

Investor Presentation

November 2024



LEGALZOOM

Forward-looking statements disclaimer

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

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



About non-GAAP financial measures

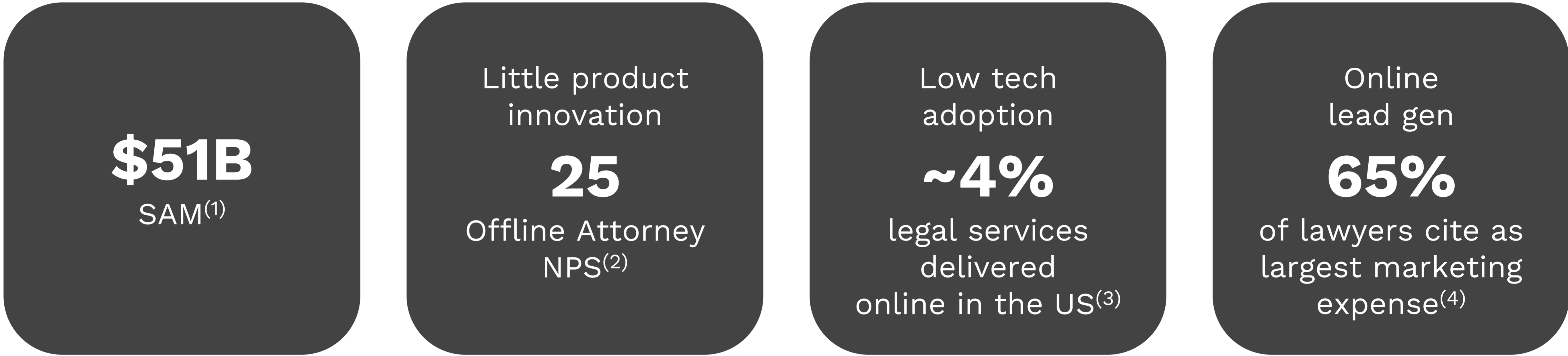
This presentation includes certain non-GAAP financial measures including Adjusted EBITDA, Adjusted EBITDA margin, non-GAAP net income (loss), non-GAAP net income (loss) margin, adjusted gross profit, adjusted gross profit margin, certain non-GAAP expenses (including non-GAAP cost of revenue, non-GAAP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

About LegalZoom

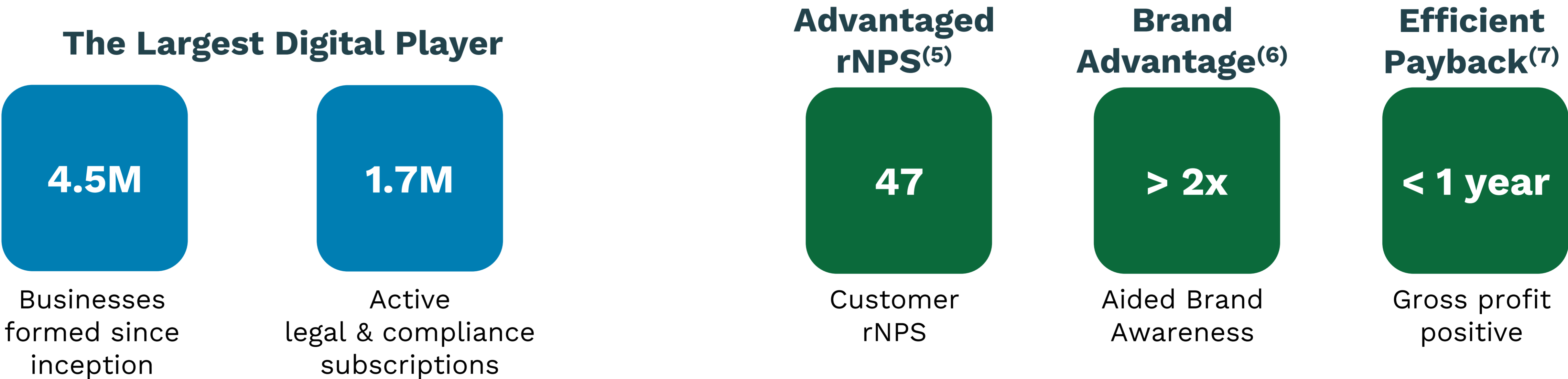


Online legal and compliance is a big opportunity

Our Market



Our Leadership



Unless otherwise noted, all information is as of September 30, 2024.
 (1) Total SAM as of February 2024. U.S. Census Bureau; U.S. Small Business Administration; internal company estimates. (2) Net promoter score (NPS) in 2018, according to Clio Legal Trends Report. (3) In 2022, according to IBISWorld. (4) In 2014, according to Martindale Nolo. (5) Source: Dynata (for all LegalZoom customers) as of December 31, 2023. (6) Source: Dynata (LegalZoom vs. category competitors) as of December 31, 2023. (7) Customer Lifetime Value (LTV) to Customer Acquisition Cost (CAC) ratio for 2023 customer cohort.

We solve important problems for our customers...



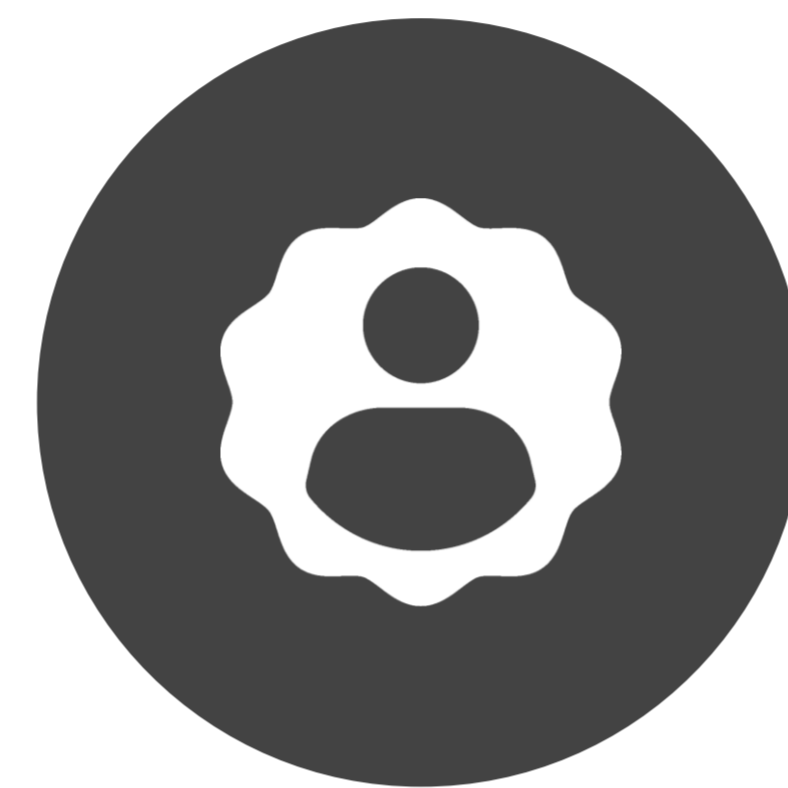
Entity creation and compliance is **complicated, time-consuming and expensive** to navigate on your own

