date of this Release, if any, is the "**Effective Date**"). By signing below and timely delivering a signed Release to the Company, Employee acknowledges and agrees to each of the following terms and conditions:

1. **RECITALS**. This Release is made with reference to the following facts:

Employee and Company are parties to the Employment Agreement which provides that Employee must execute a general release of all claims and covenant not to sue and deliver it to the Company in order to be eligible for certain separation benefits from the Company as specified under the Employment Agreement. This Release is the separation agreement and general release and covenant not to sue required by the Employment Agreement. If this Release does not become effective by its own terms, then Employee shall receive none of the separation benefits to be provided under the Employment Agreement.

2. **QUALIFYING TERMINATION OF EMPLOYMENT**. Employee and Company acknowledge and agree that the Employee's employment with the Company was terminated [by the Company without Cause] [by Employee for Good Reason]² (a "**Qualifying Termination**") [as a result of Employee's Death] [as a result of Employee's Disability] as of the close of business on [DATE] (the "**Termination Date**"), without regard to whether Employee signs this Release or agrees to the following terms and conditions, and that such termination was treated as a Qualifying Termination [during the Change in Control Period] [outside of the Change in Control Period]³ by the Company. As of the Termination Date, it is mutually agreed that Employee is no longer [an employee] [or director] of the Company and no longer holds any positions or offices with the Company [except for his membership on the Company's Board].

² NTD: To be specified at the time of termination.

³ NTD: To be specified at the time of termination.

3. **SEPARATION BENEFITS.** In consideration for Employee's general release of all claims set forth in Section 5 below and Employee's other obligations under this Release and in satisfaction of all of the Company's obligations to Employee and further provided that: (i) this Release is signed by Employee and delivered to the Company on or before [DATE], (ii) this Release is not revoked by Employee under Section 5 below and therefore becomes effective on or before [DATE], and (iii) Employee remains in continuing material compliance with all of the terms of this Release and the Employment Agreement, then the Company agrees to provide (and continue to provide) the separation benefits specified in Section 4(a) below to Employee.

In the event that the Company believes Employee is not in continuing material compliance with the terms of this Release, then the Company shall provide Employee with written notice of the same and, without limiting its other possible actions, the Company shall immediately terminate any and all such separation payments and benefits.

4. **PAYMENTS, BENEFITS AND TAXES.**

a. **Separation Benefits.** The Company will provide to Employee the payments and benefits specified in [Section 4(a)(i)] [Section 4(a)(ii)] [Section 4(a)(iii)]⁴ of the Employment Agreement, subject to Section 5 of the Employment Agreement. Subject to Section 4(b) below, such payments and benefits will be provided to Employee at the times specified in the Employment Agreement.

b. **Taxes.** Any tax obligations of Employee and tax liability therefor, including without limitation any penalties or interest based upon such tax obligations, that arise from the benefits and payments made to Employee shall be Employee's sole responsibility and liability. All payments or benefits made under this Release to Employee shall be subject to applicable tax withholding laws and regulations and Employee shall be required to timely and fully satisfy any such withholding as a condition of receipt of any payments or benefits. The terms of Sections 5, 13 and 14 of the Employment Agreement are also applicable to this Release and to all payments and benefits provided hereunder.

c. **WARN Payments.** The payments to Employee hereunder shall be considered as including any and all payments by the Company that could or in fact become payable in connection with the Employee's termination of employment pursuant to any applicable legal requirements, including, without limitation, the Worker Adjustment and Retraining Notification Act (the "**WARN**" Act), California Labor Code sections 1400-1408, or any other similar foreign, federal or state law.

5. **EMPLOYEE'S PROMISES.** In consideration for the promises and payments contained in the Employment Agreement, Employee agrees as follows:

a. Employee hereby covenants not to sue and also waives, releases and forever discharges the Company and its divisions, subsidiaries, officers, directors, agents, employees, stockholders, affiliates, attorneys, predecessors and successors from any and all claims, causes of action, damages or costs of any type and liabilities of whatever kind or nature, in law or in equity, that Employee has ever had or may have as of the Effective Date (whether known or not known) (collectively, "**Claims**"). This waiver and release includes, but is not limited to, claims, causes of action, damages or costs arising under or in relation to Company's employee handbook and

⁴ NTD: To be specified at the time of termination.

personnel policies, or any oral or written representations or statements made by officers, directors, employees or agents of Company, and also including but not limited to Claims based on and/or arising under any state or federal law regulating wages, hours, compensation or employment, or any claim for breach of contract or breach of the implied covenant of good faith and fair dealing, or any claim for wrongful termination, or any discrimination claim on the basis of race, sex, sexual orientation, gender, age, religion, marital status, national origin, physical or mental disability, medical condition, or under Title VII of the Civil Rights Act of 1964, as amended, The Americans with Disabilities Act, The Family Medical Leave Act, The Equal Pay Act, The Employee Retirement Income Security Act, The Fair Labor Standards Act, The California Fair Employment and Housing Act, The California Constitution, The California Government Code, The California Labor Code, The Industrial Welfare Commission's Orders, The Worker Adjustment and Retraining Notification Act, the California Labor Code, the California Family Rights Act, Act, the California Wage Orders, the California Private Attorneys General Act of 2004, the California Wage Orders, and the California Business and Professions Code Section 17200, et seq., and any and all other Claims Employee may have under any other federal, state or local Constitution, Statute, Ordinance and/or Regulation; and all other Claims arising under common law including but not limited to tort, express and/or implied contract and/or quasi-contract, arising out of or, in any way, related to Employee's previous relationship with the Company as an employee, consultant and/or director.

Furthermore, Employee expressly acknowledges, understands and agrees that this Release includes a waiver and release of all claims which Employee has or may have under the Older Workers Benefit Protection Act and the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. §621, et seq. ("ADEA"). The following terms and conditions apply to and are part of the waiver and release of ADEA claims under this Release:

(1) Employee was advised and encouraged to consult with an attorney before signing this Release;

(2) Employee was granted twenty-one (21) days after Employee was presented with this Release to decide whether or not to sign this Release. Employee understands and agrees that any modification of this Release, whether material or immaterial, does not restart the running of this 21-day consideration period;

(3) Employee will have the right to revoke the waiver and release of claims under the ADEA within seven (7) days of Employee signing this Release, and this Release shall not become effective and enforceable until that revocation period has expired without such revocation;

(4) Employee hereby acknowledges and agrees that Employee is knowingly and voluntarily waiving and releasing Employee's rights and claims, including under the ADEA, in exchange for consideration (something of value) in addition to anything of value to which Employee is already entitled; and

(5) Nothing in this Release prevents or precludes Employee from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties or costs from doing so, unless specifically authorized by federal law.

(6) Therefore, Employee may unilaterally revoke this Release at any time up to seven

(7) calendar days following Employee's execution of the Release, and this Release shall not become effective or enforceable until the revocation period has expired which is at 12:00:01 a.m. PST on the eighth day following Employee's execution of this Release. If Employee elects to revoke this Release, such revocation must be in writing addressed to the General Counsel of the Company and received by the Company via facsimile or email no later than the end of the seventh day after Employee signed this Release.

b. The waiver and release set forth in this Section 5 applies to claims of which Employee does not currently have knowledge and Employee specifically waives the benefit of the provisions of Section 1542 of the Civil Code of the State of California which reads as follows: "*A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that if known by him or her, would have materially affected his or her settlement with the debtor or released party.*"

c. Employee agrees that the Company has paid to Employee all salary and vacation which had accrued as of the Termination Date and that these payments represent all such monies due to Employee through the Termination Date. In light of the payment by the Company of all wages due, or to become due to Employee, California Labor Code Section 206.5 is not applicable. That section provides in pertinent part as follows: "*No employer shall require the execution of any release of any claim or right on account of wages due, or to become due, or made as an advance on wages to be earned, unless payment of such wages has been made.*" Except with respect to any "Excluded Claims" (specified in Section 5(d) below), Employee further represents and warrants to the Company that, as of the Effective Date, the payments set forth in Section 4(a) above constitute all payments or obligations owed by the Company to Employee in connection with any employment, severance, retention, or a change in control plan or arrangement.

d. Notwithstanding anything to the contrary, the Employee is not waiving any Claims Employee may have with respect to any of the following matters: (i) any rights that Employee may have to file a charge, testify, assist, or cooperate with the U.S. Equal Employment Opportunity Commission or another fair employment practices governmental agency; (ii) claims for indemnification from the Company, including without limitation under any contractual arrangements to which Employee is party with the Company, the Company's charter and bylaws and in accordance with Section 2802 of the California Labor Code; (iii) claims to unemployment compensation benefits or workers compensation benefits; (iv) claims under the Fair Labor Standards Act; (v) health insurance benefits under the Consolidated Omnibus Budget Reconciliation Act (COBRA); (vi) claims with regard to vested benefits under a retirement plan governed by the ERISA; (vii) any events, occurrences, acts or omissions which occur after the Effective Date; (viii) claims under any directors and officers liability insurance policy; (ix) claims for any vested equity; (x) claims for breach of this Release; or (xi) claims that may not be released as a matter of applicable law.

e. Employee has not suffered nor aggravated any known on-the-job injuries for which Employee has not already filed a Workers' Compensation claim.

f. Employee agrees that nothing in this Release shall be construed as an admission of liability of any kind by Company to Employee.

g. In the event that Employee breaches or threatens to breach any of the provisions contained in this Section 5, Employee acknowledges that such breach or threatened breach shall cause irreparable harm, entitling the Company, at its option, to seek immediate injunctive relief, from a court of competent jurisdiction without waiver of any other rights or remedies from a court of law or equity and without posting of bond. In addition, should the Company prevail before a court of competent jurisdiction or arbitration, Employee agrees to reimburse the Company for all expenses incurred, including reasonable attorneys' fees. Should Employee attempt to challenge the enforceability of any provision of this Release, Employee shall initially tender to the Company, by certified check, all amounts received pursuant to this Release and shall not be entitled to receive any further payment or benefit hereunder or under the Agreements.

h. Employee reaffirms that Employee will continue to be bound by, and will continue to comply with, all of the terms and conditions and covenants in Sections 5, 7 through 15 of the Employment Agreement and also all terms and conditions of the Confidentiality Agreement (as such term is defined in the Employment Agreement).

i. Employee represents and warrants to the Company that, as of the Effective Date, Employee has no outstanding agreement or obligation that is in conflict with any of the provisions of this Release, or that would preclude Employee from complying with the provisions hereof, and further certifies that Employee will not enter into any such conflicting agreement.

j. Employee will not, at any time following the Termination Date, make (or direct anyone else to make) any disparaging statements (oral or written) about the Company, or any of its affiliated entities, officers, directors, employees, stockholders, representatives or agents, or any of the Company's products or services or work-in-progress, that are harmful to their businesses, business reputations or personal reputations. The Company will not in any authorized corporate communication, and will instruct the members of the Board to not, make (or direct anyone else to make) any disparaging statements (oral or written) about the Employee, that are harmful to the Employee's businesses, business reputation or personal reputation. Notwithstanding this Section 5(j), nothing herein shall prohibit any party from providing truthful testimony in connection with a governmental investigation or legal proceeding or from reporting a suspected violation of law

6. MISCELLANEOUS.

a. This Release shall be deemed to have been executed and delivered within the State of California, and the rights and obligations of the Company and Employee shall be construed and enforced in accordance with, and governed by, the laws of the State of California.

b. This Release, and the surviving provisions of the Employment Agreement, are the entire agreement with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written agreements and discussions. This Release may be amended only by an agreement in a writing signed by Employee and an authorized representative of the Company and which expressly references that this Release is being amended. Employees agree that the release set forth in Section 5 above shall be and remain in effect in all respects as a complete general release as to the matters released.

c. This Release is binding upon and shall inure to the benefit of the Company, its respective agents, employees, representatives, officers, directors, divisions, subsidiaries, affiliates, any parent company, assigns, heirs, partners, successors in interest and stockholders, including any successor company of the Company.

d. Employee agrees that Employee has read this Release and has had the opportunity to ask questions, seek counsel and time to consider the terms of the Release. Employee has entered into this Release freely and voluntarily.

e. Employee understands and agrees that Employee is solely responsible for any and all liability under federal and state tax laws arising from the payments made under the Agreements. Employee understands that the released parties make no warranty concerning the treatment of any funds paid hereunder under said laws, and Employee has not relied upon any such warranties.

f. Employee declares, covenants and agrees that Employee has not assigned heretofore, and has not and will not hereafter sue, any of the released parties before any court or governmental agency, commission, division or department, whether state, federal or local, upon any claim, demand or cause of action released herein.

g. If any provision of this Release or application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Release which can be given effect without the invalid provision or application. To this end, the provisions of this Release are severable.

Dan Wernikoff ("Employee")

Date: _____

EXHIBIT B

CONFIDENTIAL INFORMATION AND EMPLOYEE INVENTION ASSIGNMENT AGREEMENT

June 16, 2021

Shrisha Radhakrishna
delivered via email

Dear Shrisha:

On behalf of LegalZoom.com, Inc., a Delaware corporation (the "Company"), I am pleased to provide you an offer of continuing employment with the Company in the position of Chief Technology Officer pursuant to the terms and conditions set forth in this letter (this "Agreement"). All capitalized terms not otherwise defined shall have the definition and meaning provided in Section 17.

1. Duties; Reporting. You shall report directly to the Company's Chief Executive Officer ("CEO"). You shall be a member of the Company's senior management team and shall have such duties and responsibilities as shall be consistent with your position. You will also devote your full time, efforts, abilities, and energies, except for as permitted in Section 1(b) below and except for approved vacation periods and reasonable periods of illness or other incapacities permitted by the Company's general employment policies, to promote the general welfare and interests of the Company and any related enterprises of the Company. You will loyally, conscientiously, and professionally do and perform all duties and responsibilities of your position, as well as any other duties and responsibilities as will be reasonably assigned to you by the Company and modified as the Company deems necessary and appropriate in light of the Company's needs and interests from time to time, consistent with your position and this Agreement. You will strictly adhere to and obey all Company rules, policies, procedures, regulations and guidelines including, but not limited to, those contained in the Company's employee handbook, as well as any others that the Company may establish. You will strictly adhere to all applicable state and/or federal laws and/or regulations relating to your employment with the Company.

(a) No Conflicting Obligations. By signing this Agreement, you confirm to the Company that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for the Company or executing this Agreement.

(b) Outside Activities. You may (i) serve as a director or member of a committee or organization involving no actual or potential conflict of interest with the Company and its subsidiaries and affiliates; (ii) deliver lectures and fulfill speaking engagements; (iii) engage in charitable and community activities; and (iv) invest your personal assets in such form or manner that will not violate this Agreement; provided, however, that the activities described in clauses (i), (ii), (iii) and (iv) do not materially affect, interfere, or create an actual or potential conflict of interest with the performance of your duties and obligations to the Company, and further provided that the Company's Board of Directors (the "Board") must provide its advance written consent with respect to the items referenced in clause (i) which consent the Board may provide or withhold in its discretion.

2. Term.

(a) Term of Agreement. This Agreement and your employment under the terms hereunder shall take effect immediately prior to, and contingent upon, the effectiveness of the registration statement on Form S-1 filed with the Securities and Exchange Commission for the initial public offering of the Company's common stock (the "Effective Date"). Notwithstanding the foregoing, in the event you do not remain employed with the Company through the Effective Date or the Effective Date does not occur, this Agreement will have no effect, will not be binding on the Company (or any of its affiliates) or on you, and neither you nor the Company (or any of its affiliates) shall have rights or obligations hereunder. The period from the Effective Date until the termination of your employment under this Agreement is hereinafter referred to as "the term of this Agreement" or "the term hereof" or "the Term."

(b) Resignation. Upon termination of your employment for any reason, you shall be deemed to have immediately resigned from all positions as an employee, officer and/or director with the Company, and any of its affiliates, as of your last day of employment (the "Termination Date"). This Agreement shall serve as notice of such resignations by you; provided, however, you agree to execute any documents that the Company may reasonably request evidencing such resignations.

3. Compensation.

(a) Base Salary. As of the Effective Date, your base salary shall be \$400,000 per year, less applicable withholdings and deductions, payable in accordance with the Company's standard payroll procedures. The base salary as determined herein and adjusted from time to time shall constitute the "Base Salary." for purposes of this Agreement

(b) Performance Bonus. During each fiscal year of the Company during the Term, you will be eligible to earn a cash performance bonus ("Performance Bonus") with a target amount of 50% of your Base Salary for the applicable fiscal year of the Company. Your actual bonus for any fiscal year, if any, shall be based on the successful completion of the performance objectives that are prescribed and established by the Board (or its compensation committee), in consultation with the Company's CEO. Except as set forth in Section 4(a), to earn and receive any Performance Bonus, you must remain employed by the Company through the date of each of the Performance Bonus payment(s) and the termination of your employment for any reason before such payment date means you will not receive such payment. The Performance Bonus will be paid to you at the same time as other similarly-situated employees of the Company.

(c) Company-Sponsored Benefits. As a member of the senior management team of the Company, you will also be eligible to receive all employee benefits pursuant to the Company's standard benefit plans that the Company generally provides to the other members of the senior management team that may be in effect from time to time. These currently include, without limitation, group health benefits, 401(k) retirement benefits, business expense reimbursements, PTO, sick time and Company paid holidays. The Company may, in its sole discretion and from time to time, amend or eliminate any of these benefits.

(d) Indemnification. You shall be entitled to indemnification for losses incurred in connection with your service as an officer or employee (including coverage under applicable insurance policies) on terms no less favorable than any other senior executive of the Company.

(e) Equity Compensation.

(i) Performance-Vested Options. You and the Company acknowledge and agree that on September 23, 2020, the Board granted you a stock option to purchase shares of the common stock of the Company (the "Performance-Vested Options") under the Company's 2016 Stock Incentive Plan, as amended (the "2016 Plan"), and a stock option agreement thereunder (the "Performance Option Agreement") with a grant date value of \$3,000,000 (calculated as set forth on Exhibit C). The Performance-Vested Options shall vest in accordance with the amended vesting schedule set forth in Section 3(e)(ii) below. All vesting is subject to your continued employment with the Company through the applicable vesting date or event. Except as described in this Section 3(e)(i), the Performance-Vested Options reflect the Company's standard terms and conditions for grants of equity compensation (including an exercise price at fair market value on the date of grant). For the avoidance of doubt, in the event of an extraordinary dividend, the Company shall make equitable adjustments to the Performance-Vested Options or provide equivalent cash payments to you (which may be subject to the same vesting schedule as applicable to the Performance-Vested Options) in lieu of adjustment.

(ii) Amendment to Performance-Vested Options. By signing this Agreement, you agree that the "Vesting Schedule" section in the "Notice of Stock Option Grant" in Part I of the Performance Option Agreement is hereby amended and restated in its entirety to read as follows:

"Vesting Schedule: This Option shall vest according to the following schedule:

One forty-eighth (1/48th) of the Shares subject to the Option shall vest each month following August 15, 2020 (the "Vesting Commencement Date") on the same day of the month as the Vesting Commencement Date (and if there is no corresponding day, on the last day of the month), subject to Optionee continuing to be a Service Provider through each such date."

Except as expressly amended by this section 3(e)(ii), the Performance Option Agreement (as defined above) shall be unaffected hereby and shall remain in full force and effect.

(iii) RSUs. You and the Company acknowledge and agree that on October 26, 2020, the Board granted you restricted stock units under the 2016 Plan with a grant date value of \$4,000,000, calculated as set forth on Exhibit C (the "RSUs"). The RSUs reflect the Company's standard terms and conditions for grants of restricted stock units; provided, however, that the RSUs shall vest only upon the achievement of both a Liquidity Event (as defined below) condition and a service-based condition. The RSUs shall satisfy the service-based condition quarterly over 4 years (from August 15, 2020) with a 12-month cliff (meaning amounts that otherwise would satisfy the service-based condition during the first 12 months shall be scheduled to satisfy the service-based condition on the first anniversary of August 15, 2020), subject to your continued employment with the Company through each date on which the service-based condition is

scheduled to be satisfied. In the event that your employment is terminated without Cause by the Company or by you for Good Reason outside of the Change in Control Period, then the number of RSUs that otherwise would have met the service-based condition had you remained employed by the Company through the twelve (12)- month anniversary of the date of such termination of your employment shall be deemed to immediately meet the service-based condition. The Liquidity Event condition will be deemed to have been met as of the occurrence of a Liquidity Event. For purposes of vesting of the RSUs, a "Liquidity Event" shall be deemed to occur on the first to occur of (i) a Change in Control, or (ii) a Public Trading Date (as defined in the 2016 Plan). For the avoidance of doubt, if the Liquidity Event condition is satisfied before the completion of the service-based condition, the RSUs shall continue to vest in accordance with the original service-based vesting schedule (and shall be settled immediately upon each such service-based vesting date). For the further avoidance of doubt, if your employment terminates for any reason other than for Cause, you shall retain any service-vested RSUs until the expiration of the term of the RSUs (which, to comply with Section 409A, shall be 6.5 years from the date of grant) or the earlier settlement of the service-vested RSUs upon satisfaction of the Liquidity Event condition.

(iv) IPO RSUs. At the Effective Date, you will be granted restricted stock units (each, an "IPO RSU" and collectively, the "IPO RSUs") with an approximate grant date value of \$1,255,000 (the "IPO RSUs Grant Date Value"), subject to both (A) approval by the Board or the Compensation Committee of the Board (the "Compensation Committee"), and (B) you remaining employed through the grant date of the IPO RSUs. Each IPO RSU will cover one share of the Company's common stock, and the aggregate number of IPO RSUs will be calculated by dividing the IPO RSUs Grant Date Value by the initial per share price to the public as set forth in the final prospectus included within the registration statement on Form S-1 filed with the Securities and Exchange Commission for the initial public offering of the Company's common stock, provided that any fractional restricted stock unit resulting from such division will be rounded down to the nearest whole unit. The IPO RSUs shall be granted under the 2016 Plan and the Company's standard form of restricted stock unit agreement approved by the Board for use thereunder. Subject to Section 4(a) below and the terms of the 2016 Plan, twenty-five percent (25%) of the IPO RSUs shall vest on the one-year anniversary of the Vesting Commencement Date (as defined below), and one-twelfth (1/12th) of the remaining IPO RSUs shall vest on each of the next twelve (12) Quarterly Vesting Dates thereafter, subject to your continuous status as a Service Provider (as defined in the 2016 Plan) on each vesting date. The "Vesting Commencement Date" shall mean the first Quarterly Vesting Date following the Effective Date, provided if the Effective Date occurs on a Quarterly Vesting Date, the Vesting Commencement Date shall mean the Effective Date. "Quarterly Vesting Dates" shall mean each of February 15, May 15, August 15, and November 15; provided, however, that to the extent any such date occurs on a weekend day or U.S. federal holiday, the Quarterly Vesting Date will be deemed to occur on the immediately following day that is not a weekend day or U.S. federal holiday.

