UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the three months ended September 30, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-35618

LegalZoom.com, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**95-4752856**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

954 Villa Street,
Mountain View, California 94041
(Address of Principal Executive Offices, including Zip code)

(323) 962-8600
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.001 per share	LZ	The Nasdaq Global Select Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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. (Check one):

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

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 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 30, 2026, the registrant had 165,159,174 shares of common stock, $0.001 par value per share, outstanding.

Forward-Looking Statements

This Quarterly Report on Form 10-Q 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, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q 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," "targets," "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 Quarterly Report on Form 10-Q include, but are not limited to, statements regarding our future results of operations and financial position, industry and business trends, business strategy, plans, market growth and our objectives for future operations.

The forward-looking statements in this Quarterly Report on Form 10-Q 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 those factors discussed below under "Summary of Risk Factors" and in Part II, Item 1A, "Risk Factors" and elsewhere in this Quarterly Report on Form 10-Q, as well as any factors contained in our subsequent filings with the Securities and Exchange Commission (the "SEC"). The forward-looking statements in this Quarterly Report on Form 10-Q are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, 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 Quarterly Report on Form 10-Q and the documents that we reference herein and have filed as exhibits to this Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q, whether as a result of any new information, future events or otherwise.

Summary of Risk Factors

Our business involves significant risks and you are urged to carefully consider the risks discussed under Part II, Item 1A, "Risk Factors" in this Quarterly Report on Form 10-Q prior to making an investment in our common stock. These risks include, but are not limited to, the following:

- Our business primarily depends on business formations.
- Our business depends substantially on our customers expanding their use of our platform, including our transactional customers converting to subscribers and our subscribers renewing their subscriptions with us.
- Our future quarterly results of operations may fluctuate significantly.
- We have a history of net losses and we may not be able to maintain profitability.
- If we fail to provide high-quality products and 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.
- The legal solutions market is highly competitive and our failure to effectively compete successfully could materially and adversely affect our business, results of operations, financial condition and future prospects.
- Our business depends on our brand and reputation, which could be adversely affected by numerous factors.

- We are incorporating generative artificial intelligence into some of our offerings, which may present compliance risks and reputational risks.
- If our marketing efforts are unsuccessful, our business, results of operations, financial condition and future prospects may be adversely affected.
- We depend on top talent, including our senior management team, to grow and operate our business, and if we are unable to hire, retain or motivate our employees, we may not be able to grow or operate 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 may be harmed if we fail to maintain or expand these relationships.
- Our reliance on third-party providers could adversely affect our business.
- Any future acquisitions or investments may divert management's attention, result in additional dilution to our stockholders or adversely affect our operating results.
- If we are unable to 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.
- Our business and services subject us to complex and evolving U.S. and foreign laws and regulations and any failure or perceived failure by us to comply with applicable laws and regulations may subject us to regulatory inquiries, claims, suits, and prosecutions, as well as changes in our service offerings, potential liabilities, or additional costs.

Note Regarding Third Party Information

This Quarterly Report on Form 10-Q includes market data and certain other statistical information and estimates that are based on reports and other publications from independent third party sources, as well as management's own good faith estimates and analyses. We believe these third party reports to be reputable, but have not independently verified the underlying data sources, methodologies, or assumptions. The reports and other publications referenced are generally available to the public and were not commissioned by LegalZoom. Information that is based on estimates, forecasts, projections, market research, or similar methodologies is inherently subject to uncertainties, and actual events or circumstances may differ materially from events and circumstances reflected in this information.

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Part I

Item 1. Condensed Consolidated Financial Statements (Unaudited)

LegalZoom.com, Inc.

Unaudited Condensed Consolidated Balance Sheets
(In thousands, except par values)

	September 30, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 181,702	$ 203,100
Accounts receivable, net of allowances of $2,044 and $2,281, respectively	23,860	20,589
Prepaid expenses and other current assets	22,536	18,234
Total current assets	228,098	241,923
Property and equipment, net	50,256	58,045
Goodwill	140,705	140,705
Intangible assets, net	13,322	18,152
Operating lease right-of-use assets	13,022	13,414
Deferred income taxes	21,435	31,884
Other assets	6,457	7,399
Total assets	$ 473,295	$ 511,522
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 36,307	$ 27,167
Accrued expenses and other current liabilities	56,979	83,361
Deferred revenue	219,812	203,653
Operating lease liabilities	5,040	4,338
Total current liabilities	318,138	318,519
Operating lease liabilities, non-current	9,047	10,025
Deferred revenue	208	277
Other liabilities	10,734	10,819
Total liabilities	$ 338,127	$ 339,640
Commitments and contingencies (Note 6)		
Stockholders' equity:		
Preferred stock, $0.001 par value; 100,000 shares authorized at September 30, 2026 and December 31, 2025, none issued or outstanding at September 30, 2026 and December 31, 2025	—	—
Common stock, $0.001 par value; 1,000,000 shares authorized; 166,192 shares and 177,624 shares issued and outstanding at September 30, 2026 and December 31, 2025, respectively	168	179
Additional paid-in capital	1,359,127	1,305,936
Accumulated deficit	(1,224,473)	(1,134,414)
Accumulated other comprehensive income	346	181
Total stockholders' equity	135,168	171,882
Total liabilities and stockholders' equity	$ 473,295	$ 511,522