44%

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

10%

Of small businesses are fined for regulatory noncompliance⁽¹⁾



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

96%

Haven't consulted an attorney at formation⁽²⁾

92%

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



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

64%

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

16%

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

...through our innovative legal technology platform

Small Business Services



Business formation



Business compliance



Legal advice



Trademark & intellectual property



Business management⁽¹⁾



Business banking & websites⁽²⁾

Consumer Services



Estate planning



Family planning



Legal advice



Real estate



Prenuptial agreements



Name change

Large SAM,⁽¹⁾ significant opportunity

Life & Business Planning

\$13B

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

- Entity Creation
- Estate Planning

Business Management

\$15B

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

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

Expert Assistance

\$23B

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

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

Experienced management team



Jeff Stibel
Chief Executive Officer

BRYANT STIBEL | dun & bradstreet | web.com



Noel Watson
Chief Operating Officer &
Chief Financial Officer

TrueCar | TripAdvisor



Nicole Miller
Chief Legal Officer

HONEST | Cooley | GIBSON DUNN



Sheily Chhabria Panchal
Chief People Officer

ServiceTitan | Google | Activision Blizzard



Kathy Tsitovich
Chief Corporate Development
& Partnerships Officer

intuit



Daniel Lysaught
Chief Marketing Officer

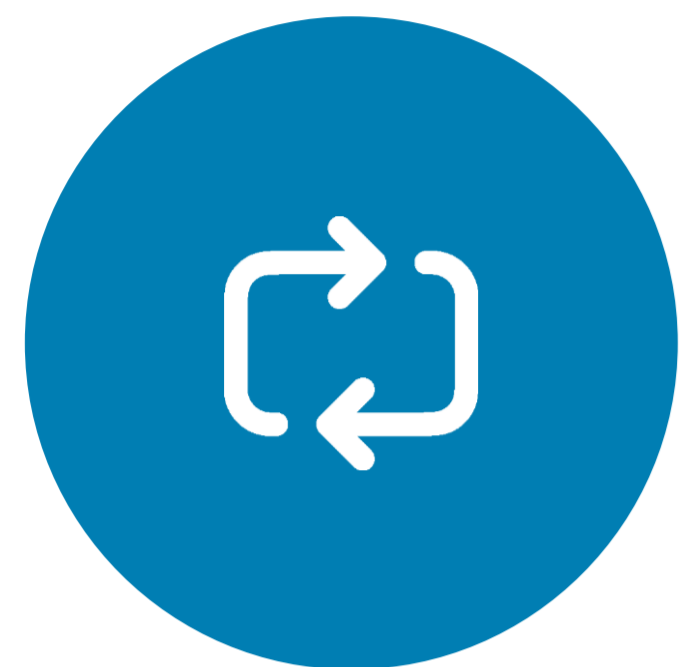
good eggs | TrueCar



Aaron Stibel
Chief Revenue Officer

BRYANT STIBEL | dun & bradstreet | MDR EDUCATION
A Dun & Bradstreet Division

Three key focus areas



Optimize our subscription business



Reorient go-to-market strategy



Leverage AI to deliver expertise



Investment highlights

The largest digital player in a large and fragmented formations market

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

Attractive and efficient business model, shifting to subscriptions

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

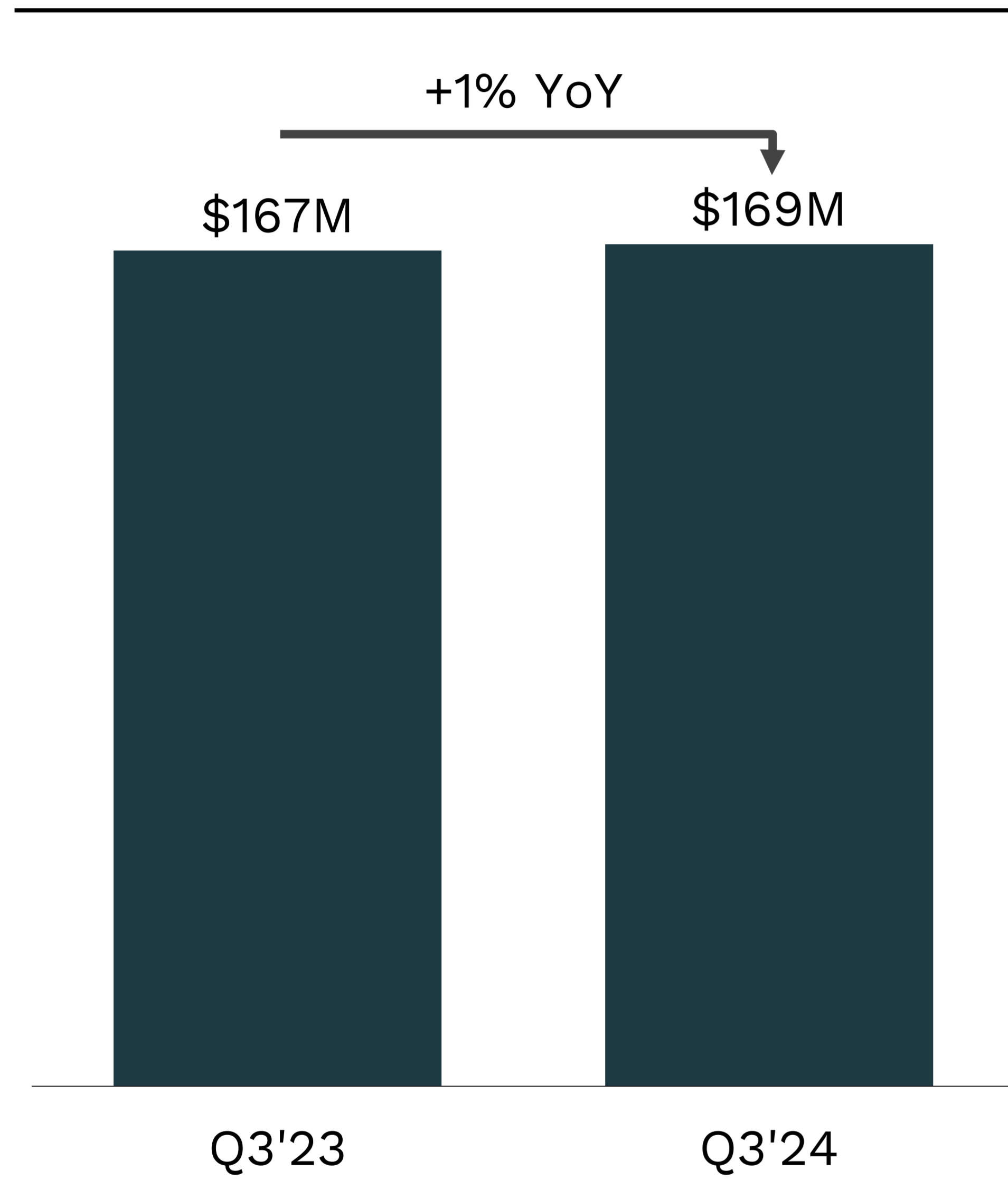
Leadership team focused on growth and profitability