(v) IPO Option. At the Effective Date, you will be granted a stock option to purchase shares of the Company's common stock (the "IPO Option"), subject to both (A) approval by the Board or the Compensation Committee, and (B) you remaining employed through the grant date of the IPO Option. The aggregate number of shares subject to the IPO Option will be calculated by multiplying the aggregate number of IPO RSUs by 2.5, provided any fractional

share resulting from such multiplication will be rounded down to the nearest whole share. The IPO Option will have a per share exercise price equal to 100% of the fair market value of a share of the Company's common stock on the date of grant, as determined by the Board or the Compensation Committee in its sole discretion. The IPO Option shall be granted under the 2016 Plan and the Company's standard form of stock option agreement approved by the Board for use thereunder. Subject to Section 4(a) below and the terms of the 2016 Plan, twenty-five percent (25%) of the shares of the Company's common stock subject to the IPO Option shall vest on the one-year anniversary of the Vesting Commencement Date (as defined above), and one-twelfth (1/12th) of the remaining shares of the Company's common stock subject to the IPO Option shall vest on each of the next twelve (12) Quarterly Vesting Dates (as defined above) thereafter, subject to your continuous status as a Service Provider (as defined in the 2016 Plan) on each vesting date.

(vi) General Conditions. Except as explicitly set forth herein, the vesting of the Performance-Vested Options, RSUs, IPO RSUs and IPO Option (collectively, the "Equity Awards") is subject to your continued employment with the Company through the applicable vesting date or event and, except as explicitly set forth herein, the Equity Awards reflect (or in the case of the IPO RSUs and IPO Option, shall reflect) the Company's standard terms and conditions for grants of equity compensation (including, as applicable, an exercise price at fair market value on the date of grant for stock options).

4. Termination of Employment. Notwithstanding anything to the contrary in this Agreement, whether express or implied, your employment with the Company is at-will and the Company may at any time terminate your employment with the Company and the Term, for any reason or no reason, and with or without Cause, and you may resign from your employment with or without Good Reason and terminate the Term, in each case subject to the terms and provisions of this Agreement, and all as set forth in greater detail in this Section 4. If your employment terminates due to your resignation without Good Reason or by the Company for Cause, then you will not be eligible for any severance benefits. You shall receive payment from the Company of the Accrued Obligations through the Termination Date upon the termination of your employment for any reason.

(a) Severance and Other Termination Benefits. Subject to Section 4(a)(iv), if during the Term there is a Qualifying Termination or your employment with the Company terminates as a result of your death or Disability, then you shall be eligible to receive the following payments and benefits (as applicable, the "Severance Benefits"):

(i) Qualifying Termination Outside of the Change in Control Period. In the event you have a Qualifying Termination that occurs outside of the Change in Control Period, the Severance Benefits shall consist of the following:

(A) cash severance payments of twelve (12) months' continued Base Salary, subject to all applicable deductions and withholdings, paid in accordance with the Company's standard payroll schedule over a period of twelve (12) months; provided, however (x) amounts shall accrue until the Release (as defined below) becomes fully and irrevocably effective, and (y) in the event the Release Period spans two calendar years, no amount of such cash severance payments will be paid prior to January 1 of the second calendar year; and

(B) to the extent permitted by applicable laws without incurring statutory penalties, the Company will reimburse the cost (to the same extent that the Company was paying as of immediately before the Termination Date) for all group employee health benefits coverage continuation under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") to the same extent provided by the Company's group health plans immediately before the Termination Date ("COBRA Benefits") for twelve (12) months after the Termination Date or until you become eligible for group health insurance benefits from another employer, whichever occurs first, provided that you timely elect COBRA coverage. You agree (i) at any time either before or during the period of time you are receiving the COBRA Benefits to inform the Company promptly in writing if you become eligible to receive group health coverage from another employer and to respond to any Company inquiries confirming that you did not become eligible for other coverage; and (ii) that you may not increase the number of your designated dependents, if any, during this time unless you do so at your own expense. The period of such COBRA Benefits shall be considered part of your COBRA coverage entitlement period. Reimbursement for the COBRA Benefits shall be provided to you within sixty (60) days of your submission of evidence of the premium payment, subject to such submission being delivered to the Company within sixty (60) days of your making the applicable payment; and

(C) immediate vesting acceleration of the Performance-Vested Options to the extent outstanding and unvested as of the date of your Qualifying Termination, in each case as to the number of shares of the Company's common stock subject to such award that otherwise would have vested had you remained employed by the Company through the twelve (12)- month anniversary of the date of your Qualifying Termination; and

(D) the Performance-Vested Options and IPO Option to the extent outstanding and vested as of the date of your Qualifying Termination (after giving effect to the vesting acceleration described in subpart (C) above and any other applicable vesting acceleration) shall each remain outstanding and exercisable until the earlier of (i) the expiration of the original term of such stock option, (ii) the one-year anniversary of the date of your Qualifying Termination, provided if such stock option is the IPO Option, then the 90th day following your Qualifying Termination instead, and (iii) immediately prior to the effective time of a Change in Control if such stock option is not assumed, continued or substituted by the surviving or acquiring entity (or its parent) in connection with such Change in Control.

(ii) Qualifying Termination During the Change in Control Period. In the event you have a Qualifying Termination that occurs during the Change in Control Period, the Severance Benefits shall instead consist of the following:

(A) a cash severance payment equal to the sum of: (i) twelve (12) months' of your Base Salary plus (ii) a cash payment equal to your Performance Bonus at target level for the fiscal year of the Company in which your Qualifying Termination occurs, subject to all applicable deductions and withholdings, paid as a one-time, lump-sum payment on the first regularly-scheduled Company payroll date falling after the date the Release becomes fully and irrevocably effective, provided that in the event the Release Period spans two calendar years, no amount of such cash severance payment will be paid prior to January 1 of the second calendar year; and

(B) the COBRA Benefits, subject to the same terms and conditions set forth in Section 4(a)(i)(B); and

(C) immediate vesting acceleration of one hundred percent (100%) of the Performance-Vested Options, RSUs, IPO RSUs and IPO Option to the extent outstanding and unvested as of the date of your Qualifying Termination; and

(D) the Performance-Vested Options and IPO Option to the extent outstanding and vested as of the date of your Qualifying Termination (after giving effect to the vesting acceleration described in subpart (C) above and any other applicable vesting acceleration) shall each remain outstanding and exercisable until the earlier of: (i) the expiration of the original term of such stock option, (ii) the one-year anniversary of the date of your Qualifying Termination, and (iii) immediately prior to the effective time of a Change in Control if such stock option is not assumed, continued or substituted by the surviving or acquiring entity (or its parent) in connection with such Change in Control.

(iii) Termination of Employment due to Death or Disability. In the event your employment with the Company terminates as a result of your death or Disability, the Severance Benefits shall instead consist of the following: (A) the Performance-Vested Options, RSUs, IPO RSUs and IPO Option to the extent unvested and outstanding immediately prior to such termination of your employment shall immediately become fully vested and, as applicable, exercisable; and (B) the Performance-Vested Options and IPO Option to the extent vested and outstanding on the date of such termination of your employment (after giving effect to the vesting acceleration provided for in clause (A) above and any other applicable vesting acceleration) shall remain outstanding and exercisable until the earlier of: (i) the expiration of the original term of such stock option, (ii) the one-year anniversary of the date of your termination of employment with the Company, and (iii) immediately prior to the effective time of a Change in Control if such stock options are not assumed, continued or substituted by the surviving or acquiring entity (or its parent) in connection with such Change in Control.

(iv) Release of Claims. Notwithstanding anything to the contrary, in order to receive any Severance Benefits, you (or after your death, your estate) must timely execute and deliver (and not revoke) a separation agreement and general release of claims in favor of the Company, any affiliates or related entities, and their employees and affiliates, substantially in the form and content attached as Exhibit A hereto (the "Release"), within the time period specified in the release, but in any event such release must become effective by its terms by no later than the 55th day following the Termination Date (such time period, extended by an additional 7 days, the "Release Period"). For the avoidance of doubt, in no event shall you be eligible to receive Severance Benefits pursuant to both Section 4(a)(i) and Section 4(a)(ii) and you are not eligible to receive any Severance Benefits in the event your employment is terminated as a result of your death or Disability other than as provided for in Section 4(a)(iii). You shall receive payment or benefits from the Company of the Accrued Obligations, as applicable, regardless of whether a separation agreement and general release of claims in the form and content attached as Exhibit A hereto is executed and timely provided to the Company.

(b) Termination for Cause. The Company may terminate your employment and the Term at any time for Cause. In the event you are provided written notice of a potential termination for Cause (subject to any cure period), your right to exercise any equity compensation award (and the vesting or settlement of any equity compensation award) shall automatically be suspended during the cure period (if any). Upon the termination of your employment for Cause, you shall not be entitled to exercise any outstanding equity compensation award whatsoever and all of your outstanding equity compensation awards (both vested and unvested) shall automatically terminate without consideration. Any determination by the Company with respect to the foregoing shall be final, conclusive and binding on all interested parties. Any termination for Cause will not limit any other right or remedy the Company may have under this Agreement or otherwise.

(c) Termination without Cause. The Company shall have the unilateral right to terminate your employment and the Term at any time without Cause, and without notice, in the Company's sole and absolute discretion. Any such termination without Cause shall not constitute a breach of any term of this Agreement, express or implied, or a wrongful deprivation of your office or position. If the Company terminates your employment and the Term without Cause, it shall be treated as a Qualifying Termination and the Company shall have no obligation to you, except to pay you (or cause to occur, if applicable) the amounts (and actions) set forth in Section 4(a) above in accordance with the terms thereof.

(d) Termination due to Death. Your employment and the Term will be automatically terminated on the date of your death.

(e) Termination due to Disability. If you are subject to a Disability, and if within thirty (30) days after written notice is provided to you by the Company you shall not have returned to fully perform your duties, your employment and the Term, upon a second written notice from the Company, will be terminated for Disability as of the date set forth in such second written notice.

(f) Resignation for Good Reason. You may terminate your employment and the Term at any time for Good Reason; provided that you provide the Company with written notice within thirty (30) days of the date of the initial existence of the purported Good Reason event and such notice must describe in detail the basis and underlying facts supporting your belief that a Good Reason event has occurred (the "Good Reason Notice"). Failure to timely provide such Good Reason Notice to the Company means that you will be deemed to have consented to and irrevocably waived that particular potential Good Reason event. After its receipt of the Good Reason Notice, the Company shall then have sixty (60) days to cure or remedy the alleged Good Reason event. If the Company does cure or remedy the alleged Good Reason event during such sixty (60) day period then the Good Reason event will be deemed to have not occurred. If the Company does not cure or remedy the Good Reason event during such sixty (60) day period then your employment with the Company shall be automatically terminated for Good Reason as of the day following the expiration of the sixty (60) day cure/remedy period. If you terminate your employment for Good Reason in accordance with the provisions of this Section 4(f), it shall be treated as a Qualifying Termination and the Company shall pay you (or cause to occur, if applicable) the amounts (and actions) set forth in Section 4(a) above in accordance with the terms thereof and any related provisions of this Agreement.

(g) Resignation without Good Reason. You may terminate your employment and the Term at any time for no reason, or for any reason that does not otherwise constitute Good Reason, in your sole and absolute discretion, but only if you provide written notice to the Company at least fifteen (15) days prior to the effective date of your intended resignation date (and such notice must specify the effective date of your resignation of employment). In the event you so terminate your employment without Good Reason, you shall only be entitled to receive (subject to Section 14 below) the Accrued Obligations through the Termination Date and neither you nor the Company shall have any further obligations to the other except as set forth in Sections 6 through 15.

(h) The Company is not obligated to employ your services (nor compensate you) for any length of time beyond the fifteen (15) day period commencing from the date of your written notice to the Company of your intended resignation. Further, the Company is not obligated to actually utilize your services at any time during such period commencing from the date of your written notice to the Company of your intended resignation through the Termination Date, and the Company may prevent you from accessing any of the Company's premises or resources during such period.

5. Golden Parachute Excise Tax.

(a) In the event that it shall be determined that any payment, distribution or other action by the Company to or for your benefit (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, (a "Payment")) would be subject to any excise tax (an "Excise Tax") imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), and if, immediately prior to the Relevant 280G Event (as defined below), the Payments are eligible for the shareholder approval exemption under Section 280G(b)(5)(B) of the Code, then: (i) the Company shall submit the Payments for shareholder approval to the extent necessary for no Excise Tax to be due and (ii) you shall execute such releases or other documents necessary to seek to obtain the requisite shareholder approval in a manner satisfying Section 280G(b)(5)(B) of the Code. For purposes of this Section 5, "Relevant 280G Event" means the relevant change in ownership or effective control, or change in the ownership of a substantial portion of the assets, of a corporation (all within the meaning of Section 280G of the Code), that will or may result in Payments becoming subject to the Excise Tax.

(b) In the event that the payments are not eligible for the shareholder approval exemption under Section 280G(b)(5)(B) of the Code, then the Payments shall be payable as to such less amount which would result in no portion of such payments or distributions being subject to the Excise Tax; provided, however, that no such reduction shall be made if the net after-tax amount (after taking into account federal, state, local or other income, employment and excise taxes) to which you would otherwise be entitled without such reduction would be greater than the net after-tax amount (after taking into account federal, state, local or other income, employment and excise taxes) to you resulting from the receipt of such payments and benefits with such reduction.

(c) If a reduction in the Payments is necessary so that no Payment is subject to the Excise Tax, the reduction shall occur in the following order: (1) reduction of cash payments for which the full amount is treated as a parachute payment; (2) cancellation of accelerated vesting (or, if necessary, payment) of cash awards for which the full amount is not treated as a parachute

payment; (3) cancellation of any accelerated vesting of equity compensation awards; and (4) reduction of any continued employee benefits. In selecting the equity compensation awards (if any) for which vesting will be reduced under clause (3) of the preceding sentence, awards shall be selected in a manner that maximizes the after-tax aggregate amount of the Payments provided to you; provided, that, if (and only if) necessary in order to avoid the imposition of an additional tax under Section 409A (as defined below), awards instead shall be selected in the reverse order of the date of grant. For the avoidance of doubt, for purposes of measuring an equity compensation award's value to you, such award's value shall equal the then aggregate fair market value of the vested shares underlying the award less any aggregate exercise price less applicable taxes. Also, if two or more equity compensation awards are granted on the same date, each award will be reduced on a pro-rata basis. In no event shall you have any discretion with respect to the ordering of payment reductions.

(d) In no event will the Company be required to gross up any payment or benefit to you to avoid the effects of the Excise Tax or to pay any regular or excise taxes arising from the application of the Excise Tax.

(e) All mathematical determinations and all determinations of whether any of the Payments are "parachute payments" (within the meaning of Section 280G) that are required to be made under this Section 5, shall be made by a nationally recognized independent audit firm, law firm or other advisor selected by the Company (the "Advisors"), who shall provide their determination, together with detailed supporting calculations regarding the amount of any relevant matters, both to the Company and to you. Such determination shall be made by the Advisors using reasonable good faith interpretations of the Code. Any determination by the Advisors shall be binding upon the Company and you, absent manifest error.

6. Expense Reimbursement. You shall be reimbursed for all documented reasonable business expenses that are incurred in the ordinary course of business upon the properly completed and timely submission of requisite forms and receipts to the Company in accordance with the Company's expense reimbursement policy as in effect from time to time.

7. Confidential Information.

(a) As an employee of the Company, you will have access to certain confidential information of the Company and you may, during the course of your employment or thereafter, develop certain information or inventions which will be the property of the Company. You acknowledge that you will be making use of, acquiring and/or adding to confidential information. The confidential information is and will remain the sole and exclusive property of the Company. You will not at any time use, divulge, disclose or communicate, either directly or indirectly, in any manner whatsoever, any confidential information to any person or business entity, or remove from the premises of the Company any confidential information in whatever form, unless required by you to perform the essential functions of your position with the Company while employed by the Company.

(b) In consideration of, and as a condition to, your continued employment with the Company, and as an essential inducement to the Company to enter into this Agreement, this Agreement is expressly subject to your continued compliance with the Confidential Information and Employee Invention Assignment Agreement (the "Confidentiality Agreement") between you and the Company attached hereto as Exhibit B (but with such changes as the Company may determine are necessary to reflect changes in applicable law). You will fully comply with all obligations under the Confidentiality Agreement and further agree that the provisions of such agreement shall survive any termination or expiration of this Agreement or termination of your employment.

8. Covenants. You and the Company (as applicable) agree to timely and fully comply with all of the covenants set forth in this Section 8 and further understand and agree that such covenants (in addition to Sections 5 and 9 through 15) shall survive any termination of your employment and termination or expiration of this Agreement.

(a) Return of Company Property. On your Termination Date, or at any other time as required by the Company, you will immediately surrender to the Company all Company property, including, but not limited to, Confidential Information (as such term is defined in the Confidentiality Agreement), keys, key cards, computers, telephones, pagers, credit cards, automobiles, equipment, and/or other similar property of the Company.

(b) Non-Solicit. During your employment with the Company and for twelve (12) months after your Termination Date, but only to the extent permitted by applicable law, you shall not, directly or indirectly, either as an individual or as an employee, agent, consultant, advisor, independent contractor, general partner, officer, director, stockholder, investor, lender, or in any other capacity whatsoever, of any person, firm, corporation or partnership: (i) solicit, induce, recruit or encourage any of the Company's employees or consultants to terminate their relationship with the Company, or (ii) attempt to solicit, induce, recruit, or encourage any of the Company's employees or consultants to terminate their relationship with the Company, or (iii) attempt to solicit, induce, recruit, encourage or take away employees or consultants of the Company. A general advertisement for employment not targeted at any specific individual shall not constitute a violation of this Section 8(b).

(c) Nondisclosure. Notwithstanding any requirement that the Company may have to publicly disclose the terms of this Agreement (and its exhibits) pursuant to applicable law or regulations, you agree to use reasonable efforts to maintain in confidence the existence of this Agreement, the contents and terms of this Agreement, and the consideration for this Agreement (hereinafter collectively referred to as "Agreement Information"). You also agree to take every reasonable precaution to prevent disclosure of any Agreement Information to third parties, except for disclosures required by law or absolutely necessary with respect to your immediate family members or personal advisors who shall also agree to maintain the confidentiality of the Agreement Information.

(d) Cooperation. You agree that, upon the Company's request, during the five (5) years immediately following your termination of employment with the Company you shall reasonably cooperate with the Company (and be available as reasonably necessary) after the Termination Date in connection with any matters involving events that occurred during your period of employment with the Company. When making requests for you to assist with matters involving events that occurred during your period of employment with the Company, the Company agrees to reasonably accommodate your schedule.

(e) Amounts Due. You will fully pay off any outstanding amounts owed to the Company no later than their applicable due date or within thirty (30) days of the Termination Date (if no other due date has previously been established). Within thirty (30) days of the Termination Date, you will submit any outstanding business expense reports to the Company for business expenses incurred prior to the Termination Date.

(f) Company Resources. As of the Termination Date, or at any other time as required by the Company, you will no longer represent that you are an officer, director or employee of the Company or any Company affiliate and you will immediately discontinue using the Company mailing address, telephone, facsimile machines, voice mail and e-mail.

(g) Representations. You represent that you have not entered into any agreements, understandings, or arrangements with any person or entity that you would breach as a result of, or that would in any way preclude or prohibit you from entering into, this Agreement with the Company or performing any of the duties and responsibilities provided for in this Agreement. You represent that you do not possess any confidential, proprietary business information belonging to any other entity, and will not use any confidential, proprietary business information belonging to any other entity in connection with your employment with the Company. You represent that you are not resigning employment or relocating any residence in reliance on any promise or representation by the Company regarding the kind, character, or existence of such work, or the length of time such work will last, or the compensation therefor.

(h) Clawback Policy. The Company may (i) cause the cancellation of any equity or cash compensation, (ii) require reimbursement of any of your equity or cash compensation and (iii) effect any other right of recoupment of equity or other compensation provided under this Agreement or otherwise, in each case to the extent required under applicable law or pursuant to the requirements of a stock exchange applicable to the Company.

(i) Violations. You acknowledge that (i) upon a violation of any of the covenants contained in this Section 8, (ii) if the Company is terminating your employment for Cause as provided under this Agreement; or (iii) your breach of the covenants in the Confidentiality Agreement, the Company would sustain irreparable harm as a result and that the Company would not have entered into this Agreement without such restrictions, and, therefore, you agree that in addition to any other remedies which the Company may have, the Company shall be entitled, without bond of any kind, to seek equitable relief including specific performance and injunctions (without posting of bond) restraining you from committing or continuing any such violation. Moreover, the Company will be entitled to an accounting of profits, compensation, remuneration or other benefits received by you, in addition to any other contractual, legal or equitable rights, damages or remedies available.

9. Entire Agreement. This Agreement and its attachments, the Confidentiality Agreement, and any other agreements referenced herein, as amended or superseded from time to time, contain the entire agreement between you and the Company regarding their terms and supersede any and all prior written or oral understandings other than any award agreements that govern the Pre-Existing Awards (the "Prior Agreements"). With respect to the Pre-Existing Awards, the acceleration of vesting provisions contained in this Agreement supersede and replace in their entirety, and act as amendments to, any acceleration of vesting provisions contained in the award

agreements that govern the Pre-Existing Equity Awards (which agreements, to the extent not otherwise amended by this Agreement (including, without limitation, under Sections 3 and 4), remain in full force and effect); provided, however, for purposes of clarity, such provisions do not supersede or replace Section 16(d) of the 2016 Plan. You agree and acknowledge that you are not eligible for, and will not receive, any compensation, benefits, vesting acceleration, or severance pursuant to the Prior Agreements. You also agree and acknowledge that there are no circumstances as of the date of this Agreement that constitute, and nothing contemplated in this Agreement or otherwise shall be deemed for any purpose to be or to create, an involuntary termination without Cause, a Good Reason resignation right, or other "Qualifying Termination" for purposes of the Prior Agreements or any other severance or change in control plan, agreement or policy maintained by the Company or its affiliates. Except as otherwise provided herein, this Agreement may not be amended or modified except in a writing, executed by you and a duly authorized officer of the Company other than yourself. This Agreement may be executed by facsimile or email signatures and in counterparts, each of which shall constitute an original, and all of which shall constitute one and the same instrument. In the event of any conflict between this Agreement and any award agreements governing the Equity Awards, this Agreement shall prevail.

10. Choice of Law; Severability; Waiver. This Agreement will be governed by the laws of the State of California, United States, without reference to the conflict of law provisions thereof. If any provision of this Agreement, or portion thereof, shall be held invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall attach only to such provision or portion thereof, and shall not in any manner affect or render invalid or unenforceable any other provision, or portion thereof, of this Agreement. No breach of any provision hereof can be waived unless in writing. Waiver of any one breach of any provision hereof will not be deemed to be a waiver of any other breach of the same or any other provision of this Agreement.

11. Successors and Assigns. The Company may assign this Agreement to any successor (whether by amalgamation, merger, consolidation, sale of assets, purchase or otherwise) to all or substantially all of the equity, assets or business of the Company, and this Agreement will be binding upon and inure to the benefit of such successors and assigns, including any successor entity. You may not assign this Agreement or your obligations hereunder.