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

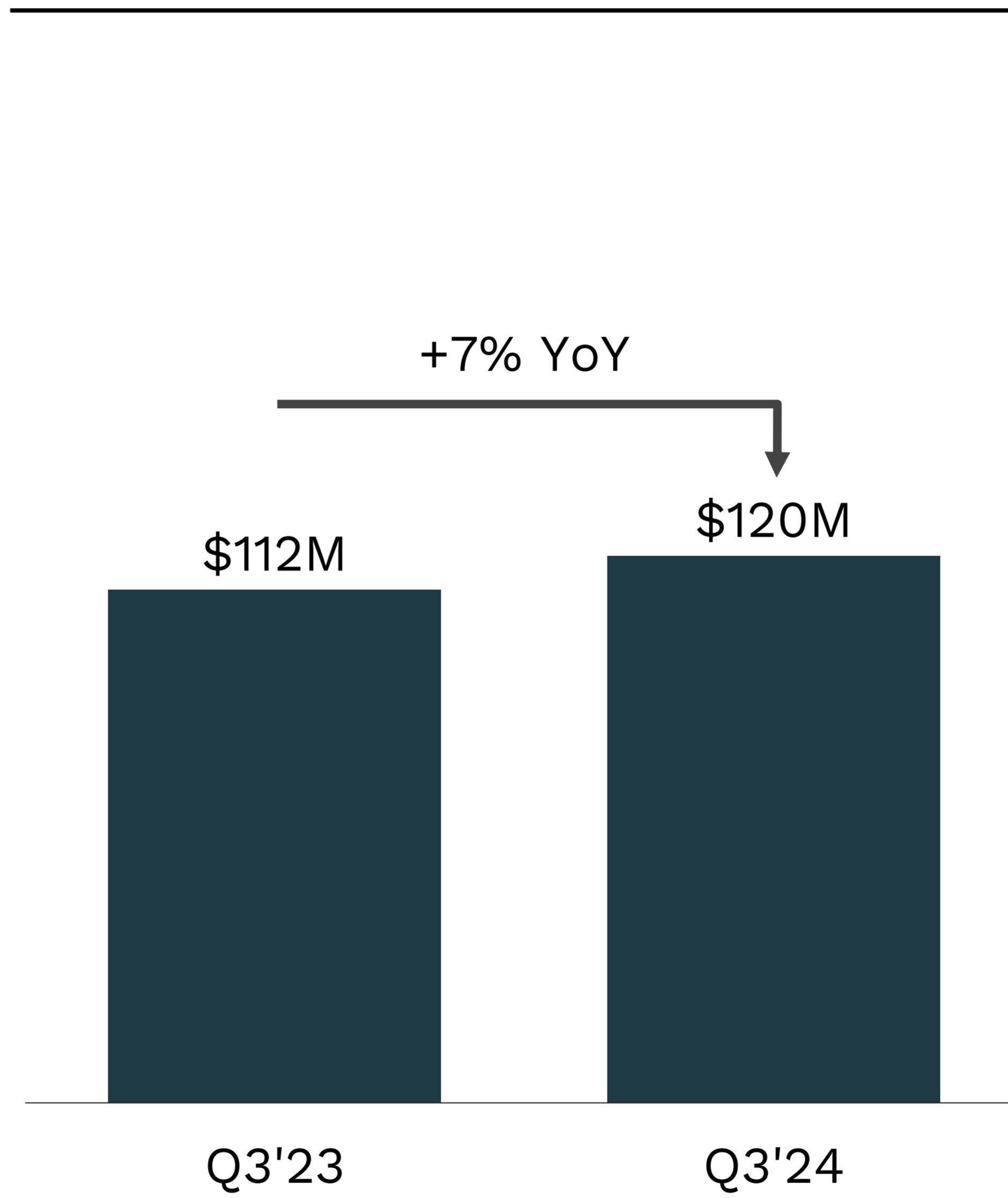
Financial update

Q3 2024 snapshot

GAAP Revenue

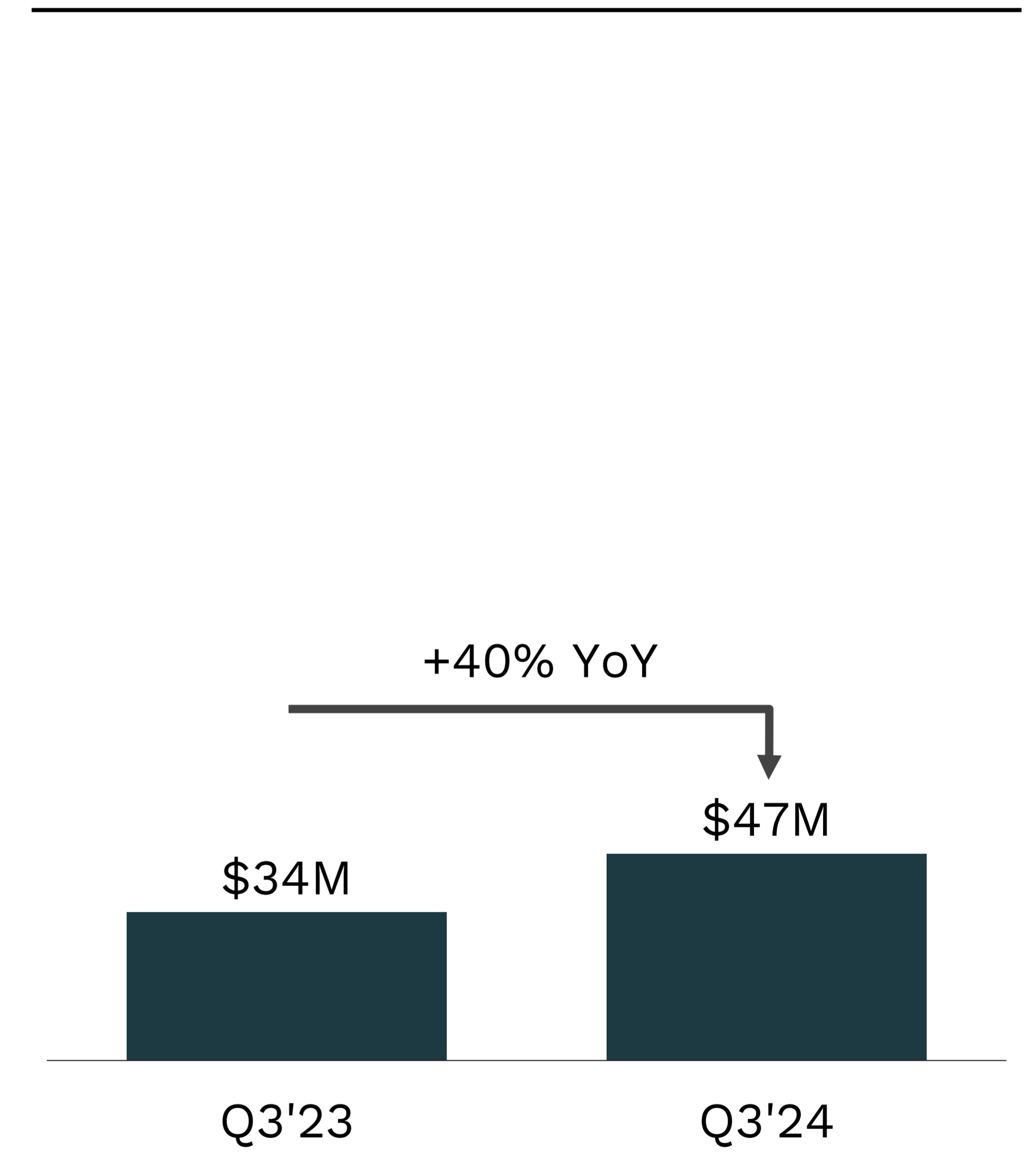


Adjusted Gross Profit⁽¹⁾



% of Revenue ⁽¹⁾	
Q3'23	67%
Q3'24	71%

Adjusted EBITDA⁽¹⁾

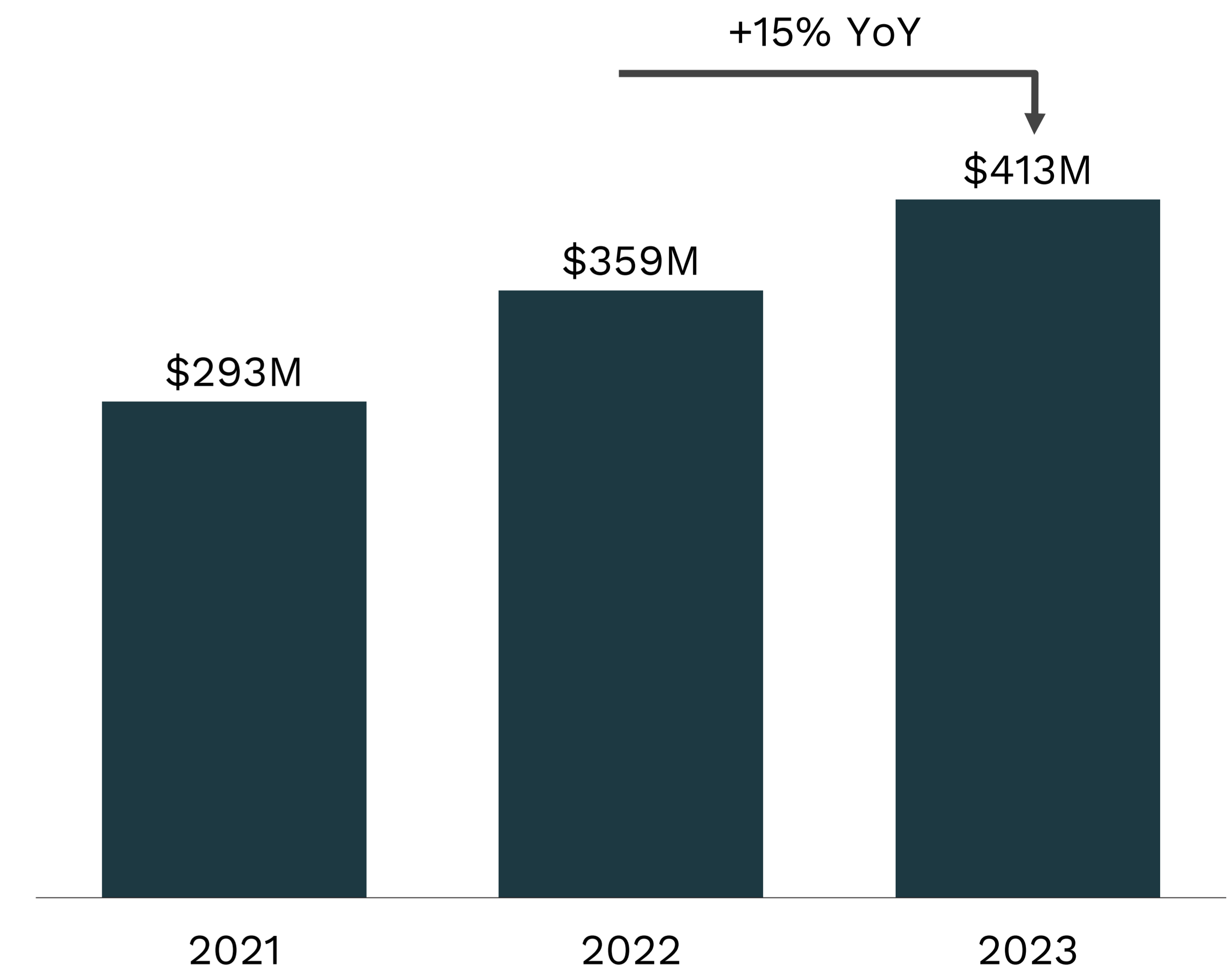
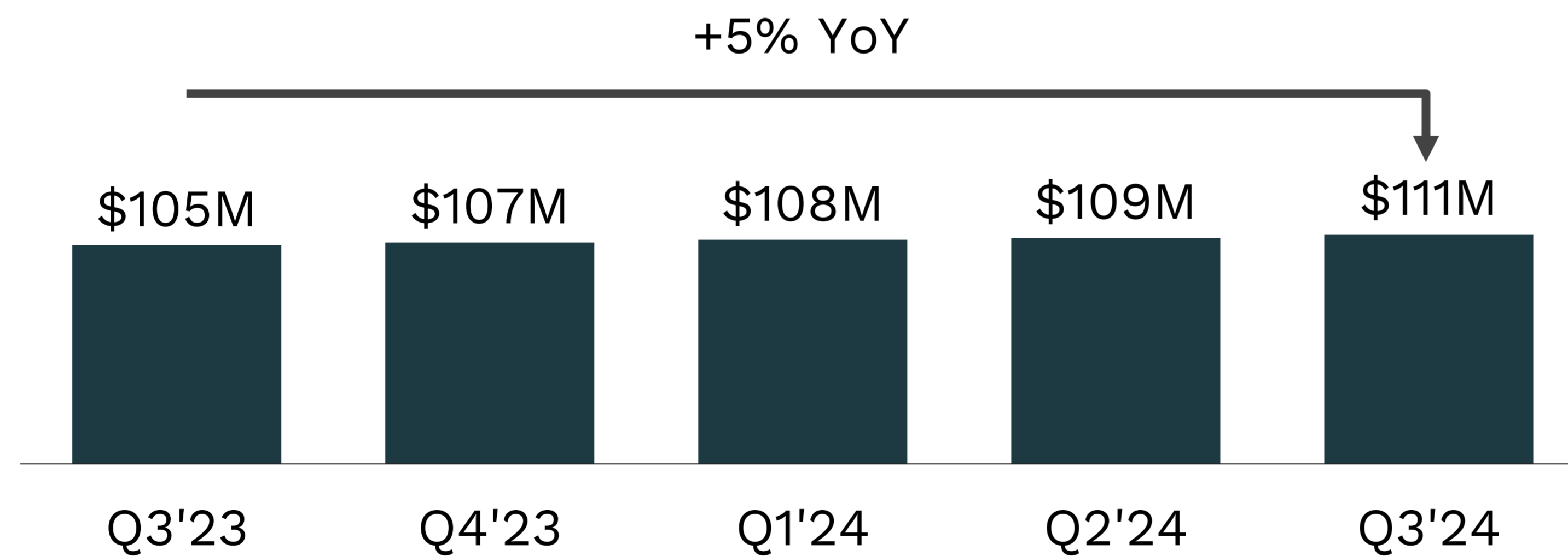


% of Revenue ⁽¹⁾	
Q3'23	20%
Q3'24	28%

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

Subscription revenue⁽¹⁾

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



Subscription KPIs					
Subscription Units ⁽²⁾	1,568K	1,545K	1,605K	1,609K	1,717K
ARPU ⁽³⁾	\$267	\$277	\$272	\$271	\$264

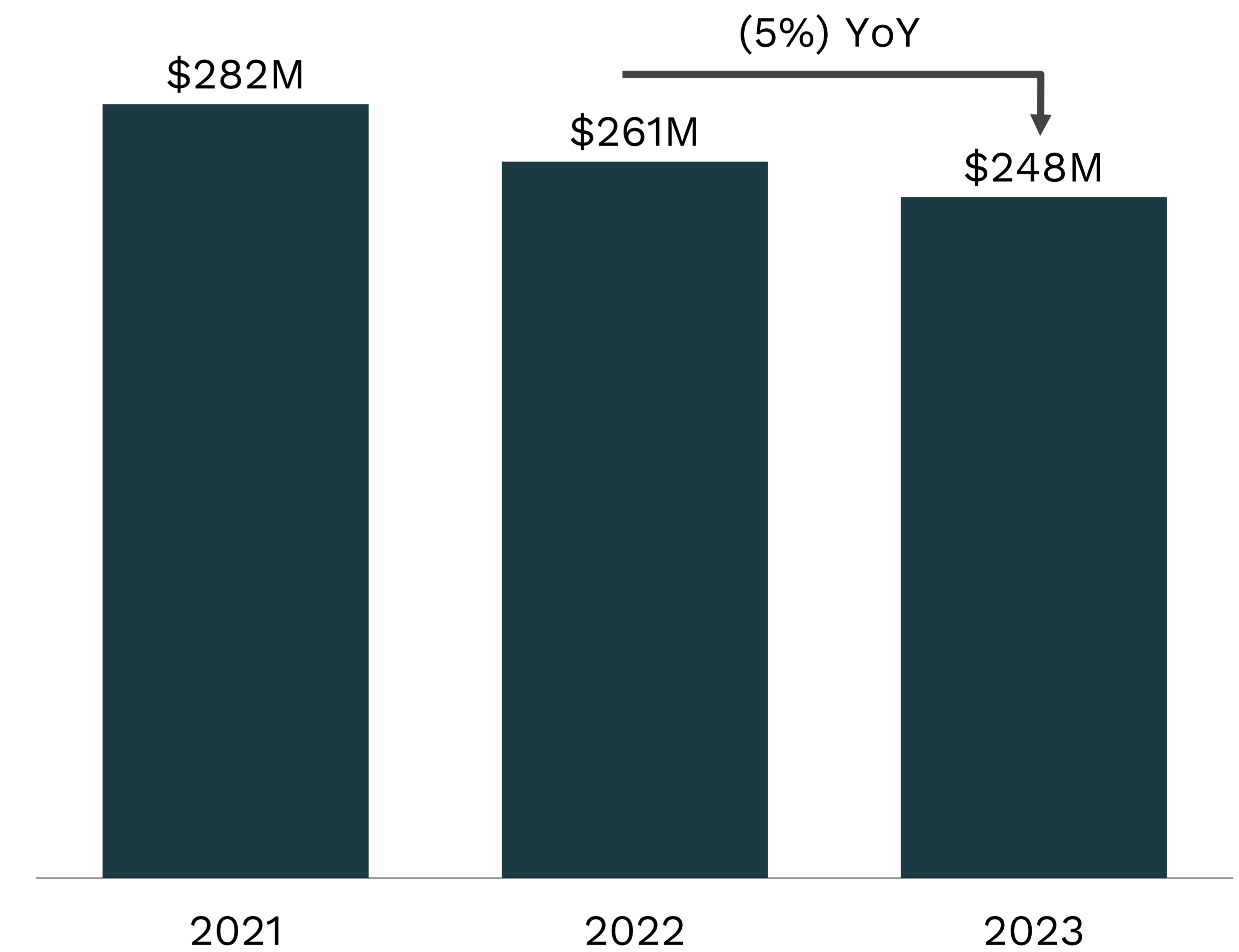
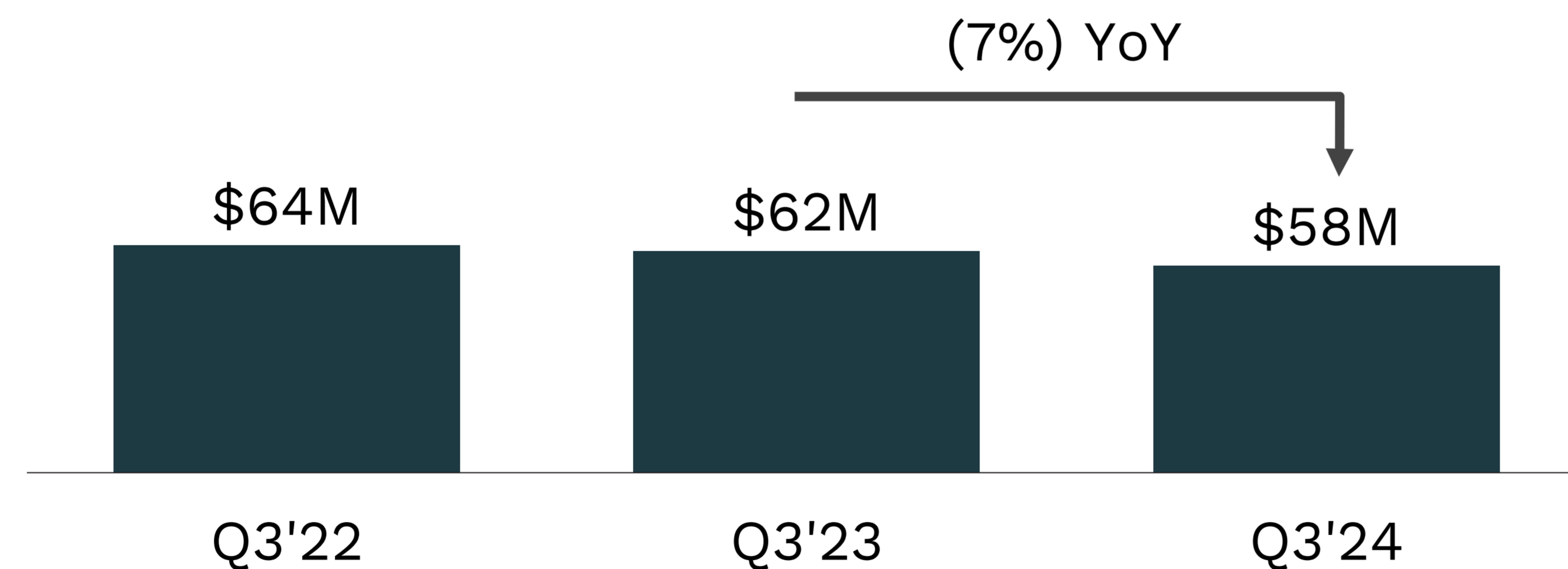
Subscription KPIs			
Subscription Units ⁽²⁾	1,329K	1,441K	1,545K
ARPU ⁽³⁾	\$240	\$259	\$277