12. Notice. Any and all notices required or permitted to be given to you or the Company pursuant to the provisions of this Agreement will be in writing, and will be effective and deemed to provide such party sufficient notice hereunder on the earliest of the following: (i) at the time of personal delivery, if delivery is in person; (ii) one (1) business day after deposit with an express overnight courier for United States deliveries, or two (2) business days after such deposit for deliveries outside of the United States; (iii) three (3) business days after deposit in the United States mail by certified mail (return receipt requested) for United States deliveries. All notices that the Company is required to or may desire to give you that are not delivered personally will be sent with postage and/or other charges prepaid and properly addressed to you at your home address of record with the Company, or at such other address as you may from time to time designate by one of the indicated means of notice herein. All notices that you are required to or may desire to give to the Company that are not delivered personally will be sent with postage and/or other charges prepaid and properly addressed to the Company's General Counsel at its principal office, or at such other office as the Company may from time to time designate by one of the indicated means of notice herein.

13. **Withholding and Taxes.** The Company shall have the right to withhold and deduct from any payment provided for hereunder or under any other Company plan or agreement any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to any such payment. The Company (including without limitation members of the Board) shall not be liable to you or other persons as to any unexpected or adverse tax consequence realized by you and you shall be solely responsible for the timely payment of all taxes arising from this Agreement that are imposed on you.

14. **Section 409A.** This Agreement is intended to be exempt from or comply with the requirements of Code Section 409A (“**Section 409A**”). In the event this Agreement or any benefit paid to you hereunder is deemed to be subject to Section 409A, you consent to the Company adopting such conforming amendments as the Company deems necessary, in good faith and in its reasonable discretion, to comply with Section 409A and avoid the imposition of taxes under Section 409A. Each payment made pursuant to any provision of this Agreement, including under Section 4(a), shall be considered a separate payment and not one of a series of payments for purposes of Section 409A. Notwithstanding anything to the contrary herein, except to the extent any expense, reimbursement or in-kind benefit provided pursuant to this Agreement does not constitute a “deferral of compensation” within the meaning of Section 409A: (A) the amount of expenses eligible for reimbursement or in-kind benefits provided to you during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to you in any other calendar year; (B) the reimbursements for expenses for which you are entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred; and (C) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit. While it is intended that all payments and benefits provided under this Agreement to you will be exempt from or comply with Section 409A, the Company makes no representation or covenant to ensure that the payments under this Agreement are exempt from or compliant with Section 409A. The Company will have no liability to you or any other party if a payment or benefit under this Agreement is challenged by any taxing authority or is ultimately determined not to be exempt or compliant. You further understand and agree that you will be entirely responsible for any and all taxes on any benefits payable to you as a result of this Agreement. In addition, if upon your Separation from Service, you are then a “specified employee” (as defined in Section 409A), then notwithstanding anything to the contrary in this Agreement, and solely to the extent necessary to comply with Section 409A and avoid the imposition of taxes under Section 409A, the Company shall defer payment of “nonqualified deferred compensation” subject to Section 409A payable as a result of and within six (6) months following such Separation from Service under this Agreement until the earlier of (i) the first business day of the seventh month following your Separation from Service, or (ii) ten (10) days after the Company receives written notification of your death. Any such delayed payments shall be made without interest. Furthermore, for purposes of compliance with Section 409A, references to “terminate,” “termination” or the like shall be interpreted to mean your Separation from Service. Notwithstanding anything to the contrary in this Agreement or the Release, if you become entitled to vesting acceleration benefits under Section 4(a) with respect to your RSUs and/or IPO RSUs, and the Release Period spans two calendar years, your unvested RSUs and IPO RSUs, as applicable, shall not accelerate vesting pursuant to Section 4(a) any earlier than January 1 in the calendar year immediately following the calendar year in which your termination occurs. For the avoidance of doubt, termination or forfeiture of any of your Company equity awards eligible for vesting acceleration under Section 4(a) due to your termination of employment with the Company shall be tolled to the extent necessary to implement the vesting acceleration contemplated by Section 4(a), but in no event will your Company stock options remain outstanding beyond their maximum term to expiration.

15. Offset. Notwithstanding anything to the contrary in this Agreement, any severance or other payments or benefits made to you under this Agreement may be reduced, in the Company's discretion, by any amounts you owe to the Company or as will be needed to satisfy any future payments you would need to make for continuing post- termination benefits; provided, however, that any such offsets do not violate Section 409A.

16. Voluntary Agreement. You acknowledge that you have been advised to review this Agreement with your own legal counsel and other advisors of your choosing and that prior to entering into this Agreement, you have had the opportunity to review this Agreement with your attorney and other advisors and have not asked (or relied upon) the Company or its counsel to represent you or your counsel in this matter. You further represent that you have carefully read and understand the scope and effect of the provisions of this Agreement and that you are fully aware of the legal and binding effect of this Agreement. This Agreement is executed voluntarily by you and without any duress or undue influence on the part or behalf of the Company.

17. Definitions. The following definitions shall apply for purposes of this Agreement:

(a) "Accrued Obligations" shall mean the sum of (i) any portion of your accrued but unpaid Base Salary through the Termination Date; (ii) subject to Section 14, any compensation previously earned but deferred by you (together with any interest or earnings thereon) that has not yet been paid and that is not otherwise to be paid at a later date pursuant to any deferred compensation arrangement of the Company to which you are a party, if any; (iii) your accrued but unpaid vacation pay through the Termination Date; (iv) any reimbursements that you are entitled to receive under Section 6 of the Agreement or otherwise; and (v) any vested benefits or amounts that you are otherwise entitled to receive under any plan, policy, practice or program of or any other contract or agreement with the Company in accordance with the terms thereof (other than any such plan, policy, practice or program of the Company that provides benefits in the nature of severance or continuation pay).

(b) "Cause" shall mean that one or more of the following has occurred:

(i) you have been convicted of, plead guilty or no contest to, or entered into a plea agreement with respect to (x) any felony (under the laws of the United States, any relevant state, or the equivalent of a felony in any international jurisdiction in which the Company does business) or (y) any crime involving dishonesty or moral turpitude;

(ii) you have engaged in (A) any willful misconduct (including any violation of federal securities laws) or gross negligence, or (B) any act of dishonesty, violence or threat of violence, in each case with respect to this clause (B), that would reasonably be expected to result in a material injury to the Company;

(iii) you have willfully breached a material written policy of the Company or the rules of any governmental or regulatory body applicable to the Company;

(iv) you (y) have willfully failed to materially perform or uphold your duties under this Agreement and/or (z) willfully fail to comply with lawful directives of the Board (including, without limitation, failure to comply with business travel requirements set by the Board); or

(v) you have materially breached this Agreement or any other material contract to which you and the Company are parties;

provided that, with respect to Sections 17(c)(iii), 17(c)(iv), and 17(c)(v) and if the event giving rise to the claim of Cause is curable, the Company provides you written notice of the event within thirty (30) days of the Company learning of the occurrence of such event, and such Cause event remains uncured thirty (30) days after the Company has provided such written notice; provided further that any termination of your employment for “Cause” with respect to Sections 17(c)(iii) or 17(c)(v) occurs no later than thirty (30) days following the expiration of such cure period.

(c) “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.

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.

(d) "Change in Control Period" shall mean the period commencing on the Change in Control and ending 24 months following a Change in Control.

(e) "Disability" shall mean your medically determinable physical or mental incapacitation such that for a continuous period of not less than twelve (12) months, you are unable to engage in any substantial gainful activity or which can be expected to result in death.

(f) "Good Reason" shall mean any one or more of the following that occur without your consent: (i) a material diminution in your Base Salary, except for reductions that are comparable to reductions generally applicable to similarly situated executives of the Company, not to exceed 10%, (ii) a material diminution in your job duties, responsibilities and/or authority as the Company's Chief Technology Officer, or (iii) material change in the geographic location at which you must perform your services to the Company, which shall be defined to be a relocation of your principal workplace to a new location that is more than twenty-five (25) miles away from your then-current principal workplace.

(g) "Pre-Existing Awards" shall mean the Performance-Vested Options and RSUs.

(h) "Qualifying Termination" shall mean your employment is terminated without Cause (excluding by reason of your death or Disability) by the Company or by you for Good Reason (each, a Qualifying Termination).

(i) "Separation from Service" has the meaning set forth in Treasury Regulations Section 1.409A-1(h)(1).

18. Exhibits. All Exhibits attached to this Agreement shall be incorporated herein by this reference as though fully set forth herein.

A duplicate original of this Agreement is enclosed for your records. If you decide to accept the terms of this Agreement, please sign the enclosed copy of this Agreement in the spaces indicated and return it to me. Your signature will acknowledge that you have read and understood and agreed to the terms and conditions of this Agreement.

In witness whereof, the parties have each executed this Agreement as of the dates indicated below.

LegalZoom.com, Inc.

By: /s/ Dan Wernikoff

Its: Chief Executive Officer

Dated: June 17, 2021

Shrisha Radhakrishna

By: /s/ Shrisha Radhakrishna

Dated: June 16, 2021

EXHIBIT A

FORM OF SEPARATION AGREEMENT AND RELEASE OF ALL CLAIMS AND COVENANT NOT TO SUE

SEPARATION AGREEMENT AND RELEASE OF ALL CLAIMS AND COVENANT NOT TO SUE

This Separation Agreement and Release of All Claims and Covenant Not to Sue ("Release") is made pursuant to the Employment Agreement ("Employment Agreement") entered into by and between Shrisha Radhakrishna ("Employee") and LegalZoom.com, Inc., a Delaware corporation ("Company"), to which this Release is an exhibit, in consideration for and as condition precedent to the Company's obligation to provide separation benefits to Employee pursuant to the Employment Agreement and which Employee is otherwise not entitled to receive. Certain terms if they are not defined in this Release shall have the meaning provided to them in the Employment Agreement.

In order for this Release to become effective, Employee must deliver to the Company a properly signed and dated Release on or after Employee's Termination Date and before **4:00 pm PST on** [DATE] or else it will be irrevocably determined that Employee has decided to not execute this Release and this Release shall be null and void with no force or effect. This Release will become effective only if it has been timely executed by the Employee and the revocation period has expired without revocation by Employee as set forth in Section 5(a) below (such effective date of this Release, if any, is the "Effective Date"). By signing below and timely delivering a signed Release to the Company, Employee acknowledges and agrees to each of the following terms and conditions:

1. **RECITALS**. This Release is made with reference to the following facts:

Employee and Company are parties to the Employment Agreement which provides that Employee must execute a general release of all claims and covenant not to sue and deliver it to the Company in order to be eligible for certain separation benefits from the Company as specified under the Employment Agreement. This Release is the separation agreement and general release and covenant not to sue required by the Employment Agreement. If this Release does not become effective by its own terms, then Employee shall receive none of the separation benefits to be provided under the Employment Agreement.

2. **QUALIFYING TERMINATION OF EMPLOYMENT**. Employee and Company acknowledge and agree that the Employee's employment with the Company was terminated [by the Company without Cause] [by Employee for Good Reason]² (a "Qualifying Termination") [as a result of Employee's Death] [as a result of Employee's Disability] as of the close of business on [DATE] (the "Termination Date"), without regard to whether Employee signs this Release or agrees to the following terms and conditions, and that such termination was treated as a Qualifying Termination [during the Change in Control Period] [outside of the Change in Control Period]³ by the Company. As of the Termination Date, it is mutually agreed that Employee is no longer an employee of the Company and no longer holds any positions or offices with the Company.

² NTD: To be specified at the time of termination.

³ NTD: To be specified at the time of termination.

3. **SEPARATION BENEFITS.** In consideration for Employee's general release of all claims set forth in Section 5 below and Employee's other obligations under this Release and in satisfaction of all of the Company's obligations to Employee and further provided that: (i) this Release is signed by Employee and delivered to the Company on or before [DATE], (ii) this Release is not revoked by Employee under Section 5 below and therefore becomes effective on or before [DATE], and (iii) Employee remains in continuing material compliance with all of the terms of this Release and the Employment Agreement, then the Company agrees to provide (and continue to provide) the separation benefits specified in Section 4(a) below to Employee.

In the event that the Company believes Employee is not in continuing material compliance with the terms of this Release, then the Company shall provide Employee with written notice of the same and, without limiting its other possible actions, the Company shall immediately terminate any and all such separation payments and benefits.

4. **PAYMENTS, BENEFITS AND TAXES.**

a. **Separation Benefits.** The Company will provide to Employee the payments and benefits specified in [[Section 4(a)(i)] [Section 4(a)(ii)] [Section 4(a)(iii)]⁴ of the Employment Agreement, subject to Section 5 of the Employment Agreement. Subject to Section 4(b) below, such payments and benefits will be provided to Employee at the times specified in the Employment Agreement.

b. **Taxes.** Any tax obligations of Employee and tax liability therefor, including without limitation any penalties or interest based upon such tax obligations, that arise from the benefits and payments made to Employee shall be Employee's sole responsibility and liability. All payments or benefits made under this Release to Employee shall be subject to applicable tax withholding laws and regulations and Employee shall be required to timely and fully satisfy any such withholding as a condition of receipt of any payments or benefits. The terms of Sections 5, 13 and 14 of the Employment Agreement are also applicable to this Release and to all payments and benefits provided hereunder.

c. **WARN Payments.** The payments to Employee hereunder shall be considered as including any and all payments by the Company that could or in fact become payable in connection with the Employee's termination of employment pursuant to any applicable legal requirements, including, without limitation, the Worker Adjustment and Retraining Notification Act (the "**WARN**" Act), California Labor Code sections 1400-1408, or any other similar foreign, federal or state law.

5. **EMPLOYEE'S PROMISES.** In consideration for the promises and payments contained in the Employment Agreement, Employee agrees as follows:

a. Employee hereby covenants not to sue and also waives, releases and forever discharges the Company and its divisions, subsidiaries, officers, directors, agents, employees, stockholders, affiliates, attorneys, predecessors and successors from any and all claims, causes of action, damages or costs of any type and liabilities of whatever kind or nature, in law or in equity, that Employee has ever had or may have as of the Effective Date (whether known or not known) (collectively, "**Claims**"). This waiver and release includes, but is not limited to, claims, causes of action, damages or costs arising under or in relation to Company's employee handbook and

⁴ NTD: To be specified at the time of termination.

personnel policies, or any oral or written representations or statements made by officers, directors, employees or agents of Company, and also including but not limited to Claims based on and/or arising under any state or federal law regulating wages, hours, compensation or employment, or any claim for breach of contract or breach of the implied covenant of good faith and fair dealing, or any claim for wrongful termination, or any discrimination claim on the basis of race, sex, sexual orientation, gender, age, religion, marital status, national origin, physical or mental disability, medical condition, or under Title VII of the Civil Rights Act of 1964, as amended, The Americans with Disabilities Act, The Family Medical Leave Act, The Equal Pay Act, The Employee Retirement Income Security Act, The Fair Labor Standards Act, The California Fair Employment and Housing Act, The California Constitution, The California Government Code, The California Labor Code, The Industrial Welfare Commission's Orders, The Worker Adjustment and Retraining Notification Act, the California Labor Code, the California Family Rights Act, Act, the California Wage Orders, the California Private Attorneys General Act of 2004, the California Wage Orders, and the California Business and Professions Code Section 17200, et seq., and any and all other Claims Employee may have under any other federal, state or local Constitution, Statute, Ordinance and/or Regulation; and all other Claims arising under common law including but not limited to tort, express and/or implied contract and/or quasi- contract, arising out of or, in any way, related to Employee's previous relationship with the Company as an employee, consultant and/or director.

Furthermore, Employee expressly acknowledges, understands and agrees that this Release includes a waiver and release of all claims which Employee has or may have under the Older Workers Benefit Protection Act and the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. §621, et seq. ("ADEA"). The following terms and conditions apply to and are part of the waiver and release of ADEA claims under this Release:⁵

(1) Employee was advised and encouraged to consult with an attorney before signing this Release;

(2) Employee was granted twenty-one (21) days after Employee was presented with this Release to decide whether or not to sign this Release. Employee understands and agrees that any modification of this Release, whether material or immaterial, does not restart the running of this 21-day consideration period;

(3) Employee will have the right to revoke the waiver and release of claims under the ADEA within seven (7) days of Employee signing this Release, and this Release shall not become effective and enforceable until that revocation period has expired without such revocation;

(4) Employee hereby acknowledges and agrees that Employee is knowingly and voluntarily waiving and releasing Employee's rights and claims, including under the ADEA, in exchange for consideration (something of value) in addition to anything of value to which Employee is already entitled; and

(5) Nothing in this Release prevents or precludes Employee from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties or costs from doing so, unless specifically authorized by federal law.

⁵ NTD: ADEA provisions to be revised as applicable.

Therefore, Employee may unilaterally revoke this Release at any time up to seven (7) calendar days following Employee's execution of the Release, and this Release shall not become effective or enforceable until the revocation period has expired, which is at 12:00:01 a.m. PST on the eighth day following Employee's execution of this Release. If Employee elects to revoke this Release, such revocation must be in writing addressed to the General Counsel of the Company and received by the Company via facsimile or email no later than the end of the seventh day after Employee signed this Release.

b. The waiver and release set forth in this Section 5 applies to claims of which Employee does not currently have knowledge and Employee specifically waives the benefit of the provisions of Section 1542 of the Civil Code of the State of California which reads as follows: "*A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that if known by him or her, would have materially affected his or her settlement with the debtor or released party.*"

c. Employee agrees that the Company has paid to Employee all salary and vacation which had accrued as of the Termination Date and that these payments represent all such monies due to Employee through the Termination Date. In light of the payment by the Company of all wages due, or to become due to Employee, California Labor Code Section 206.5 is not applicable. That section provides in pertinent part as follows: "*No employer shall require the execution of any release of any claim or right on account of wages due, or to become due, or made as an advance on wages to be earned, unless payment of such wages has been made.*" Except with respect to any "Excluded Claims" (specified in Section 5(d) below), Employee further represents and warrants to the Company that, as of the Effective Date, the payments set forth in Section 4(a) above constitute all payments or obligations owed by the Company to Employee in connection with any employment, severance, retention, or a change in control plan or arrangement.

d. Notwithstanding anything to the contrary, the Employee is not waiving any Claims Employee may have with respect to any of the following matters: (i) any rights that Employee may have to file a charge, testify, assist, or cooperate with the U.S. Equal Employment Opportunity Commission or another fair employment practices governmental agency; (ii) claims for indemnification from the Company, including without limitation under any contractual arrangements to which Employee is party with the Company, the Company's charter and bylaws and in accordance with Section 2802 of the California Labor Code; (iii) claims to unemployment compensation benefits or workers compensation benefits; (iv); health insurance benefits under the Consolidated Omnibus Budget Reconciliation Act (COBRA); (v) claims with regard to vested equity or benefits under a retirement plan governed by the ERISA; (vi) any events, occurrences, acts or omissions which occur after the Effective Date; (vii) claims under any directors and officers liability insurance policy or (viii) claims that may not be released as a matter of applicable law.

e. Employee has not suffered nor aggravated any known on-the-job injuries for which Employee has not already filed a Workers' Compensation claim.

f. Employee agrees that nothing in this Release shall be construed as an admission of liability of any kind by Company to Employee.

g. In the event that Employee breaches or threatens to breach any of the provisions contained in this Section 5, Employee acknowledges that such breach or threatened breach shall cause irreparable harm, entitling the Company, at its option, to seek immediate injunctive relief, from a court of competent jurisdiction without waiver of any other rights or remedies from a court of law or equity and without posting of bond. In addition, should the Company prevail before a court of competent jurisdiction or arbitration, Employee agrees to reimburse the Company for all expenses incurred, including reasonable attorneys' fees. Should Employee attempt to challenge the enforceability of any provision of this Release, Employee shall initially tender to the Company, by certified check, all amounts received pursuant to this Release and shall not be entitled to receive any further payment or benefit hereunder or under the Agreements.

h. Employee reaffirms that Employee will continue to be bound by, and will continue to comply with, all of the terms and conditions and covenants in Sections 5, 7 through 15 of the Employment Agreement and also all terms and conditions of the Confidentiality Agreement (as such term is defined in the Employment Agreement).

i. Employee represents and warrants to the Company that, as of the Effective Date, Employee has no outstanding agreement or obligation that is in conflict with any of the provisions of this Release, or that would preclude Employee from complying with the provisions hereof, and further certifies that Employee will not enter into any such conflicting agreement.

j. Employee will not, at any time following the Termination Date, make (or direct anyone else to make) any disparaging statements (oral or written) about the Company, or any of its affiliated entities, officers, directors, employees, stockholders, representatives or agents, or any of the Company's products or services or work-in-progress, that are harmful to their businesses, business reputations or personal reputations. The Company will not in any authorized corporate communication, and will instruct the members of the Board to not, make (or direct anyone else to make) any disparaging statements (oral or written) about the Employee, that are harmful to the Employee's businesses, business reputation or personal reputation. Notwithstanding this Section 5(j), nothing herein shall prohibit any party from providing truthful testimony in connection with a governmental investigation or legal proceeding or from reporting a suspected violation of law.

6. MISCELLANEOUS.

a. This Release shall be deemed to have been executed and delivered within the State of California, and the rights and obligations of the Company and Employee shall be construed and enforced in accordance with, and governed by, the laws of the State of California.

b. This Release, and the surviving provisions of the Employment Agreement, are the entire agreement with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written agreements and discussions. This Release may be amended only by an agreement in a writing signed by Employee and an authorized representative of the Company and which expressly references that this Release is being amended. Employees agree that the release set forth in Section 5 above shall be and remain in effect in all respects as a complete general release as to the matters released.

c. This Release is binding upon and shall inure to the benefit of the Company, its respective agents, employees, representatives, officers, directors, divisions, subsidiaries, affiliates, any parent company, assigns, heirs, partners, successors in interest and stockholders, including any successor company of the Company.

d. Employee agrees that Employee has read this Release and has had the opportunity to ask questions, seek counsel and time to consider the terms of the Release. Employee has entered into this Release freely and voluntarily.

e. Employee understands and agrees that Employee is solely responsible for any and all liability under federal and state tax laws arising from the payments made under the Agreements. Employee understands that the released parties make no warranty concerning the treatment of any funds paid hereunder under said laws, and Employee has not relied upon any such warranties.

f. Employee declares, covenants and agrees that Employee has not assigned heretofore, and has not and will not hereafter sue, any of the released parties before any court or governmental agency, commission, division or department, whether state, federal or local, upon any claim, demand or cause of action released herein.

g. If any provision of this Release or application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Release which can be given effect without the invalid provision or application. To this end, the provisions of this Release are severable.

Shrisha Radhakrishna ("Employee")

Date: _____

EXHIBIT B

CONFIDENTIAL INFORMATION AND EMPLOYEE INVENTION ASSIGNMENT AGREEMENT

EXHIBIT C

The number of Performance-Vested Options were calculated by taking the dollar value with respect to such grant, dividing it by the per-share 409A value of a share of the Company's common stock as of the date of grant (the "Grant Date Share Value"), and then multiplying the result by 2.5.

The number of RSUs were calculated by taking the dollar value with respect to such grant and dividing it by the Grant Date Share Value.