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

Transaction revenue⁽¹⁾

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

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



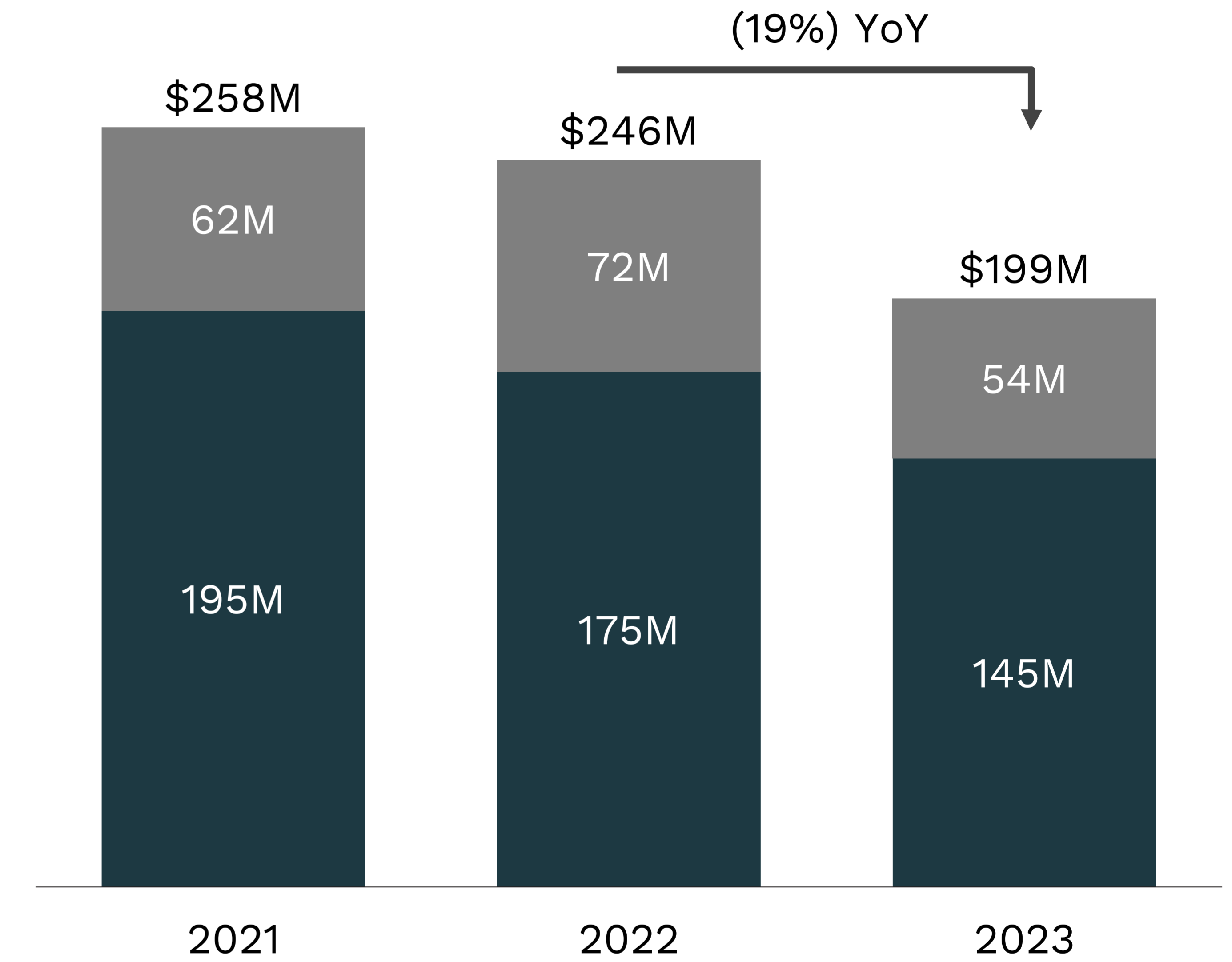
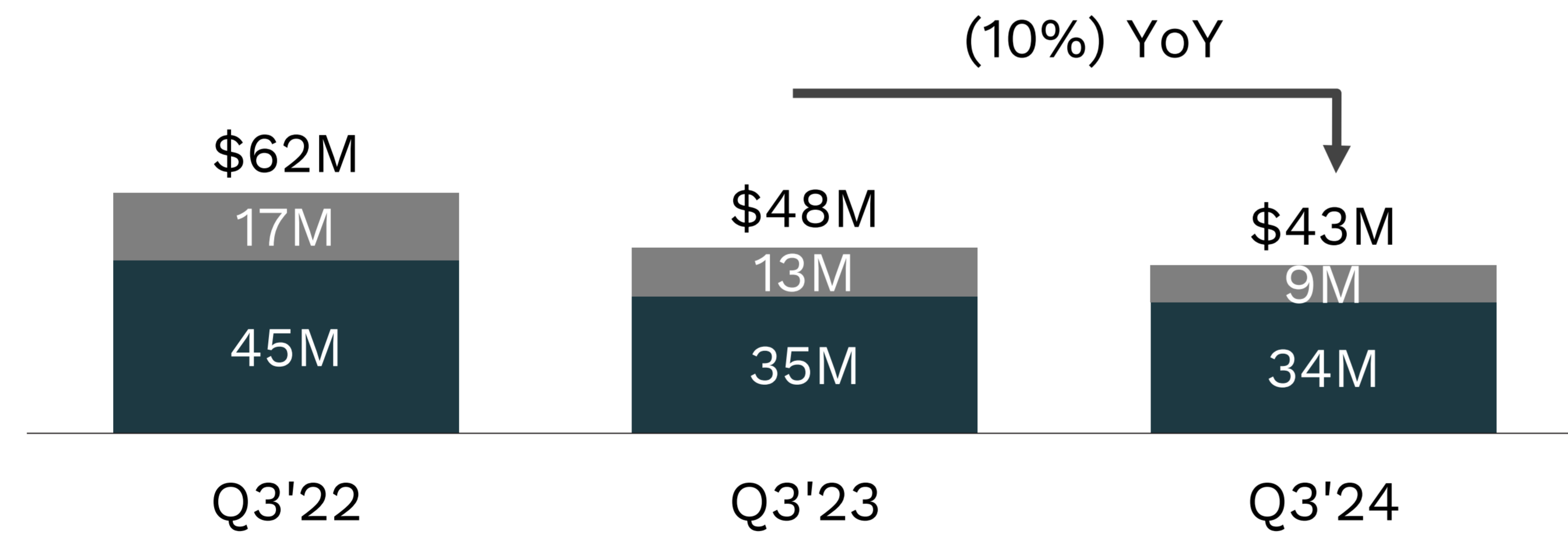
Transaction KPIs			
Business Formations ⁽²⁾	117K	137K	113K
Total Transaction Units ⁽³⁾	226K	237K	255K
AOV ⁽⁴⁾	\$281	\$262	\$227