June 16, 2021

Noel B. Watson

Dear Noel:

On behalf of LegalZoom.com, Inc., a Delaware corporation (the "Company"), I am pleased to provide you an offer of continuing employment with the Company pursuant to the terms and conditions set forth in this letter (this "Agreement"). All capitalized terms not otherwise defined shall have the definition and meaning provided in Section 17.

1. Title; Duties; Reporting. You will serve as the Company's Chief Financial Officer ("CFO") and shall report directly to the Company's Chief Executive Officer ("CEO"). You shall be a member of the Company's senior management team and shall have such duties and responsibilities as shall be consistent with your position. You will also devote your full time, efforts, abilities, and energies, except for as permitted in Section 1(b) below and except for approved vacation periods and reasonable periods of illness or other incapacities permitted by the Company's general employment policies, to promote the general welfare and interests of the Company and any related enterprises of the Company. You will loyally, conscientiously, and professionally do and perform all duties and responsibilities of your position, as well as any other duties and responsibilities as will be reasonably assigned to you by the Company and modified as the Company deems necessary and appropriate in light of the Company's needs and interests from time to time, consistent with your position and this Agreement. You will strictly adhere to and obey all Company rules, policies, procedures, regulations and guidelines including, but not limited to, those contained in the Company's employee handbook, as well as any others that the Company may establish. You will strictly adhere to all applicable state and/or federal laws and/or regulations relating to your employment with the Company.

(a) No Conflicting Obligations. By signing this Agreement, you confirm to the Company that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for the Company or executing this Agreement.

(b) Outside Activities. You may (i) serve as a director or member of a committee or organization (including your current role as a member of the Board of Directors of Zynga) involving no actual or potential conflict of interest with the Company and its subsidiaries and affiliates; (ii) deliver lectures and fulfill speaking engagements; (iii) engage in charitable and community activities; and (iv) invest your personal assets in such form or manner that will not violate this Agreement; provided, however, that the activities described in clauses (i), (ii), (iii) and (iv) do not materially affect, interfere, or create an actual or potential conflict of interest with the performance of your duties and obligations to the Company, and further provided that the Company's Board of Directors (the "Board") must provide its advance written consent with respect to you engaging in any subsequent activities referenced in clause (i) which consent the Board may provide or withhold in its reasonable discretion.

2. Term.

(a) Term of Agreement. This Agreement and your employment under the terms hereunder shall take effect immediately prior to, and contingent upon, the effectiveness of the registration statement on Form S-1 filed with the Securities and Exchange Commission for the initial public offering of the Company's common stock (the "Effective Date"). Notwithstanding the foregoing, in the event you do not remain employed with the Company through the Effective Date or the Effective Date does not occur, this Agreement will have no effect, will not be binding on the Company (or any of its affiliates) or on you, and neither you nor the Company (or any of its affiliates) shall have rights or obligations hereunder. The period from the Effective Date until the termination of your employment under this Agreement is hereinafter referred to as "the term of this Agreement" or "the term hereof" or "the Term."

(b) Resignation. Upon termination of your employment for any reason, you shall be deemed to have immediately resigned from all positions as an employee, officer and/or director with the Company, and any of its affiliates, as of your last day of employment (the "Termination Date"). This Agreement shall serve as notice of such resignations by you; provided, however, you agree to execute any documents that the Company may reasonably request evidencing such resignations.

3. Compensation.

(a) Base Salary. As of the Effective Date, your base salary shall be \$450,000 per year, less applicable withholdings and deductions, payable in accordance with the Company's standard payroll procedures. The base salary as determined herein and adjusted from time to time shall constitute the "Base Salary." for purposes of this Agreement.

(b) Performance Bonus. During each fiscal year of the Company during the Term, you will be eligible to earn a cash performance bonus ("Performance Bonus") with a target amount of 50% of your Base Salary for the applicable fiscal year of the Company. Your actual bonus for any fiscal year, if any, shall be based on the successful completion of the performance objectives that are prescribed and established by the Board (or its compensation committee), in consultation with the Company's Chief Executive Officer. Except as set forth in Section 4(a), to earn and receive any Performance Bonus, you must remain employed by the Company through the date of each of the Performance Bonus payment and the termination of your employment for any reason before such payment date means you will not receive such payment. The Performance Bonus will be paid to you at the same time as other similarly-situated employees of the Company in accordance with Section 409A and will be paid no later than May 15th of the calendar year following the calendar year of performance.

(c) Signing Bonus. You were previously paid a one-time signing bonus of \$300,000, less all applicable deductions and withholdings. You acknowledge and agree that if your employment with the Company is terminated for Cause or you resign your employment without Good Reason, in either case on or prior to the one-year anniversary of your first day of employment with the Company, you will be responsible for repaying a pro-rated amount of such signing bonus based on (i) the number of days between your termination date and the one year anniversary of the Effective Date, divided by (ii) 365.

(d) Company-Sponsored Benefits. As a member of the senior management team of the Company, you will also be eligible to receive all Exempt-Level Benefits pursuant to the Company's standard benefit plans that the Company generally provides to the other members of the senior management team that may be in effect from time to time. These currently include, without limitation, group health benefits, 401(k) retirement benefits, business expense reimbursements, PTO, sick time and Company paid holidays. The Company may, in its sole discretion and from time to time, amend or eliminate any of these benefits.

(e) Indemnification. You shall be entitled to indemnification for losses incurred in connection with your service as an officer or employee (including coverage under applicable insurance policies) on terms no less favorable than any other senior executive of the Company and as otherwise required by applicable law.

(f) Equity Compensation.

(i) Performance-Vested Options. You and the Company acknowledge and agree that on November 18, 2020, the Board granted you a stock option to purchase shares of the common stock of the Company (the "Performance-Vested Options") under the Company's 2016 Stock Incentive Plan, as amended (the "2016 Plan"), and a stock option agreement thereunder (the "Performance Option Agreement") with a grant date value of \$3,000,000 (calculated as set forth on Exhibit C). The Performance-Vested Options shall vest in accordance with the amended vesting schedule set forth in Section 3(f)(ii) below. All vesting is subject to your continued employment with the Company through the applicable vesting date or event. Except as described in this Section 3(f)(i), the Performance-Vested Options reflect the Company's standard terms and conditions for grants of equity compensation (including an exercise price at fair market value on the date of grant). For the avoidance of doubt, in the event of an extraordinary dividend, the Company shall make equitable adjustments to the Performance-Vested Options or provide equivalent cash payments to you (which may be subject to the same vesting schedule as applicable to the Performance-Vested Options) in lieu of adjustment.

(ii) Amendment to Performance-Vested Options. By signing this Agreement, you agree that the "Vesting Schedule" section in the "Notice of Stock Option Grant" in Part I of the Performance Option Agreement is hereby amended and restated in its entirety to read as follows:

"Vesting Schedule: This Option shall vest according to the following schedule:

One forty-eighth (1/48th) of the Shares subject to the Option shall vest each month following November 15, 2020 (the "Vesting Commencement Date") on the same day of the month as the Vesting Commencement Date (and if there is no corresponding day, on the last day of the month), subject to Optionee continuing to be a Service Provider through each such date."

Except as expressly amended by this section 3(f)(ii), the Performance Option Agreement (as defined above) shall be unaffected hereby and shall remain in full force and effect.

(iii) RSUs. You and the Company acknowledge and agree that on November 18, 2020, the Board granted you restricted stock units under the 2016 Plan with a grant date value of \$5,000,000, calculated as set forth on Exhibit C (the "RSUs"). The RSUs reflect the Company's standard terms and conditions for grants of restricted stock units; provided, however, that the RSUs shall vest only upon the achievement of both a Liquidity Event (as defined below) condition and a service-based condition. The RSUs shall satisfy the service-based condition quarterly over 4 years (from November 15, 2020) with a 12-month cliff (meaning amounts that otherwise would satisfy the service-based condition during the first 12 months shall be scheduled to satisfy the service-based condition on the first anniversary of November 15, 2020), subject to your continued employment with the Company through each date on which the service-based condition is scheduled to be satisfied. In the event that your employment is terminated without Cause by the Company or by you for Good Reason outside of the Change in Control Period, then the number of RSUs that otherwise would have met the service-based condition had you remained employed by the Company through the twelve (12)- month anniversary of the date of such termination of your employment shall be deemed to immediately meet the service-based condition. The Liquidity Event condition will be deemed to have been met as of the occurrence of a Liquidity Event. For purposes of vesting of the RSUs, a "Liquidity Event" shall be deemed to occur on the first to occur of (i) a Change in Control, or (ii) a Public Trading Date (as defined in the 2016 Plan). Furthermore, in the event of a Liquidity Event, an additional 25% of the shares subject to the service-based condition shall also vest. For the avoidance of doubt, if the Liquidity Event condition is satisfied before the completion of the service-based condition, the RSUs shall continue to vest in accordance with the original service-based vesting schedule (and shall be settled immediately upon each such service-based vesting date). For the further avoidance of doubt, if your employment terminates for any reason other than for Cause, you shall retain any service-vested RSUs until the expiration of the term of the RSUs (which, to comply with Section 409A, shall be 6.5 years from the date of grant) or the earlier settlement of the service-vested RSUs upon satisfaction of the Liquidity Event condition.

(iv) IPO RSUs. At the Effective Date, you will be granted restricted stock units (each, an "IPO RSU" and collectively, the "IPO RSUs") with an approximate grant date value of \$1,245,000 (the "IPO RSUs Grant Date Value"), subject to both (A) approval by the Board or the Compensation Committee of the Board (the "Compensation Committee"), and (B) you remaining employed through the grant date of the IPO RSUs. Each IPO RSU will cover one share of the Company's common stock, and the aggregate number of IPO RSUs will be calculated by dividing the IPO RSUs Grant Date Value by the initial per share price to the public as set forth in the final prospectus included within the registration statement on Form S-1 filed with the Securities and Exchange Commission for the initial public offering of the Company's common stock, provided that any fractional restricted stock unit resulting from such division will be rounded down to the nearest whole unit. The IPO RSUs shall be granted under the 2016 Plan and the Company's standard form of restricted stock unit agreement approved by the Board for use thereunder. Subject to Section 4(a) below and the terms of the 2016 Plan, twenty-five percent (25%) of the IPO RSUs shall vest on the one-year anniversary of the Vesting Commencement Date (as defined below), and one-twelfth (1/12th) of the remaining IPO RSUs shall vest on each of the next twelve (12) Quarterly Vesting Dates thereafter, subject to your continuous status as a Service Provider (as defined in the 2016 Plan) on each vesting date. The "Vesting Commencement Date" shall mean the first Quarterly Vesting Date following the Effective Date, provided if the Effective Date occurs on a Quarterly Vesting Date, the Vesting Commencement Date shall mean the Effective Date.

“Quarterly Vesting Dates” shall mean each of February 15, May 15, August 15, and November 15; provided, however, that to the extent any such date occurs on a weekend day or U.S. federal holiday, the Quarterly Vesting Date will be deemed to occur on the immediately following day that is not a weekend day or U.S. federal holiday.

(v) IPO Option. At the Effective Date, you will be granted a stock option to purchase shares of the Company’s common stock (the “IPO Option”), subject to both (A) approval by the Board or the Compensation Committee, and (B) you remaining employed through the grant date of the IPO Option. The aggregate number of shares subject to the IPO Option will be calculated by multiplying the aggregate number of IPO RSUs by 2.5, provided any fractional share resulting from such multiplication will be rounded down to the nearest whole share. The IPO Option will have a per share exercise price equal to 100% of the fair market value of a share of the Company’s common stock on the date of grant, as determined by the Board or the Compensation Committee in its sole discretion. The IPO Option shall be granted under the 2016 Plan and the Company’s standard form of stock option agreement approved by the Board for use thereunder. Subject to Section 4(a) below and the terms of the 2016 Plan, twenty-five percent (25%) of the shares of the Company’s common stock subject to the IPO Option shall vest on the one-year anniversary of the Vesting Commencement Date (as defined above), and one-twelfth (1/12th) of the remaining shares of the Company’s common stock subject to the IPO Option shall vest on each of the next twelve (12) Quarterly Vesting Dates (as defined above) thereafter, subject to your continuous status as a Service Provider (as defined in the 2016 Plan) on each vesting date.

(vi) General Conditions. Except as explicitly set forth herein, the vesting of the Performance-Vested Options, RSUs, IPO RSUs and IPO Option (collectively, the “Equity Awards”) is subject to your continued employment with the Company through the applicable vesting date or event and, except as explicitly set forth herein, the Equity Awards reflect (or in the case of the IPO RSUs and IPO Option, shall reflect) the Company’s standard terms and conditions for grants of equity compensation (including, as applicable, an exercise price at fair market value on the date of grant for stock options).

4. Termination of Employment. Notwithstanding anything to the contrary in this Agreement, whether express or implied, your employment with the Company is at-will and the Company may at any time terminate your employment with the Company and the Term, for any reason or no reason, and with or without Cause, and you may resign from your employment with or without Good Reason and terminate the Term, in each case subject to the terms and provisions of this Agreement, and all as set forth in greater detail in this Section 4. If your employment terminates due to your resignation without Good Reason or by the Company for Cause, then you will not be eligible for any severance benefits. You shall receive payment from the Company of the Accrued Obligations through the Termination Date upon the termination of your employment for any reason.

(a) Severance and Other Termination Benefits. Subject to Section 4(a)(iv), if during the Term there is a Qualifying Termination or your employment with the Company terminates as a result of your death or Disability, then you shall be eligible to receive the following payments and benefits (as applicable, the “Severance Benefits”):

(i) Qualifying Termination Outside of the Change in Control Period. In the event you have a Qualifying Termination that occurs outside of the Change in Control Period, the Severance Benefits shall consist of the following:

(A) cash severance payments of twelve (12) months' continued Base Salary, subject to all applicable deductions and withholdings, paid in accordance with the Company's standard payroll schedule over a period of twelve (12) months; provided, however (x) amounts shall accrue until the Release (as defined below) becomes fully and irrevocably effective, and (y) in the event the Release Period spans two calendar years, no amount of such cash severance payments will be paid prior to January 1 of the second calendar year; and

(B) to the extent permitted by applicable laws without incurring statutory penalties, the Company will reimburse the cost (to the same extent that the Company was paying as of immediately before the Termination Date) for all group employee health benefits coverage continuation under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") to the same extent provided by the Company's group health plans immediately before the Termination Date ("COBRA Benefits") for twelve (12) months after the Termination Date or until you become eligible for group health insurance benefits from another employer, whichever occurs first, provided that you timely elect COBRA coverage. You agree (i) at any time either before or during the period of time you are receiving the COBRA Benefits to inform the Company promptly in writing if you become eligible to receive group health coverage from another employer and to respond to any Company inquiries confirming that you did not become eligible for other coverage; and (ii) that you may not increase the number of your designated dependents, if any, during this time unless you do so at your own expense. The period of such COBRA Benefits shall be considered part of your COBRA coverage entitlement period. Reimbursement for the COBRA Benefits shall be provided to you within sixty (60) days of your submission of evidence of the premium payment, subject to such submission being delivered to the Company within sixty (60) days of your making the applicable payment; and

(C) immediate vesting acceleration of the Performance-Vested Options to the extent outstanding and unvested as of the date of your Qualifying Termination, in each case as to the number of shares of the Company's common stock subject to such award that otherwise would have vested had you remained employed by the Company through the twelve (12)- month anniversary of the date of your Qualifying Termination; and

(D) the Performance-Vested Options and IPO Option to the extent outstanding and vested as of the date of your Qualifying Termination (after giving effect to the vesting acceleration described in subpart (C) above and any other applicable vesting acceleration) shall each remain outstanding and exercisable until the earlier of (i) the expiration of the original term of such stock option, (ii) the one-year anniversary of the date of your Qualifying Termination, provided if such stock option is the IPO Option, then the 90th day following your Qualifying Termination instead, and (iii) immediately prior to the effective time of a Change in Control if such stock option is not assumed, continued or substituted by the surviving or acquiring entity (or its parent) in connection with such Change in Control.

(ii) Qualifying Termination During the Change in Control Period. In the event you have a Qualifying Termination that occurs during the Change in Control Period, the Severance Benefits shall instead consist of the following:

(A) a cash severance payment equal to the sum of: (i) twelve (12) months' of your Base Salary plus (ii) a cash payment equal to your Performance Bonus at target level for the fiscal year of the Company in which your Qualifying Termination occurs, subject to all applicable deductions and withholdings, paid as a one-time, lump-sum payment on the first regularly-scheduled Company payroll date falling after the date the Release becomes fully and irrevocably effective, provided that in the event the Release Period spans two calendar years, no amount of such cash severance payment will be paid prior to January 1 of the second calendar year; and

(B) the COBRA Benefits, subject to the same terms and conditions set forth in Section 4(a)(i)(B); and

(C) immediate vesting acceleration of one hundred percent (100%) of the Performance-Vested Options, RSUs, IPO RSUs and IPO Option to the extent outstanding and unvested as of the date of your Qualifying Termination; and

(D) the Performance-Vested Options and IPO Option to the extent outstanding and vested as of the date of your Qualifying Termination (after giving effect to the vesting acceleration described in subpart (C) above and any other applicable vesting acceleration) shall each remain outstanding and exercisable until the earlier of: (i) the expiration of the original term of such stock option, (ii) the one-year anniversary of the date of your Qualifying Termination, and (iii) immediately prior to the effective time of a Change in Control if such stock option is not assumed, continued or substituted by the surviving or acquiring entity (or its parent) in connection with such Change in Control.

(iii) Termination of Employment due to Death or Disability. In the event your employment with the Company terminates as a result of your death or Disability, the Severance Benefits shall instead consist of the following: (A) the Performance-Vested Options, RSUs, IPO RSUs and IPO Option to the extent unvested and outstanding immediately prior to such termination of your employment shall immediately become fully vested and, as applicable, exercisable; and (B) the Performance-Vested Options and IPO Option to the extent vested and outstanding on the date of such termination of your employment (after giving effect to the vesting acceleration provided for in clause (A) above and any other applicable vesting acceleration) shall remain outstanding and exercisable until the earlier of: (i) the expiration of the original term of such stock option, (ii) the one-year anniversary of the date of your termination of employment with the Company, and (iii) immediately prior to the effective time of a Change in Control if such stock options are not assumed, continued or substituted by the surviving or acquiring entity (or its parent) in connection with such Change in Control.

(iv) Release of Claims. Notwithstanding anything to the contrary, in order to receive any Severance Benefits, you (or after your death, your estate) must timely execute and deliver (and not revoke) a separation agreement and general release of claims in favor of the Company, any affiliates or related entities, and their employees and affiliates, substantially in the

form and content attached as Exhibit A hereto (the “Release”), within the time period specified in the release, but in any event such release must become effective by its terms by no later than the 55th day following the Termination Date (such time period, extended by an additional 7 days, the “Release Period”). For the avoidance of doubt, in no event shall you be eligible to receive Severance Benefits pursuant to both Section 4(a)(i) and Section 4(a)(ii) and you are not eligible to receive any Severance Benefits in the event your employment is terminated as a result of your death or Disability other than as provided for in Section 4(a)(iii). You shall receive payment or benefits from the Company of the Accrued Obligations, as applicable, regardless of whether a separation agreement and general release of claims in the form and content attached as Exhibit A hereto is executed and timely provided to the Company.

(b) Termination for Cause. The Company may terminate your employment and the Term at any time for Cause. In the event you are provided written notice of a potential termination for Cause (subject to any cure period), your right to exercise any equity compensation award (and the vesting or settlement of any equity compensation award) shall automatically be suspended during the cure period (if any). Upon the termination of your employment for Cause, you shall not be entitled to exercise any outstanding equity compensation award whatsoever and all of your outstanding equity compensation awards (both vested and unvested) shall automatically terminate without consideration. Any determination by the Company with respect to the foregoing shall be final, conclusive and binding on all interested parties. Any termination for Cause will not limit any other right or remedy the Company may have under this Agreement or otherwise.

(c) Termination without Cause. The Company shall have the unilateral right to terminate your employment and the Term at any time without Cause, and without notice, in the Company’s sole and absolute discretion. Any such termination without Cause shall not constitute a breach of any term of this Agreement, express or implied, or a wrongful deprivation of your office or position. If the Company terminates your employment and the Term without Cause, it shall be treated as a Qualifying Termination and the Company shall have no obligation to you, except to pay you (or cause to occur, if applicable) the amounts (and actions) set forth in Section 4(a) above in accordance with the terms thereof.

(d) Termination due to Death. Your employment and the Term will be automatically terminated on the date of your death.

(e) Termination due to Disability. If you are subject to a Disability, and if within thirty (30) days after written notice is provided to you by the Company you shall not have returned to fully perform your duties, your employment and the Term, upon a second written notice from the Company, will be terminated for Disability as of the date set forth in such second written notice.

(f) Resignation for Good Reason. You may terminate your employment and the Term at any time for Good Reason; provided that you provide the Company with written notice within thirty (30) days of the date of the initial existence of the purported Good Reason event and such notice must describe in detail the basis and underlying facts supporting your belief that a Good Reason event has occurred (the “Good Reason Notice”). Failure to timely provide such Good Reason Notice to the Company means that you will be deemed to have consented to and irrevocably waived that particular potential Good Reason event. After its receipt of the Good Reason Notice, the Company shall then have sixty (60) days to cure or remedy the alleged Good

Reason event. If the Company does cure or remedy the alleged Good Reason event during such sixty (60) day period then the Good Reason event will be deemed to have not occurred. If the Company does not cure or remedy the Good Reason event during such sixty (60) day period then your employment with the Company shall be automatically terminated for Good Reason as of the day following the expiration of the sixty (60) day cure/remedy period. If you terminate your employment for Good Reason in accordance with the provisions of this Section 4(f), it shall be treated as a Qualifying Termination and the Company shall pay you (or cause to occur, if applicable) the amounts (and actions) set forth in Section 4(a) above in accordance with the terms thereof and any related provisions of this Agreement.

(g) Resignation without Good Reason. You may terminate your employment and the Term at any time for no reason, or for any reason that does not otherwise constitute Good Reason, in your sole and absolute discretion, but only if you provide written notice to the Company at least fifteen (15) days prior to the effective date of your intended resignation date (and such notice must specify the effective date of your resignation of employment). In the event you so terminate your employment without Good Reason, you shall only be entitled to receive (subject to Section 14 below) the Accrued Obligations through the Termination Date and neither you nor the Company shall have any further obligations to the other except as set forth in Sections 6 through 15.

(h) The Company is not obligated to employ your services (nor compensate you) for any length of time beyond the fifteen (15) day period commencing from the date of your written notice to the Company of your intended resignation. Further, the Company is not obligated to actually utilize your services at any time during such period commencing from the date of your written notice to the Company of your intended resignation through the Termination Date, and the Company may prevent you from accessing any of the Company's premises or resources during such period.

5. Golden Parachute Excise Tax.

(a) In the event that it shall be determined that any payment, distribution or other action by the Company to or for your benefit (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, (a "Payment")) would be subject to any excise tax (an "Excise Tax") imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), and if, immediately prior to the Relevant 280G Event (as defined below), the Payments are eligible for the shareholder approval exemption under Section 280G(b)(5)(B) of the Code, then: (i) the Company shall submit the Payments for shareholder approval to the extent necessary for no Excise Tax to be due and (ii) you shall execute such releases or other documents necessary to seek to obtain the requisite shareholder approval in a manner satisfying Section 280G(b)(5)(B) of the Code. For purposes of this Section 5, "Relevant 280G Event" means the relevant change in ownership or effective control, or change in the ownership of a substantial portion of the assets, of a corporation (all within the meaning of Section 280G of the Code), that will or may result in Payments becoming subject to the Excise Tax.

(b) In the event that the payments are not eligible for the shareholder approval exemption under Section 280G(b)(5)(B) of the Code, then the Payments shall be payable as to such less amount which would result in no portion of such payments or distributions being subject to the Excise Tax; provided, however, that no such reduction shall be made if the net after-tax

amount (after taking into account federal, state, local or other income, employment and excise taxes) to which you would otherwise be entitled without such reduction would be greater than the net after-tax amount (after taking into account federal, state, local or other income, employment and excise taxes) to you resulting from the receipt of such payments and benefits with such reduction.

(c) If a reduction in the Payments is necessary so that no Payment is subject to the Excise Tax, the reduction shall occur in the following order: (1) reduction of cash payments for which the full amount is treated as a parachute payment; (2) cancellation of accelerated vesting (or, if necessary, payment) of cash awards for which the full amount is not treated as a parachute payment; (3) cancellation of any accelerated vesting of equity compensation awards; and (4) reduction of any continued employee benefits. In selecting the equity compensation awards (if any) for which vesting will be reduced under clause (3) of the preceding sentence, awards shall be selected in a manner that maximizes the after-tax aggregate amount of the Payments provided to you; provided, that, if (and only if) necessary in order to avoid the imposition of an additional tax under Section 409A (as defined below), awards instead shall be selected in the reverse order of the date of grant. For the avoidance of doubt, for purposes of measuring an equity compensation award's value to you, such award's value shall equal the then aggregate fair market value of the vested shares underlying the award less any aggregate exercise price less applicable taxes. Also, if two or more equity compensation awards are granted on the same date, each award will be reduced on a pro-rata basis. In no event shall you have any discretion with respect to the ordering of payment reductions.

(d) In no event will the Company be required to gross up any payment or benefit to you to avoid the effects of the Excise Tax or to pay any regular or excise taxes arising from the application of the Excise Tax.

(e) All mathematical determinations and all determinations of whether any of the Payments are "parachute payments" (within the meaning of Section 280G) that are required to be made under this Section 5, shall be made by a nationally recognized independent audit firm, law firm or other advisor selected by the Company (the "Advisors"), who shall provide their determination, together with detailed supporting calculations regarding the amount of any relevant matters, both to the Company and to you. Such determination shall be made by the Advisors using reasonable good faith interpretations of the Code. Any determination by the Advisors shall be binding upon the Company and you, absent manifest error.

6. Expense Reimbursement. You shall be reimbursed for all documented reasonable business expenses that are incurred in the ordinary course of business upon the properly completed and timely submission of requisite forms and receipts to the Company in accordance with the Company's expense reimbursement policy as in effect from time to time.

7. Confidential Information.

(a) As an employee of the Company, you will have access to certain confidential information of the Company and you may, during the course of your employment or thereafter, develop certain information or inventions which will be the property of the Company. You acknowledge that you will be making use of, acquiring and/or adding to confidential information.

The confidential information is and will remain the sole and exclusive property of the Company. You will not at any time use, divulge, disclose or communicate, either directly or indirectly, in any manner whatsoever, any confidential information to any person or business entity, or remove from the premises of the Company any confidential information in whatever form, unless required by you to perform the essential functions of your position with the Company while employed by the Company.

(b) In consideration of, and as a condition to, your continued employment with the Company, and as an essential inducement to the Company to enter into this Agreement, this Agreement is expressly subject to your continued compliance with the Confidential Information and Employee Invention Assignment Agreement (the "Confidentiality Agreement") between you and the Company attached hereto as Exhibit B (but with such changes as the Company may determine are necessary to reflect changes in applicable law). You will fully comply with all obligations under the Confidentiality Agreement and further agree that the provisions of such agreement shall survive any termination or expiration of this Agreement or termination of your employment.

8. Covenants. You and the Company (as applicable) agree to timely and fully comply with all of the covenants set forth in this Section 8 and further understand and agree that such covenants (in addition to Sections 5 and 9 through 15) shall survive any termination of your employment and termination or expiration of this Agreement.

(a) Return of Company Property. On your Termination Date, or at any other time as required by the Company, you will immediately surrender to the Company all Company property, including, but not limited to, Confidential Information (as such term is defined in the Confidentiality Agreement), keys, key cards, computers, telephones, pagers, credit cards, automobiles, equipment, and/or other similar property of the Company.

(b) Non-Solicit. During your employment with the Company and for twelve (12) months after your Termination Date, but only to the extent permitted by applicable law, you shall not, directly or indirectly, either as an individual or as an employee, agent, consultant, advisor, independent contractor, general partner, officer, director, stockholder, investor, lender, or in any other capacity whatsoever, of any person, firm, corporation or partnership: (i) solicit, induce, recruit or encourage any of the Company's employees or consultants to terminate their relationship with the Company, or (ii) attempt to solicit, induce, recruit, or encourage any of the Company's employees or consultants to terminate their relationship with the Company, or (iii) attempt to solicit, induce, recruit, encourage or take away employees or consultants of the Company. A general advertisement for employment not targeted at any specific individual shall not constitute a violation of this Section 8(b).

(c) Nondisclosure. Notwithstanding any requirement that the Company may have to publicly disclose the terms of this Agreement (and its exhibits) pursuant to applicable law or regulations, you agree to use reasonable efforts to maintain in confidence the existence of this Agreement, the contents and terms of this Agreement, and the consideration for this Agreement (hereinafter collectively referred to as "Agreement Information"). You also agree to take every reasonable precaution to prevent disclosure of any Agreement Information to third parties, except for disclosures required by law or absolutely necessary with respect to your immediate family members or personal advisors who shall also agree to maintain the confidentiality of the Agreement Information. Nothing herein shall prevent any disclosure by you as required by law.

(d) Cooperation. You agree that, upon the Company's request, during the five (5) years immediately following your termination of employment with the Company you shall reasonably cooperate with the Company (and be available as reasonably necessary) after the Termination Date in connection with any matters involving events that occurred during your period of employment with the Company. When making requests for you to assist with matters involving events that occurred during your period of employment with the Company, the Company agrees to reasonably accommodate your schedule.

(e) Amounts Due. You will fully pay off any outstanding amounts owed to the Company no later than their applicable due date or within thirty (30) days of the Termination Date (if no other due date has previously been established). Within thirty (30) days of the Termination Date, you will submit any outstanding business expense reports to the Company for business expenses incurred prior to the Termination Date.

(f) Company Resources. As of the Termination Date, or at any other time as required by the Company, you will no longer represent that you are an officer, director or employee of the Company or any Company affiliate and you will immediately discontinue using the Company mailing address, telephone, facsimile machines, voice mail and e-mail.

(g) Representations. You represent that you have not entered into any agreements, understandings, or arrangements with any person or entity that you would breach as a result of, or that would in any way preclude or prohibit you from entering into, this Agreement with the Company or performing any of the duties and responsibilities provided for in this Agreement. You represent that you do not possess any confidential, proprietary business information belonging to any other entity, and will not use any confidential, proprietary business information belonging to any other entity in connection with your employment with the Company. You represent that you are not resigning employment or relocating any residence in reliance on any promise or representation by the Company regarding the kind, character, or existence of such work, or the length of time such work will last, or the compensation therefor.

(h) Clawback Policy. The Company may (i) cause the cancellation of any equity or cash compensation, (ii) require reimbursement of any of your equity or cash compensation and (iii) effect any other right of recoupment of equity or other compensation provided under this Agreement or otherwise, in each case to the extent required under applicable law or pursuant to the requirements of a stock exchange applicable to the Company. In addition, you understand and agree that incentive compensation paid to you (including, without limitation, bonuses and equity compensation) shall be subject to recoupment in the event that, subsequent to payment, the Board reasonably determines that required performance criteria was, in fact, not satisfied (for example, due to a subsequent financial restatement).

(i) Violations. You acknowledge that (i) upon a violation of any of the covenants contained in this Section 8, (ii) if the Company is terminating your employment for Cause as provided under this Agreement; or (iii) your breach of the covenants in the Confidentiality Agreement, the Company would sustain irreparable harm as a result and that the Company would

not have entered into this Agreement without such restrictions, and, therefore, you agree that in addition to any other remedies which the Company may have, the Company shall be entitled, without bond of any kind, to seek equitable relief including specific performance and injunctions (without posting of bond) restraining you from committing or continuing any such violation. Moreover, the Company will be entitled to an accounting of profits, compensation, remuneration or other benefits received by you, in addition to any other contractual, legal or equitable rights, damages or remedies available.

9. Entire Agreement. This Agreement and its attachments, the Confidentiality Agreement, and any other agreements referenced herein, as amended or superseded from time to time, contain the entire agreement between you and the Company regarding their terms and supersede any and all prior written or oral understandings other than any award agreements that govern the Pre-Existing Awards (the "Prior Agreements"). With respect to the Pre-Existing Awards, the acceleration of vesting provisions contained in this Agreement supersede and replace in their entirety, and act as amendments to, any acceleration of vesting provisions contained in the award agreements that govern the Pre-Existing Equity Awards (which agreements, to the extent not otherwise amended by this Agreement (including, without limitation, under Sections 3 and 4), remain in full force and effect); provided, however, for purposes of clarity, such provisions do not supersede or replace Section 16(d) of the 2016 Plan. You agree and acknowledge that you are not eligible for, and will not receive, any compensation, benefits, vesting acceleration, or severance pursuant to the Prior Agreements. You also agree and acknowledge that there are no circumstances as of the date of this Agreement that constitute, and nothing contemplated in this Agreement or otherwise shall be deemed for any purpose to be or to create, an involuntary termination without Cause, a Good Reason resignation right, or other "Qualifying Termination" for purposes of the Prior Agreements or any other severance or change in control plan, agreement or policy maintained by the Company or its affiliates. Except as otherwise provided herein, this Agreement may not be amended or modified except in a writing, executed by you and a duly authorized officer of the Company other than yourself. This Agreement may be executed by facsimile or email signatures and in counterparts, each of which shall constitute an original, and all of which shall constitute one and the same instrument. In the event of any conflict between this Agreement and any award agreements governing the Equity Awards, this Agreement shall prevail.

10. Choice of Law; Severability; Waiver. This Agreement will be governed by the laws of the State of California, United States, without reference to the conflict of law provisions thereof. If any provision of this Agreement, or portion thereof, shall be held invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall attach only to such provision or portion thereof, and shall not in any manner affect or render invalid or unenforceable any other provision, or portion thereof, of this Agreement. No breach of any provision hereof can be waived unless in writing. Waiver of any one breach of any provision hereof will not be deemed to be a waiver of any other breach of the same or any other provision of this Agreement.

11. Successors and Assigns. The Company may assign this Agreement to any successor (whether by amalgamation, merger, consolidation, sale of assets, purchase or otherwise) to all or substantially all of the equity, assets or business of the Company, and this Agreement will be binding upon and inure to the benefit of such successors and assigns, including any successor entity. You may not assign this Agreement or your obligations hereunder.

12. **Notice.** Any and all notices required or permitted to be given to you or the Company pursuant to the provisions of this Agreement will be in writing, and will be effective and deemed to provide such party sufficient notice hereunder on the earliest of the following: (i) at the time of personal delivery, if delivery is in person; (ii) one (1) business day after deposit with an express overnight courier for United States deliveries, or two (2) business days after such deposit for deliveries outside of the United States; (iii) three (3) business days after deposit in the United States mail by certified mail (return receipt requested) for United States deliveries. All notices that the Company is required to or may desire to give you that are not delivered personally will be sent with postage and/or other charges prepaid and properly addressed to you at your home address of record with the Company, or at such other address as you may from time to time designate by one of the indicated means of notice herein. All notices that you are required to or may desire to give to the Company that are not delivered personally will be sent with postage and/or other charges prepaid and properly addressed to the Company's General Counsel at its principal office, or at such other office as the Company may from time to time designate by one of the indicated means of notice herein.

13. **Withholding and Taxes.** The Company shall have the right to withhold and deduct from any payment provided for hereunder or under any other Company plan or agreement any federal, state, local or foreign taxes of any kind required by law to be withheld with respect to any such payment. The Company (including without limitation members of the Board) shall not be liable to you or other persons as to any unexpected or adverse tax consequence realized by you and you shall be solely responsible for the timely payment of all taxes arising from this Agreement that are imposed on you.

14. **Section 409A.** This Agreement is intended to be exempt from or comply with the requirements of Code Section 409A ("**Section 409A**"). In the event this Agreement or any benefit paid to you hereunder is deemed to be subject to Section 409A, you consent to the Company adopting such conforming amendments as the Company deems necessary, in good faith and in its reasonable discretion, to comply with Section 409A and avoid the imposition of taxes under Section 409A. Each payment made pursuant to any provision of this Agreement, including under Section 4(a), shall be considered a separate payment and not one of a series of payments for purposes of Section 409A. Notwithstanding anything to the contrary herein, except to the extent any expense, reimbursement or in-kind benefit provided pursuant to this Agreement does not constitute a "deferral of compensation" within the meaning of Section 409A: (A) the amount of expenses eligible for reimbursement or in-kind benefits provided to you during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to you in any other calendar year; (B) the reimbursements for expenses for which you are entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred; and (C) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit. While it is intended that all payments and benefits provided under this Agreement to you will be exempt from or comply with Section 409A, the Company makes no representation or covenant to ensure that the payments under this Agreement are exempt from or compliant with Section 409A. The Company will have no liability to you or any other party if a payment or benefit under this Agreement is challenged by any taxing authority or is ultimately determined not to be exempt or compliant. You further understand and agree that you will be entirely responsible for any and all taxes on any benefits payable to you as a result of this Agreement. In addition, if upon your

Separation from Service, you are then a “specified employee” (as defined in Section 409A), then notwithstanding anything to the contrary in this Agreement, and solely to the extent necessary to comply with Section 409A and avoid the imposition of taxes under Section 409A, the Company shall defer payment of “nonqualified deferred compensation” subject to Section 409A payable as a result of and within six (6) months following such Separation from Service under this Agreement until the earlier of (i) the first business day of the seventh month following your Separation from Service, or (ii) ten (10) days after the Company receives written notification of your death. Any such delayed payments shall be made without interest. Furthermore, for purposes of compliance with Section 409A, references to “terminate,” “termination” or the like shall be interpreted to mean your Separation from Service. Notwithstanding anything to the contrary in this Agreement or the Release, if you become entitled to vesting acceleration benefits under Section 4(a) with respect to your RSUs and/or IPO RSUs, and the Release Period spans two calendar years, your unvested RSUs and IPO RSUs, as applicable, shall not accelerate vesting pursuant to Section 4(a) any earlier than January 1 in the calendar year immediately following the calendar year in which your termination occurs. For the avoidance of doubt, termination or forfeiture of any of your Company equity awards eligible for vesting acceleration under Section 4(a) due to your termination of employment with the Company shall be tolled to the extent necessary to implement the vesting acceleration contemplated by Section 4(a), but in no event will your Company stock options remain outstanding beyond their maximum term to expiration.

15. Offset. Notwithstanding anything to the contrary in this Agreement, any severance or other payments or benefits made to you under this Agreement may be reduced, in the Company’s discretion, by any amounts you owe to the Company or as will be needed to satisfy any future payments you would need to make for continuing post-termination benefits; provided, however, that any such offsets do not violate Section 409A.

16. Voluntary Agreement. You acknowledge that you have been advised to review this Agreement with your own legal counsel and other advisors of your choosing and that prior to entering into this Agreement, you have had the opportunity to review this Agreement with your attorney and other advisors and have not asked (or relied upon) the Company or its counsel to represent you or your counsel in this matter. You further represent that you have carefully read and understand the scope and effect of the provisions of this Agreement and that you are fully aware of the legal and binding effect of this Agreement. This Agreement is executed voluntarily by you and without any duress or undue influence on the part or behalf of the Company.

17. Definitions. The following definitions shall apply for purposes of this Agreement:

(a) “Accrued Obligations” shall mean the sum of (i) any portion of your accrued but unpaid Base Salary through the Termination Date; (ii) subject to Section 14, any compensation previously earned but deferred by you (together with any interest or earnings thereon) that has not yet been paid and that is not otherwise to be paid at a later date pursuant to any deferred compensation arrangement of the Company to which you are a party, if any; (iii) your accrued but unpaid vacation pay through the Termination Date; (iv) any reimbursements that you are entitled to receive under Section 6 of the Agreement or otherwise; and (v) any vested benefits or amounts that you are otherwise entitled to receive under any plan, policy, practice or program of or any other contract or agreement with the Company in accordance with the terms thereof (other than any such plan, policy, practice or program of the Company that provides benefits in the nature of severance or continuation pay).

(b) “Cause” shall mean that one or more of the following has occurred:

(i) you have been convicted of, plead guilty or no contest to, or entered into a plea agreement with respect to (x) any felony (under the laws of the United States, any relevant state, or the equivalent of a felony in any international jurisdiction in which the Company does business) or (y) any crime involving dishonesty or moral turpitude;

(ii) you have engaged in (A) any willful misconduct (including any violation of federal securities laws) or gross negligence, or (B) any act of dishonesty, violence or threat of violence, in each case that would reasonably be expected to result in a material injury to the Company;

(iii) you have materially breached a material written policy of the Company or the rules of any governmental or regulatory body applicable to the Company;

(iv) you (y) have willfully failed to materially perform or uphold your duties under this Agreement and/or (z) willfully fail to comply with lawful directives of the Board (including, without limitation, failure to comply with business travel requirements set by the Board); or

(v) you have materially breached this Agreement or any other material contract to which you and the Company are parties;

provided that, with respect to Sections 17(c)(iii) and 17(c)(v) and if the event giving rise to the claim of Cause is curable, the Company provides you written notice of the event within thirty (30) days of the Company learning of the occurrence of such event, and such Cause event remains uncured thirty (30) days after the Company has provided such written notice; provided further that any termination of your employment for “Cause” with respect to Sections 17(c)(iii) or 17(c)(v) occurs no later than thirty (30) days following the expiration of such cure period.

(c) “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.

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.

(d) "Change in Control Period" shall mean the period commencing on the Change in Control and ending 24 months following a Change in Control.

(e) "Disability" shall mean your medically determinable physical or mental incapacitation such that for a continuous period of not less than twelve (12) months, you are unable to engage in any substantial gainful activity or which can be expected to result in death.

(f) "Good Reason" shall mean any one or more of the following that occur without your consent: (i) a material diminution in your Base Salary, except for reductions that are comparable to reductions generally applicable to similarly situated executives of the Company, (ii) a material diminution in your job duties, responsibilities and/or authority as the Company's CFO, or (iii) a material change in the geographic location at which you must perform your services to the Company, which shall be defined to be a relocation of your principal workplace to a new location that is more than fifty (50) miles away from your then-current principal workplace.

(g) "Pre-Existing Awards" shall mean the Performance-Vested Options and RSUs.

(h) "Qualifying Termination" shall mean your employment is terminated without Cause (excluding by reason of your death or Disability) by the Company or by you for Good Reason (each, a Qualifying Termination).

(i) "Separation from Service" has the meaning set forth in Treasury Regulations Section 1.409A-1(h)(1).

18. Exhibits. All Exhibits attached to this Agreement shall be incorporated herein by this reference as though fully set forth herein.

A duplicate original of this Agreement is enclosed for your records. If you decide to accept the terms of this Agreement, please sign the enclosed copy of this Agreement in the spaces indicated and return it to me. Your signature will acknowledge that you have read and understood and agreed to the terms and conditions of this Agreement.

[signature page follows]

In witness whereof, the parties have each executed this Agreement as of the dates indicated below.

LegalZoom.com, Inc.

By: /s/ Dan Wernikoff

Its: Chief Executive Officer

Dated: June 17, 2021

By: /s/ Noel Watson

Dated: June 17, 2021

EXHIBIT A

FORM OF SEPARATION AGREEMENT AND RELEASE OF ALL CLAIMS AND COVENANT NOT TO SUE

SEPARATION AGREEMENT AND RELEASE OF ALL CLAIMS AND COVENANT NOT TO SUE

This Separation Agreement and Release of All Claims and Covenant Not to Sue ("Release") is made pursuant to the Employment Agreement ("Employment Agreement") entered into by and between Noel B. Watson ("Employee") and LegalZoom.com, Inc., a Delaware corporation ("Company"), to which this Release is an exhibit, in consideration for and as a condition precedent to the Company's obligation to provide separation benefits to Employee pursuant to the Employment Agreement and which Employee is otherwise not entitled to receive. Certain terms if they are not defined in this Release shall have the meaning provided to them in the Employment Agreement.

In order for this Release to become effective, Employee must deliver to the Company a properly signed and dated Release on or after Employee's Termination Date and before 4:00 pm PST on [DATE] or else it will be irrevocably determined that Employee has decided to not execute this Release and this Release shall be null and void with no force or effect. This Release will become effective only if it has been timely executed by the Employee and the revocation period has expired without revocation by Employee as set forth in Section 5(a) below (such effective date of this Release, if any, is the "Effective Date"). By signing below and timely delivering a signed Release to the Company, Employee acknowledges and agrees to each of the following terms and conditions:

1. **RECITALS**. This Release is made with reference to the following facts:

Employee and Company are parties to the Employment Agreement which provides that Employee must execute a general release of all claims and covenant not to sue and deliver it to the Company in order to be eligible for certain separation benefits from the Company as specified under the Employment Agreement. This Release is the separation agreement and general release and covenant not to sue required by the Employment Agreement. If this Release does not become effective by its own terms, then Employee shall receive none of the separation benefits to be provided under the Employment Agreement.

2. **QUALIFYING TERMINATION OF EMPLOYMENT**. Employee and Company acknowledge and agree that the Employee's employment with the Company was terminated [by the Company without Cause] [by Employee for Good Reason]² (a "Qualifying Termination") [as a result of Employee's Death] [as a result of Employee's Disability] as of the close of business on [DATE] (the "Termination Date"), without regard to whether Employee signs this Release or agrees to the following terms and conditions, and that such termination was treated as a Qualifying Termination [during the Change in Control Period] [outside of the Change in Control Period]³ by the Company. As of the Termination Date, it is mutually agreed that Employee is no longer an employee of the Company and no longer holds any positions or offices with the Company.

3. **SEPARATION BENEFITS**. In consideration for Employee's general release of all claims set forth in Section 5 below and Employee's other obligations under this Release and in satisfaction of all of the Company's obligations to Employee and further provided that: (i) this Release is

² NTD: To be specified at the time of termination.