Transaction KPIs		
483K	474K	581K
977K	929K	1,043K
\$288	\$281	\$238

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

Sales & marketing⁽¹⁾

Customer Acquisition Media "CAM"
 Other Sales & Marketing



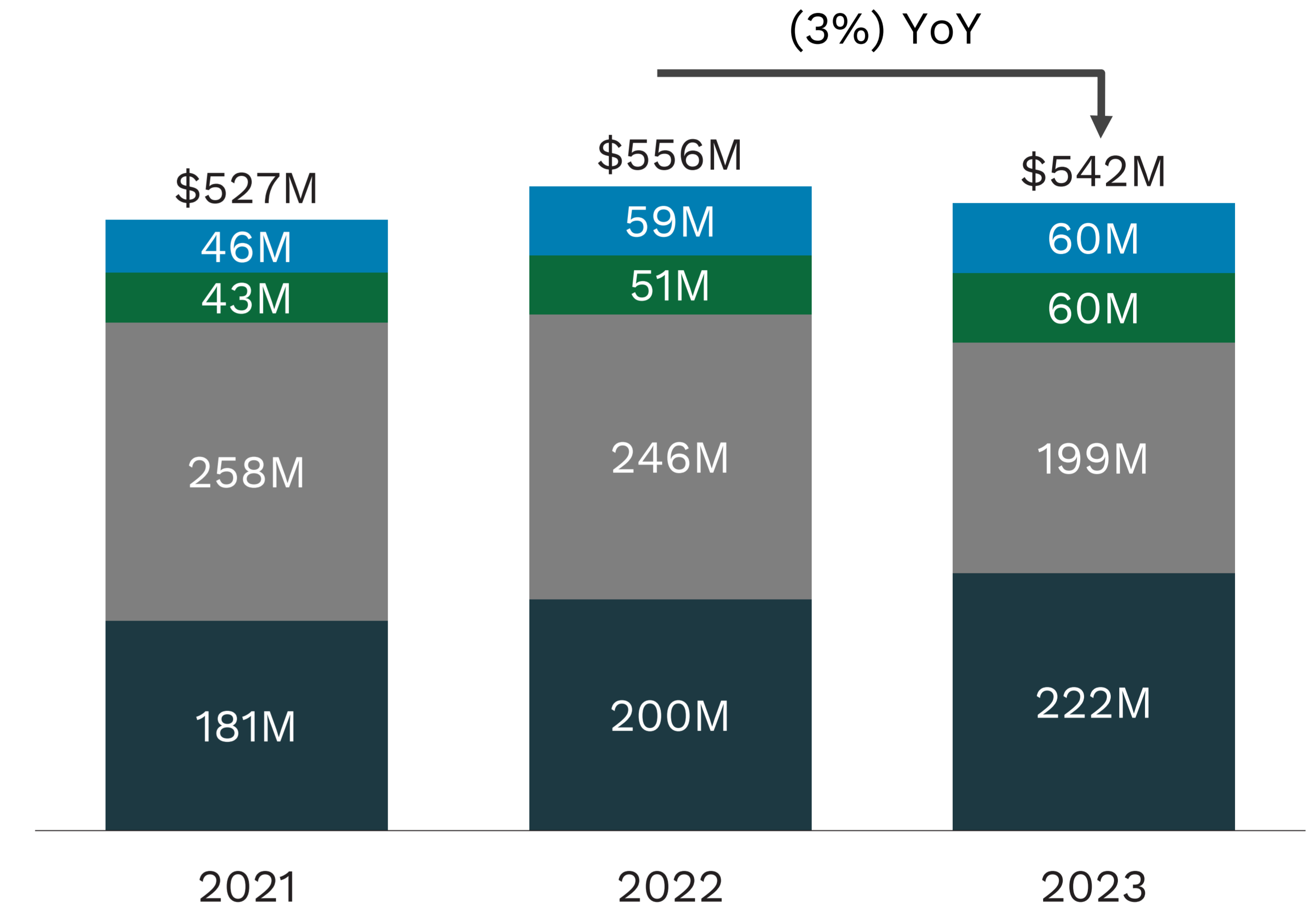
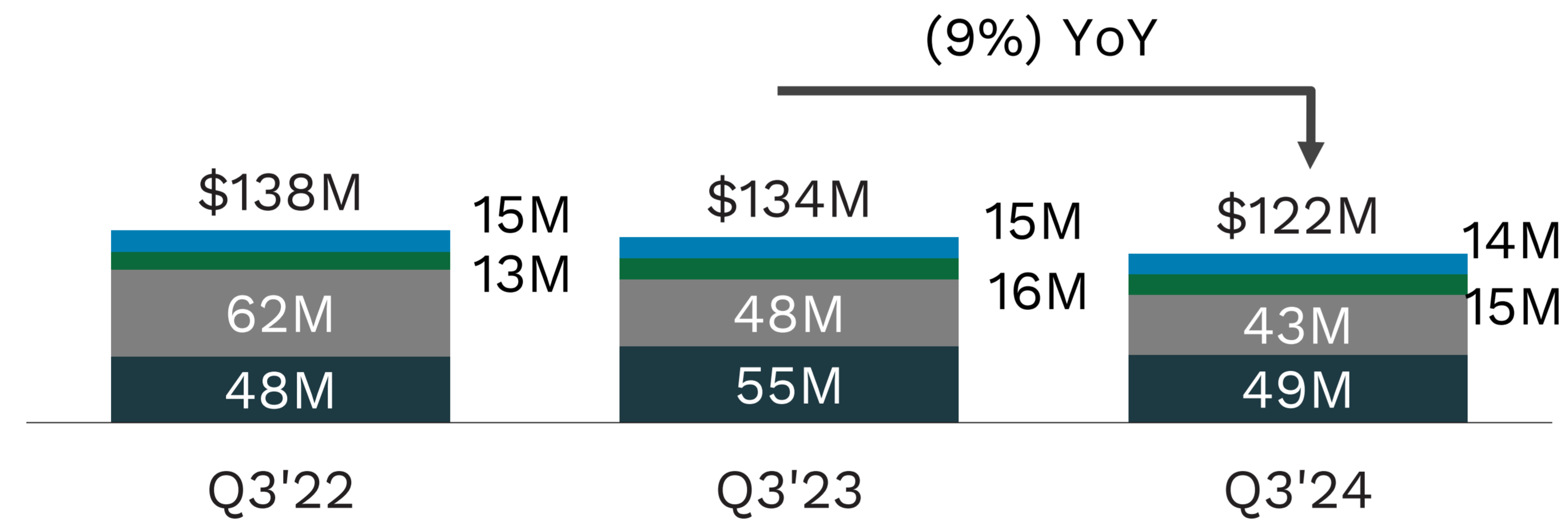
	% of Revenue		
Total Sales & Marketing	40%	29%	26%
CAM	29%	21%	20%
Other Sales & Marketing	11%	8%	6%

	% of Revenue		
Total Sales & Marketing	45%	40%	30%
CAM	34%	28%	22%
Other Sales & Marketing	11%	12%	8%

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

Non-GAAP expenses⁽¹⁾

- Cost of Revenue
- Sales & Marketing
- Technology & Development
- General & Administrative



	% of Revenue		
Total Non-GAAP Expense	89%	80%	72%
Cost of Revenue	31%	33%	29%
Sales & Marketing	40%	29%	26%
Tech. & Dev.	8%	9%	9%
G&A	10%	9%	9%