³ NTD: To be specified at the time of termination.

signed by Employee and delivered to the Company on or before [DATE], (ii) this Release is not revoked by Employee under Section 5 below and therefore becomes effective on or before [DATE], and (iii) Employee remains in continuing material compliance with all of the terms of this Release and the Employment Agreement, then the Company agrees to provide (and continue to provide) the separation benefits specified in Section 4(a) below to Employee.

In the event that the Company believes Employee is not in continuing material compliance with the terms of this Release, then the Company shall provide Employee with written notice of the same and, without limiting its other possible actions, the Company shall immediately terminate any and all such separation payments and benefits.

4. **PAYMENTS, BENEFITS AND TAXES.**

a. **Separation Benefits.** The Company will provide to Employee the payments and benefits specified in [[Section 4(a)(i)] [Section 4(a)(ii)] [Section 4(a)(iii)]]⁴ of the Employment Agreement, subject to Section 5 of the Employment Agreement. Subject to Section 4(b) below, such payments and benefits will be provided to Employee at the times specified in the Employment Agreement.

b. **Taxes.** Any tax obligations of Employee and tax liability therefor, including without limitation any penalties or interest based upon such tax obligations, that arise from the benefits and payments made to Employee shall be Employee's sole responsibility and liability. All payments or benefits made under this Release to Employee shall be subject to applicable tax withholding laws and regulations and Employee shall be required to timely and fully satisfy any such withholding as a condition of receipt of any payments or benefits. The terms of Sections 5, 13 and 14 of the Employment Agreement are also applicable to this Release and to all payments and benefits provided hereunder.

c. **WARN Payments.** The payments to Employee hereunder shall be considered as including any and all payments by the Company that could or in fact become payable in connection with the Employee's termination of employment pursuant to any applicable legal requirements, including, without limitation, the Worker Adjustment and Retraining Notification Act (the "**WARN**" Act), California Labor Code sections 1400-1408, or any other similar foreign, federal or state law.

5. **EMPLOYEE'S PROMISES.** In consideration for the promises and payments contained in the Employment Agreement, Employee agrees as follows:

a. Employee hereby covenants not to sue and also waives, releases and forever discharges the Company and its divisions, subsidiaries, officers, directors, agents, employees, stockholders, affiliates, attorneys, predecessors and successors from any and all claims, causes of action, damages or costs of any type and liabilities of whatever kind or nature, in law or in equity, that Employee has ever had or may have as of the Effective Date (whether known or not known) (collectively, "**Claims**"). This waiver and release includes, but is not limited to, claims, causes of action, damages or costs arising under or in relation to Company's employee handbook and personnel policies, or any oral or written representations or statements made by officers, directors,

⁴ NTD: To be specified at the time of termination.

employees or agents of Company, and also including but not limited to Claims based on and/or arising under any state or federal law regulating wages, hours, compensation or employment, or any claim for breach of contract or breach of the implied covenant of good faith and fair dealing, or any claim for wrongful termination, or any discrimination claim on the basis of race, sex, sexual orientation, gender, age, religion, marital status, national origin, physical or mental disability, medical condition, or under Title VII of the Civil Rights Act of 1964, as amended, The Americans with Disabilities Act, The Family Medical Leave Act, The Equal Pay Act, The Employee Retirement Income Security Act, The Fair Labor Standards Act, The California Fair Employment and Housing Act, The California Constitution, The California Government Code, The California Labor Code, The Industrial Welfare Commission's Orders, The Worker Adjustment and Retraining Notification Act, the California Labor Code, the California Family Rights Act, Act, the California Wage Orders, the California Private Attorneys General Act of 2004, the California Wage Orders, and the California Business and Professions Code Section 17200, et seq., and any and all other Claims Employee may have under any other federal, state or local Constitution, Statute, Ordinance and/or Regulation; and all other Claims arising under common law including but not limited to tort, express and/or implied contract and/or quasi-contract, arising out of or, in any way, related to Employee's previous relationship with the Company as an employee, consultant and/or director.

Furthermore, Employee expressly acknowledges, understands and agrees that this Release includes a waiver and release of all claims which Employee has or may have under the Older Workers Benefit Protection Act and the Age Discrimination in Employment Act of 1967, as amended, 29 U.S.C. §621, et seq. ("ADEA"). The following terms and conditions apply to and are part of the waiver and release of ADEA claims under this Release:

(1) Employee was advised and encouraged to consult with an attorney before signing this Release;

(2) Employee was granted twenty-one (21) days after Employee was presented with this Release to decide whether or not to sign this Release. Employee understands and agrees that any modification of this Release, whether material or immaterial, does not restart the running of this 21-day consideration period;

(3) Employee will have the right to revoke the waiver and release of claims under the ADEA within seven (7) days of Employee signing this Release, and this Release shall not become effective and enforceable until that revocation period has expired without such revocation;

(4) Employee hereby acknowledges and agrees that Employee is knowingly and voluntarily waiving and releasing Employee's rights and claims, including under the ADEA, in exchange for consideration (something of value) in addition to anything of value to which Employee is already entitled; and

(5) Nothing in this Release prevents or precludes Employee from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties or costs from doing so, unless specifically authorized by federal law.

Therefore, Employee may unilaterally revoke this Release at any time up to seven (7) calendar days following Employee's execution of the Release, and this Release shall not become effective or enforceable until the revocation period has expired, which is at 12:00:01 a.m. PST on the eighth day following Employee's execution of this Release. If Employee elects to revoke this Release, such revocation must be in writing addressed to the General Counsel of the Company and received by the Company via facsimile or email no later than the end of the seventh day after Employee signed this Release.

b. The waiver and release set forth in this Section 5 applies to claims of which Employee does not currently have knowledge and Employee specifically waives the benefit of the provisions of Section 1542 of the Civil Code of the State of California which reads as follows: "*A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that if known by him or her, would have materially affected his or her settlement with the debtor or released party.*"

c. Employee agrees that the Company has paid to Employee all salary and vacation which had accrued as of the Termination Date and that these payments represent all such monies due to Employee through the Termination Date. In light of the payment by the Company of all wages due, or to become due to Employee, California Labor Code Section 206.5 is not applicable. That section provides in pertinent part as follows: "*No employer shall require the execution of any release of any claim or right on account of wages due, or to become due, or made as an advance on wages to be earned, unless payment of such wages has been made.*" Except with respect to any "Excluded Claims" (specified in Section 5(d) below), Employee further represents and warrants to the Company that, as of the Effective Date, the payments set forth in Section 4(a) above constitute all payments or obligations owed by the Company to Employee in connection with any employment, severance, retention, or a change in control plan or arrangement.

d. Notwithstanding anything to the contrary, the Employee is not waiving any Claims Employee may have with respect to any of the following matters: (i) any rights that Employee may have to file a charge, testify, assist, or cooperate with the U.S. Equal Employment Opportunity Commission or another fair employment practices governmental agency; (ii) claims for indemnification from the Company, including without limitation under any contractual arrangements to which Employee is party with the Company, the Company's charter and bylaws and in accordance with Section 2802 of the California Labor Code; (iii) claims to unemployment compensation benefits or workers compensation benefits; (iv) claims under the Fair Labor Standards Act; (v) health insurance benefits under the Consolidated Omnibus Budget Reconciliation Act (COBRA); (vi) claims with regard to vested benefits under a retirement plan governed by the ERISA; (vii) any events, occurrences, acts or omissions which occur after the Effective Date; (viii) claims under any directors and officers liability insurance policy; (ix) claims for any vested equity; (x) claims for breach of this Release; or (xi) claims that may not be released as a matter of applicable law.

e. Employee has not suffered nor aggravated any known on-the-job injuries for which Employee has not already filed a Workers' Compensation claim.

f. Employee agrees that nothing in this Release shall be construed as an admission of liability of any kind by Company to Employee.

g. In the event that Employee breaches or threatens to breach any of the provisions contained in this Section 5, Employee acknowledges that such breach or threatened breach shall cause irreparable harm, entitling the Company, at its option, to seek immediate injunctive relief, from a court of competent jurisdiction without waiver of any other rights or remedies from a court of law or equity and without posting of bond. In addition, should the Company prevail before a court of competent jurisdiction or arbitration, Employee agrees to reimburse the Company for all expenses incurred, including reasonable attorneys' fees. Should Employee attempt to challenge the enforceability of any provision of this Release, Employee shall initially tender to the Company, by certified check, all amounts received pursuant to this Release and shall not be entitled to receive any further payment or benefit hereunder or under the Agreements.

h. Employee reaffirms that Employee will continue to be bound by, and will continue to comply with, all of the terms and conditions and covenants in Sections 5, 7 through 15 of the Employment Agreement and also all terms and conditions of the Confidentiality Agreement (as such term is defined in the Employment Agreement).

i. Employee represents and warrants to the Company that, as of the Effective Date, Employee has no outstanding agreement or obligation that is in conflict with any of the provisions of this Release, or that would preclude Employee from complying with the provisions hereof, and further certifies that Employee will not enter into any such conflicting agreement.

j. Employee will not, at any time following the Termination Date, make (or direct anyone else to make) any disparaging statements (oral or written) about the Company, or any of its affiliated entities, officers, directors, employees, stockholders, representatives or agents, or any of the Company's products or services or work-in-progress, that are harmful to their businesses, business reputations or personal reputations. The Company will not in any authorized corporate communication, and will instruct the members of the Board to not, make (or direct anyone else to make) any disparaging statements (oral or written) about the Employee, that are harmful to the Employee's businesses, business reputation or personal reputation. Notwithstanding this Section 5(j), nothing herein shall prohibit any party from providing truthful testimony in connection with a governmental investigation or legal proceeding or from reporting a suspected violation of law.

6. MISCELLANEOUS.

a. This Release shall be deemed to have been executed and delivered within the State of California, and the rights and obligations of the Company and Employee shall be construed and enforced in accordance with, and governed by, the laws of the State of California.

b. This Release, and the surviving provisions of the Employment Agreement, are the entire agreement with respect to the subject matter hereof and supersedes all prior and contemporaneous oral and written agreements and discussions. This Release may be amended only by an agreement in a writing signed by Employee and an authorized representative of the Company and which expressly references that this Release is being amended. Employees agree that the release set forth in Section 5 above shall be and remain in effect in all respects as a complete general release as to the matters released.

c. This Release is binding upon and shall inure to the benefit of the Company, its respective agents, employees, representatives, officers, directors, divisions, subsidiaries, affiliates, any parent company, assigns, heirs, partners, successors in interest and stockholders, including any successor company of the Company.

d. Employee agrees that Employee has read this Release and has had the opportunity to ask questions, seek counsel and time to consider the terms of the Release. Employee has entered into this Release freely and voluntarily.

e. Employee understands and agrees that Employee is solely responsible for any and all liability under federal and state tax laws arising from the payments made under the Agreements. Employee understands that the released parties make no warranty concerning the treatment of any funds paid hereunder under said laws, and Employee has not relied upon any such warranties.

f. Employee declares, covenants and agrees that Employee has not assigned heretofore, and has not and will not hereafter sue, any of the released parties before any court or governmental agency, commission, division or department, whether state, federal or local, upon any claim, demand or cause of action released herein.

g. If any provision of this Release or application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Release which can be given effect without the invalid provision or application. To this end, the provisions of this Release are severable.

Noel B. Watson (“Employee”)

Date: _____

EXHIBIT B

CONFIDENTIAL INFORMATION AND EMPLOYEE INVENTION ASSIGNMENT AGREEMENT

EXHIBIT C

The number of Performance-Vested Options were calculated by taking the dollar value with respect to such grant, dividing it by the per-share 409A value of a share of the Company's common stock as of the date of grant (the "Grant Date Share Value"), and then multiplying the result by 2.5.

The number of RSUs were calculated by taking the dollar value with respect to such grant and dividing it by the Grant Date Share Value.

LEGALZOOM.COM, INC.

ELIGIBLE DIRECTOR COMPENSATION POLICY

Each member of the Board of Directors (the “**Board**”) of LegalZoom.com, Inc. (the “**Company**”) who is not also serving as an employee of the Company or any of its subsidiaries and is not associated with or nominated by a private equity fund, venture capital fund or other entity that owned shares of the Company’s capital stock prior to the Effective Date (as defined below) (each such member, an “**Eligible Director**”) will receive the compensation described in this Eligible Director Compensation Policy (this “**Policy**”). An Eligible Director may decline all or any portion of his or her compensation by giving notice to the Company prior to the date cash is to be paid or equity awards are to be granted, as the case may be. This Policy shall be effective as of the date the registration statement for the Company’s initial public offering of common stock is declared effective (the “**Effective Date**”) and may be amended at any time by the Board or the Compensation Committee of the Board.

1. Annual Cash Compensation.

1.1 Cash Retainers. The annual cash compensation amount set forth below is payable to Eligible Directors in equal quarterly installments, payable in arrears on the last day of each fiscal quarter in which the service occurred. The first quarterly installment payable after the Effective Date to Eligible Directors in office as of the Effective Date will be pro-rated for the partial quarter measured from the Effective Date to the last day of the quarter. Further, if an Eligible Director joins the Board or a committee of the Board at a time other than effective as of the first day of a fiscal quarter, his or her first quarterly installment will be pro-rated based on days served in the applicable quarter. All annual cash fees are vested upon payment.

Annual Board Service Retainer:

- All Eligible Directors: \$35,000
- Non-executive chairperson of the Board, if any: \$85,000 (inclusive of annual Board service retainer)
- Lead independent director, if any (and only if a separate person from non-executive chairperson): \$51,500 (inclusive of annual Board service retainer)

Annual Committee Member (non-Chair) Service Retainer:

- Member of the Audit Committee: \$10,000
- Member of the Compensation Committee: \$7,500
- Member of the Nominating and Corporate Governance Committee: \$4,000

Annual Committee Chair Service Retainer (inclusive of Committee Member Service Retainer):

- Chairperson of the Audit Committee: \$20,000
- Chairperson of the Compensation Committee: \$15,000
- Chairperson of the Nominating and Corporate Governance Committee: \$8,000

1.2 Ability to Take Cash Compensation as RSUs.

(a) Election. Prior to the start of each fiscal year beginning after the Effective Date, an Eligible Director may elect to receive 100% of the annual cash compensation set forth herein for that next fiscal year as restricted stock units (“*RSUs*”) under the Company’s 2021 Equity Incentive Plan or any successor equity incentive plan (the “*Plan*”) for that number of shares equal to (a) the projected annual cash compensation for such Eligible Director for the fiscal year based on Board and committee membership as of the first day of such fiscal year divided by (b) the Share Price (as defined in Section 2.4), rounded to the nearest whole share. Any such RSU grant is referred to herein as the “*Optional RSU Grant*”.

(b) Grant Date. The grant date for an Optional RSU Grant will be the January 15 first occurring after the start of the applicable fiscal year except as provided in Section 2.5.

(c) Vesting. Each Optional RSU Grant will vest with respect to 1/4th of the total number of units on the last trading day in each fiscal quarter occurring during such fiscal year, provided in each case that the holder remains an Eligible Director on such vesting date. Optional RSU Grants will not be subject to accelerated vesting in connection with a Change in Control (as defined in the Plan).

(d) Changes in Cash Compensation Amount. In the event a Eligible Director were to become entitled to a greater annual cash compensation amount (either as a result of an increase in the cash compensation amounts approved by the Board or a new committee membership or role), such Eligible Director will be entitled to receive the difference paid in cash pursuant to the terms above. There would be no effect upon the Optional RSU Grant in the event a Eligible Director would have otherwise been entitled to a lesser amount of cash compensation than that which was used to calculate the Optional RSU Grant as a result of a decrease in the cash compensation amounts approved by the Board or a decreased committee membership or role.

1.3 Expense Reimbursement. The Company will also reimburse each of the Eligible Directors for his or her travel expenses incurred in connection with his or her attendance at Board and committee meetings.

2. Equity Compensation.

2.1 Initial Grant for New Directors. Without any further action of the Board, each person who, after the Effective Date, is elected or appointed for the first time to be a Eligible Director will automatically, upon the date of his or her initial election or appointment to be a Eligible Director (except as provided in Section 2.5), be granted an RSU for that number of shares of Company common stock equal to \$200,000 divided by the Share Price, rounded to the nearest whole share (an “*Initial Grant*”). Each Initial Grant will vest in a series of equal annual installments on the first, second and third anniversary of the date of grant, provided in each case that the Eligible Director continues to be an Eligible Director on such vesting date.

2.2 Annual Grants.

(a) At Annual Meeting. Without any further action of the Board, at the close of business on the date of each annual meeting of Company stockholders following the Completion Date (except as provided in Section 2.5), each person who is then a Eligible Director will automatically be granted a RSU for that number of shares of Company common stock equal to \$200,000 divided by the Share Price, rounded to the nearest whole share (an “*Annual Grant*”). Each Annual Grant will vest in a single installment on the earlier to occur of (a) the close of business on the day before the Company’s next annual meeting of stockholders and (b) the first anniversary of the date of grant of the Annual Grant, provided that the Eligible Director continues to be an Eligible Director on such vesting date.

(b) Upon Appointment or Election of New Director. Without any further action of the Board, each person who, after the Effective Date, is elected or appointed for the first time to be a Eligible Director on a date other than at an annual stockholder meeting will automatically, upon the date of his or her initial election or appointment to be a Eligible Director (except as provided in Section 2.5), be granted an RSU for that number of shares of Company common stock equal to (i) \$200,000 multiplied by a fraction, the numerator of which is the number of days between such date of appointment or election and the next June 1, divided by (ii) the Share Price, rounded to the nearest whole share (a “**Pro-Rated Annual Grant**”). Each Pro-Rated Annual Grant will vest in a single installment on the earlier to occur of (a) the close of business on the day before the Company’s next annual meeting of stockholders and (b) the next June 1, provided that the Eligible Director continues to be an Eligible Director on such vesting date.

2.3 Vesting; Change in Control. Notwithstanding the foregoing vesting schedules, for each Eligible Director in office as of immediately prior to the closing of a Change in Control, the shares subject to his or her then-outstanding equity awards that were granted pursuant to this Policy will become fully vested immediately prior to the closing of such Change in Control. In addition, Annual Grants and Pro-Rated Annual Grants will vest upon the director’s death or Disability. “**Disability**” means that the director is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment, which impairment can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months, as provided in Section 22(e)(3) of the Internal Revenue Code of 1986, as amended, and will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

2.4 Share Price. For any RSU grant to be made under this Policy, the “**Share Price**” shall be the average closing price of the Company’s common stock, as reported on the primary U.S. exchange for such common stock, over the 30 calendar day period ending five calendar days before the the date of grant.

2.5 Remaining Terms. The remaining terms and conditions of each RSU grant under this Policy, including transferability, will be as set forth in the Company’s standard RSU grant notice and agreement, in the form adopted from time to time by the Board or its Compensation Committee. In the event any grant date set forth above for any RSU grant to be made under this Policy is not a trading day on the primary U.S. exchange for the Company’s common stock (e.g., is a holiday or on a weekend), then the grant date shall be the next trading day.

3. Expenses.

The Company will reimburse each Eligible Director for ordinary, necessary and reasonable out-of-pocket travel expenses to cover in-person attendance at and participation in Board and committee meetings; provided that the Eligible Director timely submits to the Company appropriate documentation substantiating such expenses in accordance with the Company’s travel and expense policy, as in effect from time to time.

4. Compensation Limits

Notwithstanding anything to the contrary in this Policy, all compensation payable under this Policy will be subject to any limits on the maximum amount of Eligible Director compensation set forth in the Plan, as in effect from time to time.

AMENDMENT AND RESTATEMENT AGREEMENT dated as of November 23, 2018 (this "Amendment"), among LEGALZOOM, INC., a Delaware corporation (the "Borrower"), the other LOAN PARTIES party hereto, the LENDERS party hereto and JPMORGAN CHASE BANK, N.A., as Administrative Agent (the "Administrative Agent") under the Credit Agreement dated as of November 21, 2017 (as amended, restated, supplemented or otherwise modified from time to time prior to the Amendment No. 1 Effective Date (as defined below), the "Existing Credit Agreement"), among the Borrower, the other loan parties party thereto, the lenders party thereto and the Administrative Agent. Capitalized terms used in this Amendment but not otherwise defined shall have the meanings assigned to such terms in the Restated Credit Agreement (as defined below), except as otherwise expressly set forth herein.

WHEREAS pursuant to the Existing Credit Agreement, the Lenders have agreed to extend credit to the Borrower on the terms and subject to the conditions set forth therein;

WHEREAS the Borrower intends to incur a new Class of Term Loans, denominated in Dollars, in an aggregate principal amount equal to \$535,000,000 (the "2018 Term Loans") and obtain a new revolving credit facility (the "2018 Revolving Facility") with respect to a new Class of Revolving Loans, denominated in Dollars or an Alternate Currency, in an aggregate principal amount equal to \$40,000,000 (the "2018 Revolving Loans"), the proceeds of which, together with cash available on the balance sheet of the Borrower, will be used (w) to prepay in full the Initial Term Loans and the Initial Revolving Loans under the Existing Credit Agreement and the Indebtedness incurred under the Second Lien Credit Agreement, in each case outstanding on the date hereof (the "2018 Refinancing"), (x) to issue a cash dividend to the direct or indirect holders of capital stock of the Borrower in an aggregate amount of up to \$112 million (the "Amendment No. 1 Restricted Payment"), (y) to pay fees and expenses related to the foregoing and (z) for working capital, capital expenditure and other general corporate purposes;

WHEREAS the Borrower has requested that the Existing Credit Agreement be amended and restated as set forth in Annex A hereto (the "Restated Credit Agreement") to permit the incurrence of the 2018 Term Loans, to establish the 2018 Revolving Facility and to make additional revisions to the Credit Agreement as set forth therein;

WHEREAS the Borrower has requested that (a) the financial institutions set forth on Schedule I hereto (the "2018 Term Lenders") commit to make the 2018 Term Loans on the Amendment No. 1 Effective Date (the commitment of each 2018 Term Lender to provide its applicable portion of the 2018 Term Loans, as set forth opposite such 2018 Term Lender's name on Schedule I hereto, is such 2018 Term Lender's "2018 Term Commitment") and (b) the financial institutions set forth on Schedule II hereto (the

“2018 Revolving Lenders”) commit to make available the 2018 Revolving Facility on the Amendment No. 1 Effective Date until the 2018 Revolving Loan Maturity Date (the commitment of each 2018 Revolving Lender to make available its applicable portion of the 2018 Revolving Facility, as set forth opposite such 2018 Revolving Lender’s name on Schedule II hereto, is such 2018 Revolving Lender’s “2018 Revolving Commitment”);

WHEREAS the 2018 Term Lenders are willing to make the 2018 Term Loans, and the 2018 Revolving Lenders are willing to make available the 2018 Revolving Facility, in each case to the Borrower on the Amendment No. 1 Effective Date on the terms and subject to the conditions set forth herein;

WHEREAS the undersigned Lenders are willing to amend and restate the Existing Credit Agreement, in each case on the terms and subject to the conditions set forth herein; and

WHEREAS JPMorgan Chase Bank, N.A., Credit Suisse Loan Funding LLC, Deutsche Bank Securities Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBC Capital Markets and SunTrust Robinson Humphrey, Inc. will be joint lead arrangers and joint bookrunners with respect to this Amendment and the new facilities described herein.