	% of Revenue		
Total Non-GAAP Expense	92%	90%	82%
Cost of Revenue	32%	32%	34%
Sales & Marketing	45%	40%	30%
Tech. & Dev.	7%	8%	9%
G&A	8%	10%	9%

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

Q4 and FY24 guidance commentary

Q4 2024

Total Revenue	\$158M - \$162M
Adjusted EBITDA ⁽¹⁾	\$40M - \$44M

FY 2024

Total Revenue	\$678M - \$682M
Adjusted EBITDA ⁽¹⁾	\$144M - \$148M
Free Cash Flow ⁽¹⁾	\$80M - \$85M

Full Year Guidance

- 2024 revenue growth of 3% at the midpoint
 - Includes expectation for a mid- to high-single digit decline in the formations macro⁽²⁾ in 2024
- Commitment to margin expansion; 2024 Adjusted EBITDA margin of 21% at the mid-point⁽¹⁾
- 2024 free cash flow margin of 12% at the midpoint⁽¹⁾

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

Appendix

Reconciliation of GAAP expenses to non-GAAP expenses

<i>FYE Dec 31, \$K</i>	2021	2022	2023	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24
Cost of revenue	\$189,364	\$211,095	\$239,263	\$50,314	\$47,448	\$60,395	\$63,749	\$59,123	\$55,907	\$68,384	\$63,609	\$54,715
Stock-based compensation ⁽¹⁾	1,662	2,931	4,318	597	726	874	1,105	1,115	1,224	1,593	1,747	1,165
Depreciation and amortization	6,430	8,581	12,772	1,966	2,361	2,622	3,011	3,307	3,832	4,467	4,618	4,828
Certain non-recurring items ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP cost of revenue	181,272	199,583	222,173	47,751	44,361	56,899	59,633	54,791	50,851	62,324	57,244	48,722
Sales and marketing	279,281	263,884	210,872	67,369	47,920	60,150	53,525	51,071	46,126	53,753	60,130	46,287
Stock-based compensation ⁽¹⁾	15,721	10,144	6,096	2,972	511	1,532	1,447	1,623	1,494	1,579	1,906	1,864
Depreciation and amortization	6,017	7,014	5,286	1,754	1,506	1,257	1,354	1,400	1,275	799	889	960
Certain non-recurring items ⁽²⁾	—	400	—	400	—	—	—	—	—	—	—	—
Non-GAAP sales and marketing	257,543	246,326	199,490	62,243	45,903	57,361	50,724	48,048	43,357	51,375	57,335	43,463
Customer Acquisition Marketing⁽³⁾	195,383	174,636	145,338	44,755	31,975	40,745	36,021	35,411	33,131	40,563	47,119	33,975
Technology and development	84,003	70,434	83,181	17,457	18,821	19,683	19,900	21,491	22,107	23,957	25,798	23,179
Stock-based compensation ⁽¹⁾	38,726	16,574	18,899	3,857	4,271	4,320	4,875	4,706	4,998	5,703	6,525	6,179
Depreciation and amortization	2,361	2,834	4,184	694	722	858	841	1,168	1,317	1,477	1,841	2,150
Certain non-recurring items ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP technology and development	42,916	51,026	60,098	12,906	13,828	14,505	14,185	15,617	15,792	16,777	17,432	14,850
General and administrative	106,584	116,057	106,352	30,103	27,497	26,504	26,936	25,243	27,669	23,065	26,679	28,149
Stock-based compensation ⁽¹⁾	56,487	50,820	36,702	12,352	10,471	9,741	11,530	8,138	7,294	5,981	8,737	6,507
Depreciation and amortization	1,878	3,316	3,141	840	969	832	632	780	898	927	1,078	1,257
Certain non-recurring items ⁽²⁾	2,577	2,593	6,234	1,440	—	628	107	1,247	4,252	321	425	5,917
Non-GAAP general and administrative	45,642	59,328	60,275	15,471	16,057	15,303	14,667	15,078	15,225	15,836	16,439	14,468

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

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

<i>FYE Dec 31, \$K</i>	2021	2022	2023	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24
Cost of revenue	33%	34%	36%	32%	32%	36%	38%	35%	35%	39%	36%	32%
Stock-based compensation ⁽¹⁾	0%	0%	1%	0%	0%	1%	1%	1%	1%	1%	1%	1%
Depreciation and amortization	1%	1%	2%	1%	2%	2%	2%	2%	2%	3%	3%	3%
Certain non-recurring items ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP cost of revenue	32%	32%	34%	31%	30%	34%	35%	33%	32%	36%	32%	29%
Sales and marketing	49%	43%	32%	43%	33%	36%	32%	31%	29%	31%	34%	27%
Stock-based compensation ⁽¹⁾	3%	2%	1%	2%	0%	1%	1%	1%	1%	1%	1%	1%
Depreciation and amortization	1%	1%	1%	1%	1%	1%	1%	1%	1%	0%	1%	1%
Certain non-recurring items ⁽²⁾	—	0%	—	0%	—	—	—	—	—	—	—	—
Non-GAAP sales and marketing	45%	40%	30%	40%	31%	35%	30%	29%	27%	29%	32%	26%
Customer Acquisition Marketing⁽³⁾	34%	28%	22%	29%	22%	25%	21%	21%	21%	23%	27%	20%
Technology and development	15%	11%	13%	11%	13%	12%	12%	13%	14%	14%	15%	14%
Stock-based compensation ⁽¹⁾	7%	3%	3%	2%	3%	3%	3%	3%	3%	3%	4%	4%
Depreciation and amortization	0%	0%	1%	0%	0%	1%	0%	1%	1%	1%	1%	1%
Certain non-recurring items ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP technology and development	7%	8%	9%	8%	9%	9%	8%	9%	10%	10%	10%	9%
General and administrative	19%	19%	16%	19%	19%	16%	16%	15%	17%	13%	15%	17%
Stock-based compensation ⁽¹⁾	10%	8%	6%	8%	7%	6%	7%	5%	5%	3%	5%	4%
Depreciation and amortization	0%	1%	0%	1%	1%	1%	0%	0%	1%	1%	1%	1%
Certain non-recurring items ⁽²⁾	0%	0%	1%	1%	—	0%	0%	1%	3%	0%	0%	4%
Non-GAAP general and administrative	8%	10%	9%	10%	11%	9%	9%	9%	10%	9%	9%	9%

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

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

<i>FYE Dec 31, \$K</i>	2021	2022	2023	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24
Cost of revenue	23%	11%	13%	6%	(2%)	7%	12%	18%	18%	13%	(0%)	(8%)
Stock-based compensation ⁽¹⁾	1,439%	76%	47%	(23%)	391%	216%	(17%)	87%	69%	82%	58%	4%
Depreciation and amortization	(23%)	33%	49%	40%	21%	27%	38%	68%	62%	70%	53%	46%
Certain non-recurring items ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP cost of revenue	24%	10%	11%	6%	(4%)	6%	11%	15%	15%	10%	(4%)	(11%)
Sales and marketing	63%	(6%)	(20%)	(7%)	(31%)	(22%)	(25%)	(24%)	(4%)	(11%)	12%	(9%)
Stock-based compensation ⁽¹⁾	1,603%	(35%)	(40%)	(53%)	(87%)	(51%)	(59%)	(45%)	192%	3%	32%	15%
Depreciation and amortization	(13%)	17%	(25%)	25%	(17%)	(33%)	(28%)	(20%)	(15%)	(36%)	(34%)	(31%)
Certain non-recurring items ⁽²⁾	—	—	(100%)	—	—	—	—	(100%)	—	—	—	—
Non-GAAP sales and marketing	57%	(4%)	(19%)	(4%)	(28%)	(20%)	(24%)	(23%)	(6%)	(10%)	13%	(10%)
Customer Acquisition Marketing⁽³⁾	64%	(11%)	(17%)	(10%)	(33%)	(24%)	(18%)	(21%)	4%	(0%)	31%	(4%)
Technology and development	101%	(16%)	18%	(35%)	3%	10%	23%	23%	17%	22%	30%	8%
Stock-based compensation ⁽¹⁾	1,481%	(57%)	14%	(73%)	(31%)	1%	18%	22%	17%	32%	34%	31%
Depreciation and amortization	(16%)	20%	48%	29%	11%	18%	22%	68%	82%	72%	119%	84%
Certain non-recurring items ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP technology and development	17%	19%	18%	9%	22%	12%	25%	21%	14%	16%	23%	(5%)
General and administrative	109%	9%	(8%)	7%	(12%)	(10%)	(7%)	(16%)	1%	(13%)	(1%)	12%
Stock-based compensation ⁽¹⁾	500%	(10%)	(28%)	(25%)	(32%)	(31%)	(17%)	(34%)	(30%)	(39%)	(24%)	(20%)
Depreciation and amortization	(9%)	77%	(5%)	94%	47%	15%	(19%)	(7%)	(7%)	11%	71%	61%
Certain non-recurring items ⁽²⁾	(19%)	1%	140%	549%	(100%)	797%	(90%)	(13%)	—	(49%)	297%	374%
Non-GAAP general and administrative	26%	30%	2%	41%	19%	5%	11%	(2%)	(5%)	3%	12%	(4%)

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

Reconciliation of GAAP gross profit to non-GAAP gross profit

<i>FYE Dec 31, \$K</i>	2021	2022	2023	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24
Gross profit	\$385,716	\$408,884	\$421,464	\$104,963	\$ 99,178	\$105,541	\$105,106	\$108,061	\$102,756	\$105,830	\$113,753	\$113,884
Cost of revenue stock-based compensation ⁽¹⁾	1,662	2,931	4,318	597	726	874	1,105	1,115	1,224	1,593	1,747	1,165
Cost of revenue depreciation & amortization	6,430	8,581	12,772	1,966	2,361	2,622	3,011	3,307	3,832	4,467	4,618	4,828
Non-GAAP gross profit⁽²⁾	\$393,808	\$420,396	\$438,554	\$107,526	\$ 102,265	\$109,037	\$109,222	\$112,483	\$107,812	\$111,890	\$120,118	\$119,877
<i>Gross profit margin⁽²⁾</i>	67%	66%	64%	68%	68%	64%	62%	65%	65%	61%	64%	68%
<i>Non-GAAP gross profit margin⁽²⁾</i>	68%	68%	66%	69%	70%	66%	65%	67%	68%	64%	68%	71%

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

Reconciliation of GAAP net (loss) income to Adjusted EBITDA

<i>FYE Dec 31, \$K</i>	2021	2022	2023	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24
Net (loss) income	(\$108,664)	(\$48,733)	\$13,953	(\$11,981)	\$1,744	(\$2,358)	\$1,395	\$7,534	\$7,382	\$4,744	\$1,314	\$11,051
Interest expense (income), net	27,984	(1,543)	(8,814)	(535)	(1,032)	(1,581)	(2,152)	(2,623)	(2,457)	(2,826)	(2,203)	(1,273)
(Benefit from) provision for income taxes	(10,951)	1,060	17,541	(223)	2,842	3,837	6,127	4,463	3,114	3,230	2,046	8,232
Depreciation and amortization	16,686	21,745	25,383	5,254	5,558	5,569	5,837	6,655	7,322	7,670	8,426	9,195
Other (income) expense, net	(1,193)	4,477	(1,621)	2,536	(1,625)	(694)	(625)	882	(1,185)	(93)	(11)	(1,741)
Stock-based compensation ⁽¹⁾	112,596	80,469	66,015	19,778	15,979	16,467	18,956	15,582	15,010	14,856	18,915	15,715
Loss on debt extinguishment	7,748	—	—	—	—	—	—	—	—	—	—	—
Impairment of goodwill, long-lived & other assets	924	237	—	237	—	—	—	—	—	—	—	—
Impairment of other equity security ⁽²⁾	—	3,000	—	—	3,000	—	—	—	—	—	—	—
Acquisition or transaction related expenses	1,356	758	—	636	—	—	—	—	—	—	—	—
Restructuring costs ⁽³⁾	—	1,795	4,666	804	—	628	107	68	3,863	321	425	5,917
Legal reserves and settlements ⁽⁴⁾	—	40	—	—	—	—	—	—	—	—	—	—
IPO-related costs ⁽⁵⁾	852	—	—	—	—	—	—	—	—	—	—	—
Certain non-recurring expenses ⁽⁶⁾	369	400	1,568	400	—	—	—	1,179	389	—	—	—
Adjusted EBITDA	\$47,707	\$63,705	\$118,691	\$16,906	\$26,466	\$21,868	\$29,645	\$33,740	\$33,438	\$27,902	\$28,912	\$47,096
Revenue	575,080	619,979	660,727	155,277	146,626	165,936	168,854	167,274	158,663	174,214	177,362	168,599
<i>Adjusted EBITDA margin</i>	<i>8%</i>	<i>10%</i>	<i>18%</i>	<i>11%</i>	<i>18%</i>	<i>13%</i>	<i>18%</i>	<i>20%</i>	<i>21%</i>	<i>16%</i>	<i>16%</i>	<i>28%</i>

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

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

<i>FYE Dec 31, \$K</i>	2021	2022	2023	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24
Net (loss) income	(\$108,664)	(\$48,733)	\$13,953	(\$11,981)	\$1,744	(\$2,358)	\$1,395	\$7,534	\$7,382	\$4,744	\$1,314	\$11,051
Amortization of acquired intangible assets	1,039	3,532	5,165	781	1,291	1,291	1,291	1,292	1,291	1,270	1,271	1,275
Stock-based compensation ⁽¹⁾	112,596	80,469	66,015	19,778	15,979	16,467	18,956	15,582	15,010	14,856	18,915	15,715
Loss on debt extinguishment	7,748	—	—	—	—	—	—	—	—	—	—	—
Impairment of goodwill, long-lived & other assets	924	237	—	237	—	—	—	—	—	—	—	—
Impairment of other equity security ⁽²⁾	—	3,000	—	—	3,000	—	—	—	—	—	—	—
Acquisition or transaction related expenses	1,356	758	—	636	—	—	—	—	—	—	—	—
Restructuring costs ⁽³⁾	—	1,795	4,666	804	—	628	107	68	3,863	321	425	5,917
Legal reserves and settlements ⁽⁴⁾	—	40	—	—	—	—	—	—	—	—	—	—
IPO-related costs ⁽⁵⁾	852	—	—	—	—	—	—	—	—	—	—	—
Certain non-recurring expenses ⁽⁶⁾	369	400	1,568	400	—	—	—	1,179	389	—	—	—
Income tax effects	(10,519)	(10,243)	(10,892)	(2,550)	(3,010)	(2,030)	(2,714)	(2,347)	(3,801)	(2,847)	(3,115)	(4,259)
Non-GAAP net income	\$5,701	\$31,255	\$80,475	\$8,105	\$19,004	\$13,998	\$19,035	\$23,308	\$24,134	\$18,344	\$18,810	\$29,699
<i>Net (loss) income margin</i>	<i>(19%)</i>	<i>(8%)</i>	<i>2%</i>	<i>(8%)</i>	<i>1%</i>	<i>(1%)</i>	<i>1%</i>	<i>5%</i>	<i>5%</i>	<i>3%</i>	<i>1%</i>	<i>7%</i>
<i>Non-GAAP net income margin</i>	<i>1%</i>	<i>5%</i>	<i>12%</i>	<i>5%</i>	<i>13%</i>	<i>8%</i>	<i>11%</i>	<i>14%</i>	<i>15%</i>	<i>11%</i>	<i>11%</i>	<i>18%</i>

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

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

FYE Dec 31, \$K	2021	2022	2023	Q3'22	Q4'22	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24	Q3'24
Net cash provided by operating activities	\$54,152	\$73,837	\$124,308	\$27,258	\$21,822	\$29,208	\$45,165	\$27,441	\$22,495	\$34,194	\$27,245	\$31,613
Purchase of property and equipment	(11,740)	(22,098)	(31,593)	(6,062)	(5,657)	(7,428)	(7,799)	(7,993)	(8,374)	(9,477)	(9,873)	(9,638)
Free cash flow⁽¹⁾	42,412	51,739	92,715	21,196	16,165	21,780	37,366	19,448	14,121	\$24,717	\$17,372	\$21,975
<i>Operating cash flow margin⁽²⁾</i>	9%	12%	19%	18%	15%	18%	27%	16%	14%	20%	15%	19%
<i>Free cash flow margin⁽²⁾</i>	7%	8%	14%	14%	11%	13%	22%	12%	9%	14%	10%	13%

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

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