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and subject to the conditions set forth herein, the parties hereto hereby agree as follows:

SECTION 1. 2018 Term Loans; 2018 Revolving Facility.

(a) Subject to the satisfaction of the conditions precedent set forth in Section 5 hereof and to the provisions of paragraph (e) of this Section 1, each 2018 Term Lender agrees, severally and not jointly, to make, on the Amendment No. 1 Effective Date, a 2018 Term Loan to the Borrower in an aggregate principal amount equal to its 2018 Term Commitment. The 2018 Term Commitment of each 2018 Term Lender shall automatically terminate upon the making of the 2018 Term Loans on the Amendment No. 1 Effective Date. Amounts repaid or prepaid in respect of the 2018 Term Loans may not be reborrowed.

(b) Subject to the satisfaction of the conditions precedent set forth in Section 5 hereof , each 2018 Revolving Lender agrees, severally and not jointly, to make available to the Borrower, on the Amendment No. 1 Effective Date and until the 2018 Revolving Loan Maturity Date, the portion of the 2018 Revolving Facility equal to its 2018 Revolving Commitment.

(c) The proceeds of the 2018 Term Loans and the 2018 Revolving Loans shall be used by the Borrower solely (i) to consummate the 2018 Refinancing, (ii) to make the Amendment No. 1 Restricted Payment, (iii) to pay fees and expenses related to the foregoing and (iv) for working capital, capital expenditure and other general corporate purposes.

(d) [Reserved].

(e) Notwithstanding anything herein to the contrary, (i) each lender (an "Initial Term Lender") of Initial Term Loans (as defined in the Existing Credit Agreement) holding Initial Term Loans immediately prior to the Amendment No. 1 Effective Date that checks the "Cashless Roll Option" box on its signature page hereto (each such Initial Term Lender, an "Existing Term Lender") shall, in lieu of its requirement to make a 2018 Term Loan in accordance with paragraph (a) of this Section 1, be deemed to have made to the Borrower a 2018 Term Loan on the Amendment No. 1 Effective Date in an amount equal to the lesser of (A) the aggregate principal amount of the Initial Term Loans held by such Existing Term Lender immediately prior to the Amendment No. 1 Effective Date (such Existing Term Lender's "Existing Term Loan Amount") and (B) such Existing Term Lender's 2018 Term Commitment; provided that if such Existing Term Lender's 2018 Term Commitment exceeds such Existing Term Lender's Existing Term Loan Amount, then such Existing Term Lender shall be required to make a 2018 Term Loan to the Borrower on the Amendment No. 1 Effective Date in accordance with paragraph (a) of this Section 1 in an aggregate principal amount equal to such excess, and (ii) the Borrower shall, in lieu of its obligation to prepay the Initial Term Loans of any Existing Term Lender in accordance with paragraph (c) of this Section 1, be deemed to have prepaid, on the Amendment No. 1 Effective Date, an amount of the Initial Term Loans of each Existing Term Lender in an aggregate principal amount equal to the lesser of (A) such Existing Term Lender's Existing Term Loan Amount and (B) such Existing Term Lender's 2018 Term Commitment; provided that (1) if such Existing Term Lender's Existing Term Loan Amount exceeds such Existing Lender's 2018 Term Commitment, then the Borrower shall be required to prepay in full, on the Amendment No. 1 Effective Date in accordance with paragraph (c) of this Section 1, the outstanding principal amount of the Initial Term Loans of such Existing Lender not deemed to be prepaid pursuant to this clause (ii) and (2) notwithstanding the operation of this clause (ii), the Borrower shall be required to pay to such Existing Term Lender, on the Amendment No. 1 Effective Date, all accrued but unpaid interest and fees on the outstanding principal amount of the Initial Term Loans of such Existing Term Lender immediately prior to the Amendment No. 1 Effective Date.

(f) Each lender under the Existing Credit Agreement party hereto hereby waives any requirement to pay any amounts due and owing to it pursuant to Section 2.12 of the Existing Credit Agreement as a result of the transactions described in paragraphs (c) and (e) of this Section 1.

SECTION 2. Amendment and Restatement of the Credit Agreement. The Credit Agreement is hereby amended and restated to read in its entirety as set forth in Annex A hereto.

SECTION 3. Amendment and Restatement of the Schedules and Exhibits to the Credit Agreement.

(a) Each Schedule to the Existing Credit Agreement is hereby amended and restated in its entirety in the form of the Schedule of the corresponding number (and letter, if applicable) hereto.

(b) Each Exhibit to the Existing Credit Agreement is hereby amended and restated in its entirety in the form of the Exhibit of the corresponding letter (and number, if applicable) hereto.

SECTION 4. Representations and Warranties. Each Loan Party represents and warrants to the Administrative Agent and to each of the Lenders (including, without limitation, the 2018 Term Lenders and the 2018 Revolving Lenders) that:

(a) This Amendment has been duly authorized, executed and delivered by it and constitutes a legal, valid and binding obligation of each Loan Party, enforceable against such Loan Party in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(b) The representations and warranties of each Loan Party set forth in the Loan Documents are true and correct in all material respects (or, in the case of representations and warranties qualified as to materiality, in all respects) on and as of the date hereof (other than with respect to any representation and warranty that expressly relates to a prior date, in which case such representation and warranty is true and correct in all material respects (or in all respects, as applicable) as of such earlier date).

(c) At the time of and immediately after giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing.

SECTION 5. Effectiveness. Except as expressly provided in the next succeeding paragraph of this Section 5, this Amendment shall become effective as of the date first above written (the "Amendment No. 1 Effective Date") when:

(a) the Administrative Agent shall have received counterparts of this Amendment that, when taken together, bear the signatures of (i) each Loan Party, (ii) each 2018 Term Lender, (iii) each 2018 Revolving Lender and (iv) lenders under the Existing Credit Agreement that, immediately prior to the effectiveness of this Amendment, constitute the Required Lenders (as defined therein);

(b) the Administrative Agent and the Lenders (including, without limitation, the 2018 Term Lenders and the 2018 Revolving Lenders) shall have received payment of all fees and expenses required to be paid or reimbursed by the Borrower or any other Loan Party under or in connection with this Amendment and any other Loan Document, including those expenses set forth in Section 10 hereof;

(c) the representations and warranties set forth in Section 4 hereof shall be true and correct as of the Amendment No. 1 Effective Date;

(d) the Administrative Agent shall have received from the Borrower, in accordance with Section 2.3 of the Restated Credit Agreement, a Notice of Borrowing with respect to the funding of the 2018 Term Loans and the 2018 Revolving Loans, if applicable, on the Amendment No. 1 Effective Date;

(e) the Administrative Agent shall have received from the Borrower, in accordance with Section 5.1 of the Existing Credit Agreement, a notice of prepayment with respect to the prepayment of all the outstanding principal amount of the Initial Term Loans on the Amendment No. 1 Effective Date; and

(f) the conditions set forth in Section 7.1 of the Restated Credit Agreement shall have been satisfied (or waived in accordance with Section 13.12 of the Restated Credit Agreement).

Notwithstanding the foregoing, Section 5.1(b) of the Existing Credit Agreement shall be amended and restated as set forth in Section 5.1(b) of Annex A hereto effective immediately upon the Administrative Agent having received counterparts of this Amendment that, when taken together, bear the signatures of (i) each Loan Party and (ii) lenders under the Existing Credit Agreement that, immediately prior to the effectiveness of such amendment of Section 5.1(b) of the Existing Credit Agreement, constitute the Required Lenders.

SECTION 6. Reaffirmation. Each of the Loan Parties party hereto hereby consents to this Amendment and the transactions contemplated hereby and hereby confirms its guarantees, pledges, grants of security interests and other agreements, as applicable, under each of the Loan Documents to which it is party and agrees that, notwithstanding the effectiveness of this Amendment and the consummation of the transactions contemplated hereby (including, without limitation, the amendment and restatement of the Existing Credit Agreement), such guarantees, pledges, grants of security interests and other agreements of such Loan Parties shall continue to be in full force and effect and shall accrue to the benefit of the Secured Parties under the Restated Credit Agreement. Each of the Loan Parties party hereto further agrees to take any action that may be required under any applicable law or that is reasonably requested by the Administrative Agent to ensure compliance by the Borrower with Section 8.10 of the Restated Credit Agreement and hereby reaffirms its obligations under each similar provision of each Loan Document to which it is a party.

SECTION 7. No Novation.

(a) Until this Amendment becomes effective in accordance with its terms and the Amendment No. 1 Effective Date shall have occurred (except to the extent otherwise set forth in the final paragraph of Section 5 hereof), the Existing Credit Agreement shall remain in full force and effect and shall not be affected hereby. On and after the Amendment No. 1 Effective Date, all obligations of the Borrower under the Existing Credit Agreement shall become obligations of the Borrower under the Restated Credit Agreement and the provisions of the Existing Credit Agreement shall be superseded by the provisions of the Restated Credit Agreement.

(b) Without limiting the generality of the foregoing, this Agreement shall not extinguish the Loans outstanding under the Existing Credit Agreement or any other obligations for the payment of money outstanding under the Existing Credit Agreement or release the Liens granted under or the priority of any Security Document or any security therefor. Nothing herein contained shall be construed as a substitution or novation of the Loans outstanding under the Existing Credit Agreement or any other obligations for the payment of money outstanding under the Existing Credit Agreement, in each case which shall remain outstanding on and after the Amendment No. 1 Effective Date as modified hereby. Nothing implied herein shall be construed as a release or other discharge of any Loan Party under any Loan Document from any of its obligations and liabilities as a "Borrower" or a "Guarantor" under the Existing Credit Agreement or the Loan Documents. Notwithstanding any provision of this Agreement, the provisions of Sections 2.11, 5.1, 5.5, 12.6 and 13.1 of the Existing Credit Agreement as in effect immediately prior to the Amendment No. 1 Effective Date will continue to be effective as to all matters arising out of or in any way related to facts or events existing or occurring prior to the Amendment No. 1 Effective Date.

(c) Nothing herein shall be deemed to entitle the Borrower or any other Loan Party to any future consent to, or waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Existing Credit Agreement, the Restated Credit Agreement or any other Loan Document in similar or different circumstances. After the date hereof, any reference in the Loan Documents to the "Credit Agreement" shall mean the Restated Credit Agreement. This Amendment shall constitute a "Loan Document" for all purposes of the Restated Credit Agreement and the other Loan Documents.

SECTION 8. Applicable Law; Waiver of Jury Trial. (a) THIS AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

(b) EACH PARTY HERETO HEREBY AGREES AS SET FORTH IN SECTION 13.8(c) OF THE RESTATED CREDIT AGREEMENT AS IF SUCH SECTION WERE SET FORTH IN FULL HEREIN.

SECTION 9. Counterparts; Amendment. This Amendment may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by telecopy or electronic transmission shall be effective as delivery of a manually executed counterpart of this Amendment. This Amendment may not be amended nor may any provision hereof be waived except pursuant to a writing signed by each Loan Party, each 2018 Term Lender, each 2018 Revolving Lender, the Administrative Agent and the Required Lenders.

SECTION 10. Expenses. The Borrower agrees to reimburse the Administrative Agent for its reasonable out-of-pocket expenses in connection with this Amendment to the extent required under Section 13.1 of the Existing Credit Agreement.

SECTION 11. Headings. The Section headings used herein are for convenience of reference only, are not part of this Amendment and are not to affect the construction of, or to be taken into consideration in interpreting, this Amendment.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first written above.

LEGALZOOM.COM, INC.

By

Name:

Title:

LEGALZOOM ENTERPRISES, LLC

By

Name:

Title:

LEGALINC CORPORATE SERVICES INC.

By

Name:

Title:

CREATINGWILL.COM, LLC

By

Name:

Title:

LEGALZOOM.COM TEXAS, LLC

By

Name:

Title:

[Amendment No. 1 Signature Page]

UNITED STATES CORPORATION AGENTS, INC. (CA)

By

Name:

Title:

UNITED STATES CORPORATION AGENTS, INC. (MD)

By

Name:

Title:

UNITED STATES CORPORATION AGENTS, INC. (NV)

By

Name:

Title:

LZ FINANCIAL SERVICES LLC

By

Name:

Title:

9900 SPECTRUM LLC

By

Name:

Title:

[Amendment No. 1 Signature Page]

LEGALZOOM ENTERPRISE INITIATIVES, INC.

By

Name:

Title:

LEGALZOOM SMB INITIATIVES, INC.

By

Name:

Title:

[Amendment No. 1 Signature Page]

JPMORGAN CHASE BANK, N.A., as Administrative Agent,

By

Name:
Title:

[Amendment No. 1 Signature Page]

LENDERS:

SIGNATURE PAGE TO THE AMENDMENT AND
RESTATEMENT AGREEMENT AMONG
LEGALZOOM.COM, INC., THE OTHER LOAN PARTIES
PARTY THERETO, THE LENDERS PARTY THERETO
AND JPMORGAN CHASE BANK, N.A., AS
ADMINISTRATIVE AGENT

Name of Institution:

By

Name:

Title:

By

Name:

Title:

For Lenders of 2018 Term Loans Only:

Check the following box to elect
“Cashless Roll” treatment of the signing
institution’s existing Initial Term Loans (if any)
under Section 1(e) of the Amendment and
Restatement Agreement:

Cashless Roll Option

<u>2018 Term Lender</u>	<u>2018 Term Commitment</u>
JPMorgan Chase Bank, N.A.	\$ 535,000,000.00
TOTAL	\$ 535,000,000.00

<u>2018 Revolving Lender</u>	<u>2018 Revolving Commitment</u>
JPMorgan Chase Bank, N.A.	\$16,000,000.00
Bank of America, N.A.	\$ 4,800,000.00
Credit Suisse AG., Cayman Islands Branch	\$ 4,800,000.00
Deutsche Bank AG New York Branch	\$ 4,800,000.00
Royal Bank of Canada	\$ 4,800,000.00
SunTrust Bank	\$ 4,800,000.00
TOTAL	\$40,000,000.00

DIRECTOR NOMINATION AGREEMENT

THIS DIRECTOR NOMINATION AGREEMENT (this "Agreement") is made and entered into as of June 18th, 2021, by and among LegalZoom.com, Inc., a Delaware corporation (the "Company"), LucasZoom, LLC, a Delaware limited liability company (together with its affiliated investment entities, "Permira"), FPLZ I, L.P., a Delaware limited partnership ("FPLZ I"), and FPLZ II, L.P. (together with FPLZ I and their affiliated investment entities, "Francisco" and together with Permira, the "Lead Sponsors"). This Agreement shall become effective (the "Effective Date") upon the closing of the Company's initial public offering (the "IPO") of shares of its common stock, par value \$0.001 per share (the "Common Stock"); provided, however, that this Agreement shall expire and be of no further force or effect if the IPO does not occur on or prior to December 31, 2021.

WHEREAS, the Lead Sponsors and the Company are contemplating causing the Company to effect the IPO;

WHEREAS, the Lead Sponsors currently have the authority to appoint certain members of the board of directors of the Company;

WHEREAS, in consideration of the Lead Sponsors agreeing to undertake the IPO, the Company has agreed to permit the Lead Sponsors to designate persons for nomination for election to the board of directors of the Company (the "Board") following the Effective Date on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the parties to this Agreement agrees as follows:

1. Board Nomination Rights.

(a) From the Effective Date, (A) each Lead Sponsor shall have the right, but not the obligation, to nominate to the Board a number of designees equal to at least: (i) two (2) Directors (as defined below), so long as such Lead Sponsor continuously from the time of the IPO Beneficially Owns shares of Common Stock representing at least 50% of the shares of Common Stock owned by such Lead Sponsor immediately following the IPO, and (ii) one (1) Director, in the event that such continuously from the time of the IPO Lead Sponsor Beneficially Owns shares of Common Stock representing at least 25% but less than 50% of the shares of Common Stock owned by such Lead Sponsor immediately following the IPO.

(b) In the event that any Lead Sponsor has nominated less than the total number of designees that such Lead Sponsor shall be entitled to nominate pursuant to Section 1(a), such Lead Sponsor shall have the right, at any time, to nominate such additional designees to which it is entitled, in which case, the Company shall take, and shall use commercially reasonable efforts to cause the Directors to take, all necessary corporate action, to the fullest extent permitted by applicable law (including with respect to fiduciary duties under Delaware law), to (x) enable such Lead Sponsor to nominate and effect the election or appointment of such additional individuals, whether by increasing the size of the Board or otherwise, and (y) to designate such additional individuals nominated by such Lead Sponsor to fill such newly created vacancies or to fill any other existing vacancies.

(c) The Company shall pay all reasonable out-of-pocket expenses incurred by any person nominated by a Lead Director hereunder (a “Nominee”) in connection with the performance of his or her duties as a director and in connection with his or her attendance at any meeting of the Board.

(d) “Beneficially Own” shall mean that a specified person has or shares the right, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, to vote shares of capital stock of the Company. “Affiliate” of any person shall mean any other person controlled by, controlling or under common control with such person; where “control” (including, with its correlative meanings, “controlling,” “controlled by” and “under common control with”) means possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities, by contract or otherwise).

(e) “Director” means any member of the Board.

(f) In the event that any Nominee shall cease to serve for any reason, the Lead Sponsor that nominated such Nominee shall be entitled to designate such person’s successor in accordance with this Agreement (provided that at the time such Nominee ceases to serve, such Lead Sponsor’s Beneficial Ownership of Common Stock continues to enable the Lead Sponsor to designate such replacement Nominee) and the Company shall use commercially reasonable efforts to cause the Board to the fullest extent provided by applicable law (including the Directors’ fiduciary duties under Delaware law) to promptly fill the vacancy with such successor Nominee; it being understood that any such designee shall serve the remainder of the term of the director whom such designee replaces.

(g) If a Nominee is not appointed or elected to the Board because of such person’s death, disability, disqualification, withdrawal as a nominee or for other reason is unavailable or unable to serve on the Board, the applicable Lead Sponsor shall be entitled to designate promptly another nominee and the director position for which the original Nominee was nominated shall not be filled pending such designation (provided that at the time of death, disability, disqualification, withdrawal or occurrence of the other reason the Nominee is not appointed or elected, such lead Sponsor’s Beneficial Ownership of Common Stock continues to enable the Lead Sponsor to designate a replacement Nominee).

(h) So long as a Lead Sponsor has the right to nominate at least one Nominee under Section 1(a) or any such Nominee is serving on the Board, the Company shall maintain in effect at all times directors and officers indemnity insurance coverage reasonably satisfactory to the Board, and the Company’s Amended and Restated Certificate of Incorporation and Bylaws (each as may be further amended, supplemented or waived in accordance with its terms) shall at all times provide for indemnification, exculpation and advancement of expenses to the fullest extent permitted under applicable law.

(i) At any time that a Lead Sponsor shall have any nomination rights under Section 1, the Company shall not take any action, including making or recommending any amendment to Company's Amended and Restated Certificate of Incorporation or Bylaws (each as may be further amended, supplemented or waived in accordance with its terms) that could reasonably be expected to adversely affect a Lead Sponsor's rights under this Agreement, in each case without the prior written consent of the adversely affected Lead Sponsor.

(j) Notwithstanding anything in this Agreement to the contrary, a Lead Sponsor may not nominate or designate any person unless he or she would qualify as "independent" under applicable stock exchange listing standards, unless otherwise approved by the Board.

2. Company Obligations. The Company agrees that prior to the date that each Lead Sponsor and its Affiliates cease to Beneficially Own shares of Common Stock that would allow them to nominate Directors under Section 1(a) hereof, it will use commercially reasonable efforts to cause the Board, to the fullest extent permitted by law (including the Directors' fiduciary duties under Delaware law), to include (i) each Nominee in the Board's slate of nominees to the stockholders (the "Board's Slate") for each election of directors; and (ii) each Nominee in the proxy statement prepared by management of the Company in connection with soliciting proxies for every meeting of the stockholders of the Company called with respect to the election of members of the Board (each, a "Director Election Proxy Statement"), and at every adjournment or postponement thereof. Each Lead Sponsor will promptly report to the Company after such Lead Sponsor ceases to Beneficially Own shares of Common Stock that would allow such Lead Sponsor to nominate a director under Section 1(a) hereof, such that Company is informed of when this obligation terminates. The calculation of the number of Nominees that each Lead Sponsor is entitled to nominate to the Board's Slate for any election of directors shall be based on the outstanding Common Stock then Beneficially Owned by each Lead Sponsor immediately prior to the mailing to stockholders of the Director Election Proxy Statement relating to such election (or, if earlier, the filing of the definitive Director Election Proxy Statement with the U.S. Securities and Exchange Commission). Unless a Lead Sponsor notifies the Company otherwise prior to the mailing to stockholders of the Director Election Proxy Statement relating to an election of directors (or, if earlier, the filing of the definitive Director Election Proxy Statement with the U.S. Securities and Exchange Commission), the Nominees for such election shall be presumed to be the same Nominees currently serving on the Board, and no further action shall be required of any Lead Sponsor for the Board to include such Nominees on the Board's Slate; provided, that, in the event a Lead Sponsor is no longer entitled to nominate the full number of Nominees then serving on the Board, such Lead Sponsor shall provide advance written notice to the Company of the currently serving Nominee(s) who shall be excluded from the Board Slate, and of any other changes to the list of Nominees. If a Lead Sponsor fails to provide such notice prior to the mailing to stockholders of the Director Election Proxy Statement relating to such election (or, if earlier, the filing of the definitive Director Election Proxy Statement with the U.S. Securities and Exchange Commission), a majority of the independent directors then serving on the Board shall determine which of the Nominees of such Lead Sponsor then serving on the Board will be included in the Board's Slate. The Company agrees to provide written notice of the preparation of a Director Election Proxy Statement to the Lead Sponsors at least 20 business days, but no more than 80 business days, prior to the earlier of the mailing and the filing date of any Director Election Proxy Statement.

3. Amendment and Waiver. Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by the Company and each Lead Sponsor (for so long as such Lead Sponsor has the right to designate at least one Nominee hereunder), or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law. The Lead Sponsors shall not be obligated to nominate all (or any) of the Nominees it is entitled to nominate pursuant to this Agreement for any election of directors but the failure to do so shall not constitute a waiver of its rights hereunder with respect to future elections. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

4. Benefit of Parties. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective permitted successors and assigns. Notwithstanding the foregoing, the Company may not assign any of its rights or obligations hereunder without the prior written consent of each Lead Sponsor. Except as otherwise expressly provided in Section 6, nothing herein contained shall confer or is intended to confer on any third party or entity that is not a party to this Agreement any rights under this Agreement.

5. Assignment. A Lead Sponsor may not assign any of its rights hereunder.

6. Headings. Headings are for ease of reference only and shall not form a part of this Agreement.

7. Governing Law. This Agreement shall be construed in accordance with and governed by the law of the State of Delaware without giving effect to the principles of conflicts of laws thereof.

8. Jurisdiction. Any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement may be brought against any of the parties in any federal court located in the State of Delaware or any Delaware state court, and each of the parties hereby consents to the exclusive jurisdiction of such court (and of the appropriate appellate courts) in any such suit, action or proceeding and waives any objection to venue laid therein. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each of the parties agrees that service of process upon such party at the address referred to in Section 16, together with written notice of such service to such party, shall be deemed effective service of process upon such party.

9. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT.

10. Entire Agreement. This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior agreements, understandings and negotiations, both written and oral among the parties with respect to the subject matter hereof.

11. Counterparts; Effectiveness. This Agreement may be signed in any number of counterparts, each of which shall be deemed an original. This Agreement shall become effective when each party shall have received a counterpart hereof signed by each of the other parties. An executed copy or counterpart hereof delivered by facsimile shall be deemed an original instrument.

12. Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

13. Further Assurances. Each of the parties hereto shall execute and deliver such further instruments and do such further acts and things as may be required to carry out the intent and purpose of this Agreement.

14. Specific Performance. Each of the parties hereto agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof in any federal or state court located in the State of Delaware, in addition to any other remedy to which they are entitled at law or in equity.

15. Notices. All notices, requests and other communications to any party or to the Company pursuant to this Agreement shall be in writing (including email or similar writing) and shall be given,

If to the Company:

Legalzoom.com, Inc.
101 North Brand Boulevard
11th Floor, Glendale, CA 91203
Attention: Chief Executive Officer.

With a copy to (which shall not constitute notice):

Cooley LLP
1333 2nd Street, Suite 400
Santa Monica, CA 90401
Attention: C. Thomas Hopkins
Email: thopkins@cooley.com

If to any member of Francisco or any of its Nominees:

Francisco Partners
One Letterman Drive
Building C—Suite 410
San Francisco, CA 94129
Attention: Christine Wang
Email: christine@franciscopartners.com

With a copy to (which shall not constitute notice):

Paul Hastings, LLP
101 California Street, 48th Floor
San Francisco, CA 94111
Attention: Michael J. Kennedy
Email: mikekennedy@paulhastings.com

If to Permira or any of its Nominees:

c/o Permira Advisers LLC
3000 Sand Hill Road, Building 1
Menlo Park, CA 94025
Attention: Legal Department
E-mail: Justin.Herridge@permira.com

With a copy to (which shall not constitute notice):

Fried, Frank, Harris, Shriver & Jacobson LLP
801 17th Street, NW
Washington, DC 20015
Attention: Brian Mangino
Email: Brian.Mangino@friedfrank.com

or to such other address or telecopier number as such party or the Company may hereafter specify for the purpose by notice to the other parties and the Company. Each such notice, request or other communication shall be effective when delivered at the address specified in this Section 16 during regular business hours.

* * * * *

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

LEGALZOOM.COM, INC.

By: /s/ Dan Wernikoff

Name: Dan Wernikoff

Title: Chief Executive Officer

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

LUCASZOOM, LLC

By: /s/ Dipan Patel

Name: Dipan Patel

Title: VP and Treasurer

COMMON STOCK PURCHASE AGREEMENT

This Common Stock Purchase Agreement (“**Agreement**”) is made as of June 18, 2021 (the “**Effective Date**”), by and among LegalZoom.com, Inc., a Delaware corporation (the “**Company**”), and the investors listed on Schedule A hereto (each, an “**Investor**” and collectively, the “**Investors**”).

RECITALS

A. The Investors desire to purchase from the Company, and the Company desires to sell and issue to the Investors, in the aggregate, \$90.0 million of the common stock, par value \$0.001 per share, of the Company (the “**Common Stock**”), in a private placement that shall take place concurrently with the Company’s initial public offering of Common Stock (the “**IPO**”) on the terms and subject to the conditions set forth in this Agreement (the “**Financing**”).

B. The parties hereto have executed this Agreement on the Effective Date, which is prior to the effectiveness of the registration statement on Form S-1 filed by the Company with the Securities and Exchange Commission (the “**SEC**”) for the IPO.

C. The closing of the Financing shall take place concurrently with the closing of the IPO (such time, the “**IPO Closing Time**”) and at the price per share equal to the initial public offering price per share that the Common Stock is sold to the public in the IPO (before any underwriting discounts or commissions) (the “**IPO Price**”), as set forth on the cover of the final prospectus filed with the SEC.

D. In order to effect the IPO, the Company shall enter into an Underwriting Agreement (the “**Underwriting Agreement**”) with J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and Barclays Capital Inc., as representatives of the several underwriters named therein (the “**Underwriters**”).

AGREEMENT

The parties agree as follows:

1. Purchase and Sale of Stock.

1.1 Sale and Issuance of Stock. The Company agrees to issue and sell to the Investors, and the Investors agree to purchase from the Company, in the aggregate, \$90.0 million of Common Stock (the “**Investment Amount**”) at the IPO Price pursuant to a private placement exempt from registration under the Securities Act of 1933, as amended (the “**Securities Act**”), in accordance with Rule 506 of Regulation D promulgated under the Securities Act. The number of shares of Common Stock to be sold by the Company and purchased by the Investors hereunder (the “**Shares**”) shall equal the number of shares determined by dividing the Investment Amount by the IPO Price (rounded down to the nearest whole share). Payment of the purchase price (which shall be equal to the total number of Shares to be purchased by the Investors, as calculated pursuant to the immediately preceding sentence, multiplied by the IPO Price) for the Shares (the “**Purchase Price**”) shall be made at the Closing (as defined below) by wire transfer of immediately available funds to the account specified in writing by the Company to the Investors, subject to the satisfaction of the conditions set forth in this Agreement. Payment of the Purchase Price for the Shares shall be made against delivery to the Investors of the Shares, which Shares shall be uncertificated and shall be registered in the name of the applicable Investor on the books of the Company by the Company’s transfer agent. No later than two days prior to the Closing, the Investors shall deliver to the Company an updated Schedule A, setting forth the number of Shares to be purchased by each Investor and the corresponding portion of the Purchase Price to be paid by each such Investor in accordance with the terms of this Agreement.

1.2 Closing. The closing of the sale and purchase of the Shares (the “**Closing**”) will take place remotely via the exchange of documents and signatures after the satisfaction or waiver of each of the conditions set forth in Section 4 and Section 5 (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the fulfillment or waiver of those conditions).

2. **Representations and Warranties of the Company.**

The Company hereby represents and warrants to the Investors that the following representations are true and correct as of the date hereof and as of the Closing (except to the extent any such representations and warranties expressly relate to an earlier date, in which case such representations and warranties are true and correct as of such earlier date).

2.1 Organization, Valid Existence and Qualification. The Company is a corporation duly organized and validly existing under the laws of the State of Delaware and has all requisite corporate power and authority to carry on its business as currently conducted. The Company is duly qualified to transact business as a foreign corporation in each jurisdiction in which it conducts its business, except where failure to be so qualified could not reasonably be expected to result, either individually or in the aggregate, in a material adverse effect on the Company’s financial condition, business or operations.

2.2 Registration Statement. The Registration Statement and any prospectus contained therein will not, as of the filing date of such Registration Statement, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. “**Registration Statement**” means the registration statement on Form S-1, including any prospectus filed pursuant to Rule 424 under the Securities Act, and any free writing prospectuses, relating to the IPO.

2.3 Authorization. All corporate action on the part of the Company, its officers, directors and stockholders necessary for the authorization, execution and delivery of this Agreement, the performance of all obligations of the Company hereunder, and the authorization, issuance, sale and delivery of the Shares, has been taken or will be taken prior to the Closing, and this Agreement constitutes the valid and legally binding obligation of the Company, enforceable in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors’ rights generally, and (b) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

2.4 Valid Issuance of Shares. The Shares that are being purchased by the Investors hereunder, when issued, sold and delivered in accordance with the terms of this Agreement for the consideration expressed herein, will be duly and validly issued, fully paid, and nonassessable, and will be transferred to the Investors free of liens, encumbrances and restrictions on transfer other than (a) restrictions on transfer under this Agreement and under applicable state and federal securities laws, (b) restrictions on transfer under the lock-up agreement entered into by the Investors for the benefit of the Underwriters in the IPO and (c) any liens, encumbrances or restrictions on transfer that are created or imposed by the Investors. Subject in part to the truth and accuracy of the Investors’ representations set forth in Section 3 of this Agreement, the offer, sale and issuance of the Shares as contemplated by this Agreement are exempt from the registration requirements of applicable state and federal securities laws.

2.5 Non-Contravention. No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any federal, state or local governmental authority on the part of the Company is required in connection with the consummation of the sale and issuance of Shares contemplated by this Agreement, except for the filing of notices of the sale of Shares pursuant to Regulation D promulgated under the Securities Act and applicable state securities laws. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby will not result in any such violation or constitute, with or

without the passage of time and giving of notice, either (a) a default in any material respect of any such instrument, judgment, order, writ or decree, or (b) an event that results in the creation of any lien, charge or encumbrance upon any assets of the Company or the suspension, revocation, impairment, forfeiture, or nonrenewal of any material permit, license, authorization or approval applicable to the Company, in each case, which could reasonably be expected to result, either individually or in the aggregate, in a material adverse effect on the Company's financial condition, business or operations.

3. Representations and Warranties of the Investors.

Each Investor hereby represents and warrants to the Company that the following representations are true and correct as of the date hereof and as of the Closing (except to the extent any such representations and warranties expressly relate to an earlier date, in which case such representations and warranties are true and correct as of such earlier date).

3.1 Authorization. The Investor has all requisite power and authority to enter into this Agreement and this Agreement constitutes its valid and legally binding obligations, enforceable in accordance with its terms except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, and (b) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

3.2 Purchase Entirely for Own Account. This Agreement is made with the Investor in reliance upon the Investor's representations to the Company, which by the Investor's execution of this Agreement the Investor hereby confirms, that the Shares acquired by the Investor hereunder will be acquired for investment for the Investor's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that the Investor has no present intention of selling, granting any participation in, or otherwise distributing the same, except as permitted by applicable federal or state securities laws. By executing this Agreement, the Investor further represents that the Investor does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participation rights to such person or to any third person, with respect to any of the Shares.

3.3 No Solicitation. At no time was the Investor presented with or solicited by any publicly issued or circulated newspaper, mail, radio, television or other form of general advertising or solicitation in connection with the offer, sale and purchase of the Shares.

3.4 Access to Information. The Investor has received or has had access to all the information it considers necessary or appropriate to make an informed investment decision with respect to the Shares to be purchased by the Investor under this Agreement. The Investor further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Shares. The foregoing, however, does not in any way limit or modify the representations and warranties made by the Company in Section 2.

3.5 Investment Experience. The Investor understands that the purchase of the Shares involves substantial risk. The Investor has experience as an investor in securities of companies in the development stage and acknowledges that the Investor is able to fend for itself, can bear the economic risk of the Investor's investment in the Shares, including a complete loss of the investment, and has such knowledge and experience in financial or business matters that the Investor is capable of evaluating the merits and risks of this investment in the Shares and protecting its own interests in connection with this investment. The Investor represents that the office in which its investment decision was made is located at the address set forth in Section 6.7.

3.6 Accredited Investor. The Investor understands the term “accredited investor” within the meaning of Rule 501 of Regulation D promulgated under the Securities Act and is an “accredited investor” for the purposes of acquiring the Shares to be purchased by the Investor under this Agreement.

3.7 Restricted Securities. The Investor understands that the Shares are characterized as “restricted securities” under the Securities Act inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under the Securities Act and applicable regulations thereunder such securities may be resold without registration under the Securities Act only in certain limited circumstances. The Investor represents that the Investor is familiar with Rule 144 of the Securities Act, as presently in effect, and understands the resale limitations imposed thereby and by the Securities Act. The Investor understands that the Company is under no obligation to register any of the securities sold hereunder.

3.8 Legends. The Investor understands that the book-entry account evidencing the Shares may bear one or all of the following legends (or substantially similar legends):

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “ACT”), OR UNDER THE SECURITIES LAWS OF APPLICABLE STATES. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO A LOCK-UP AGREEMENT EXECUTED BY THE ORIGINAL HOLDER OF THESE SHARES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. AS A RESULT OF SUCH AGREEMENT, THESE SHARES MAY NOT BE TRADED FOR A PERIOD OF TIME AFTER THE DATE OF THE UNDERWRITING AGREEMENT EXECUTED IN CONNECTION WITH THE INITIAL PUBLIC OFFERING OF THE COMMON STOCK OF THE ISSUER HEREOF. SUCH RESTRICTION IS BINDING ON TRANSFEREES OF THESE SHARES.

3.9 No Brokers. The Investor has not incurred, and will not incur in connection with the purchase of the Shares, any brokerage or finders’ fees, or agents’ commissions or similar liabilities.

4. Conditions to the Investors’ Obligations at Closing.

The obligations of the Investors to consummate the Closing are subject to the fulfillment or waiver, on or by the Closing, of each of the following conditions, which waiver may be given by written communication to the Company:

4.1 Representations and Warranties. Each of the representations and warranties of the Company contained in Section 2 (a) that are not qualified as to materiality or material adverse effect shall be true and accurate in all material respects on and as of the Closing with the same force and effect as if they had been made at the Closing, except for those representations and warranties that address matters only as of a particular date (which shall remain true and correct as of such particular date), and (b) that are qualified as to materiality or material adverse effect shall be true and accurate in all respects on and as of the Closing with the same force and effect as if they had been made at the Closing, except for those representations and warranties that address matters only as of a particular date (which shall remain true and correct as of such particular date).

4.2 **Performance.** The Company shall have performed and complied in all material respects with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing and shall have obtained all approvals, consents and qualifications necessary to complete the purchase and sale described herein.

4.3 **IPO.** The Registration Statement shall have been declared effective by the SEC. The Underwriters shall have purchased, concurrently with the purchase of the Shares by the Investors hereunder, the Firm Shares (as defined in the Underwriting Agreement) at the IPO Price (less any underwriting discounts or commissions).

4.4 **Qualifications.** All authorizations, approvals, waiting period expirations or terminations, or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Shares pursuant to this Agreement shall be duly obtained and effective as of the Closing, other than (a) the filing pursuant to Regulation D, promulgated under the Securities Act, and (b) the filings required by applicable state “blue sky” securities laws, rules and regulations.

4.5 **Absence of Injunctions and Decrees.** During the period from the Effective Date to immediately prior to the Closing, no governmental authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any decision, injunction, decree, ruling, law or order enjoining or otherwise prohibiting or making illegal the consummation of the transactions contemplated at the Closing.

5. Conditions to the Company’s Obligations at Closing.

The obligations of the Company to the Investors to consummate the Closing are subject to the fulfillment, on or by the Closing, of each of the following conditions, which waiver may be given by written communication to the Investors:

5.1 **Representations and Warranties.** The representations and warranties of the Investors contained in Section 3 shall be true and accurate in all material respects on and as of the Closing with the same force and effect as if they had been made at the Closing.

5.2 **Performance.** The Investors shall have performed and complied in all material respects with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by the Investors on or before the Closing and shall have obtained all approvals, consents and qualifications necessary to complete the purchase and sale described herein.

5.3 **IPO.** The Registration Statement shall have been declared effective by the SEC. The Underwriters shall have purchased the Firm Shares at the IPO Price (less any underwriting discounts or commissions).

5.4 **IPO Lockup.** The Investors shall have signed a lockup agreement in the form previously agreed upon by the Investors and the Underwriters. The Shares shall be subject to the terms of the lockup agreement.

5.5 **Absence of Injunctions and Decrees.** During the period from the Effective Date to immediately prior to the Closing, no governmental authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any decision, injunction, decree, ruling, law or order enjoining or otherwise prohibiting or making illegal the consummation of the transactions contemplated at the Closing.

6. MISCELLANEOUS.

6.1 Publicity. No party shall issue any press release or make any other public announcement, including any website posting or social media post, that includes the name or any logo or brand name of any party, or discloses the terms of this Agreement or the fact that the Investors have made or propose to make an investment in the Company, except for the Company's disclosure in the Registration Statement, as may be required by law, or with the prior written consent of the other parties. Each party will provide reasonable advance notice to the other parties prior to making any disclosure of this Agreement or the terms hereof in any filings made with the SEC, and will provide the other parties with reasonable opportunity to review and comment on such proposed disclosures. Notwithstanding the foregoing, the parties may use the other parties' current logo or logos in connection with describing their portfolio or this investment on their webpages and in their promotional materials.

6.2 Survival of Representations and Warranties. The representations and warranties of the Company and the Investors contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and the Closing, and shall in no way be affected by any investigation of the subject matter thereof made by or on behalf of the Investors or the Company.

6.3 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Delaware (without reference to the conflicts of law provisions thereof).

6.4 Counterparts; Facsimile Signatures. 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 be executed and delivered by facsimile, or by email in portable document format (.pdf) and upon such delivery of the signature page by such method will be deemed to have the same effect as if the original signature had been delivered to the other parties.

6.5 Headings; Interpretation. In this Agreement, (a) the meaning of defined terms shall be equally applicable to both the singular and plural forms of the terms defined, (b) the captions and headings are used only for convenience and are not to be considered in construing or interpreting this Agreement and (c) the words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation." All references in this Agreement to sections, paragraphs, exhibits and schedules shall, unless otherwise provided, refer to sections and paragraphs hereof and exhibits and schedules attached hereto, all of which exhibits and schedules are incorporated herein by this reference.

6.6 Notices. All notices which are required or permitted hereunder shall be in writing and sufficient if delivered personally, sent by facsimile or email (and promptly confirmed by personal delivery, registered or certified mail or overnight courier), sent by nationally-recognized overnight courier or sent by registered or certified mail, postage prepaid, return receipt requested, addressed as follows:

If to the Company, to:

LegalZoom.com, Inc.
101 North Brand Boulevard, 11th Floor
Glendale, California 91203
Attention: Nicole Miller, General Counsel
Email: nmiller@legalzoom.com

With a copy to (which shall not constitute notice):

Cooley LLP
1333 2nd Street
Santa Monica, CA 90401
Attention: C. Thomas Hopkins
Email: thopkins@cooley.com

If to any Investor, to:

Technology Crossover Ventures
250 Middlefield Road
Menlo Park, CA 94025
Attention: General Counsel
Email: legal@tcv.com

With a copy to (which shall not constitute notice):

Weil, Gotshal & Manges LLP
201 Redwood Shores Parkway
Redwood Shores, CA 94065
Attention: Kyle C. Krpata
Email: kyle.krpata@weil.com

6.7 **No Finder's Fees.** The Investors agree to indemnify and to hold harmless the Company from any liability for any commission or compensation in the nature of a finder's or broker's fee (and any asserted liability as a result of the performance of services of any such finder or broker) for which the Investors or any of its officers, partners, employees, or representatives is responsible. The Company agrees to indemnify and hold harmless the Investors from any liability for any commission or compensation in the nature of a finder's or broker's fee (and any asserted liability as a result of the performance of services by any such finder or broker) for which the Company or any of its officers, employees or representatives is responsible.

6.8 **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 the Company and the Investors. Any amendment or waiver effected in accordance with this [Section 6.8](#) shall be binding upon each holder of any Shares at the time outstanding, each future holder of such securities and the Company. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance. No waiver granted under this Agreement as to any one provision herein shall constitute a subsequent waiver of such provision or of any other provision herein, nor shall it constitute the waiver of any performance other than the actual performance specifically waived.

6.9 **Severability.** If any provision of this Agreement is determined by any court or arbitrator of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such provision will be enforced to the maximum extent possible given the intent of the parties hereto. If such clause or provision cannot be so enforced, such provision shall be stricken from this Agreement and the remainder of this Agreement shall be enforced as if such invalid, illegal or unenforceable clause or provision had (to the extent not enforceable) never been contained in this Agreement.

6.10 **Entire Agreement.** This Agreement, together with all exhibits and schedules hereto, constitute the entire agreement and understanding of the parties with respect to the subject matter hereof and supersede any and all prior negotiations, correspondence, agreements, understandings duties, or obligations, whether oral or written, between or among the parties hereto with respect to the specific subject matter hereof.

6.11 **Third Parties.** Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties hereto and their successors and assigns, any rights or remedies under or by reason of this Agreement.

6.12 Assignment. Until the date that is two days prior to the Closing, each Investor may assign, in its sole discretion, any or all of its rights and interests under this Agreement to one or more of its affiliates. Any assignment or reallocation of Shares shall be set forth on the updated Schedule A delivered to the Company pursuant to Section 1.1.

6.13 Expenses. The Company and each Investor will each bear its own expenses in connection with the preparation, execution and delivery of this Agreement and the consummation of the Financing.

6.14 Further Assurances. The parties agree to execute such further documents and instruments and to take such further actions as may be reasonably necessary to carry out the purposes and intent of this Agreement.

6.15 Termination. This Agreement shall automatically terminate upon the earliest to occur, if any, of: (a) either the Company, on the one hand, or the Underwriters, on the other hand, advising the other in writing, prior to the execution of the Underwriting Agreement, that they have determined not to proceed with the IPO, (b) termination of the Underwriting Agreement (other than the provisions thereof which survive termination) prior to the sale of any of the Common Stock to the Underwriters in the IPO, (c) the Registration Statement is withdrawn, (d) the written consent of each of the Company and the Investors or (e) September 30, 2021, in the event that the Underwriting Agreement has not been executed by such date; provided, that the Company may, in its sole discretion, by written notice to the Investors prior to September 30, 2021, extend such date for a period of up to three additional months.

6.16 Waiver of Conflicts. The Investors acknowledge that Cooley LLP (“**Cooley**”), counsel to the Company, may have performed and may now or in the future perform legal services for the Investors or their affiliates in matters unrelated to the transactions described in this Agreement. Accordingly, each party to this Agreement hereby (a) acknowledges that they have had an opportunity to ask for and have obtained information relevant to this disclosure, (b) acknowledges that Cooley represents only the Company in connection with this Agreement and the transactions contemplated hereby, and not the Investors or any stockholder, director or employee of the Investors and (c) gives its informed consent to Cooley’s representation of the Company in connection with this Agreement and the transactions contemplated hereby.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

The parties hereto have executed this Agreement of the date first written above.

COMPANY:

LegalZoom.com, Inc.

By: /s/ Dan Wernikoff

Dan Wernikoff

Chief Executive Officer

COMMON STOCK PURCHASE AGREEMENT

The parties hereto have executed this Agreement of the date first written above.

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 (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 IX (A), OPPORTUNITIES 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

SCHEDULE A

Schedule of Investors

<u>Name of Investor</u>	<u>Purchase Price Paid by Investor</u>
TCV IX, L.P.	\$ 63,709,092.00
TCV IX (A) Opportunities, L.P.	\$ 17,976,363.00
TCV IX (B), L.P.	\$ 3,402,545.00
TCV Member Fund, L.P.	\$ 4,912,000.00
Total:	\$ 90,000,000

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form S-1 of LegalZoom.com, Inc. of our report dated April 6, 2021 relating to the financial statements of LegalZoom.com, Inc., which appears in this Registration Statement. We also consent to the reference to us under the heading “Experts” in such Registration Statement.

/s/ PricewaterhouseCoopers LLP
Los Angeles, California
June 20, 2021