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

LegalZoom.com, Inc.

Unaudited Condensed Consolidated Statements of Operations

(In thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Revenue	$ 195,146	$ 190,158	$ 607,216	$ 565,777
Cost of revenue	57,083	62,271	196,970	196,229
Gross profit	138,063	127,887	410,246	369,548
Operating expenses:				
Sales and marketing	76,909	67,835	234,426	198,793
Technology and development	14,297	19,485	53,949	62,442
General and administrative	33,313	34,074	94,913	110,291
Gain on sale of assets held for sale	—	—	—	(14,337)
Total operating expenses	124,519	121,394	383,288	357,189
Income from operations	13,544	6,493	26,958	12,359
Interest expense	(77)	(152)	(879)	(499)
Interest income	1,427	2,139	4,702	5,691
Other (expense) income, net	(31)	(102)	47	897
Income before income taxes	14,863	8,378	30,828	18,448
Provision for income taxes	6,802	3,869	16,480	9,078
Net income	$ 8,061	$ 4,509	$ 14,348	$ 9,370
Net income per share — basic:	$ 0.05	$ 0.03	$ 0.08	$ 0.05
Net income per share — diluted:	$ 0.05	$ 0.02	$ 0.08	$ 0.05
Weighted-average shares used to compute net income per share — basic:	167,185	180,057	172,749	179,231
Weighted-average shares used to compute net income per share — diluted:	168,942	186,731	175,323	185,329

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

LegalZoom.com, Inc.

Unaudited Condensed Consolidated Statements of Comprehensive Income
(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net income	$ 8,061	$ 4,509	$ 14,348	$ 9,370
Other comprehensive income, net of tax:				
Change in foreign currency translation adjustments	(23)	9	165	(94)
Change in available-for-sale debt security due to unrealized gains	—	—	—	89
Reclassification adjustment for net gain on available-for-sale debt securities included in net income	—	—	—	(486)
Total comprehensive income	$ 8,038	$ 4,518	$ 14,513	$ 8,879

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

LegalZoom.com, Inc.

Unaudited Condensed Consolidated Statements of Stockholders' Equity

(In thousands)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2025	177,624	$ 179	$ 1,305,936	$ (1,134,414)	$ 181	$ 171,882
Issuance of common stock upon exercise of stock options	4	—	16	—	—	16
Issuance of common stock upon vesting of restricted stock unit awards	1,790	2	(2)	—	—	—
Shares surrendered for settlement of minimum statutory tax withholdings	(696)	(1)	(4,886)	—	—	(4,887)
Stock-based compensation	—	—	22,523	—	—	22,523
Repurchased common stock	(5,320)	(5)	—	(43,462)	—	(43,467)
Stock repurchase excise tax	—	—	—	(356)	—	(356)
Other comprehensive income	—	—	—	—	93	93
Net income	—	—	—	1,104	—	1,104
Balance at March 31, 2026	173,402	$ 175	$ 1,323,587	$ (1,177,128)	$ 274	$ 146,908
Issuance of common stock upon exercise of stock options and ESPP	178	—	502	—	—	502
Issuance of common stock upon vesting of restricted stock unit awards	1,932	2	(2)	—	—	—
Shares surrendered for settlement of minimum statutory tax withholdings	(763)	(1)	(4,571)	—	—	(4,572)
Stock-based compensation	—	—	24,957	—	—	24,957
Repurchased common stock	(7,298)	(7)	—	(45,536)	—	(45,543)
Stock repurchase excise tax	—	—	—	(374)	—	(374)
Other comprehensive income	—	—	—	—	95	95
Net income	—	—	—	5,183	—	5,183
Balance at June 30, 2026	167,451	$ 169	$ 1,344,473	$ (1,217,855)	$ 369	$ 127,156
Issuance of common stock upon vesting of restricted stock unit awards	2,125	2	(2)	—	—	—
Shares surrendered for settlement of minimum statutory tax withholdings	(910)	(1)	(5,381)	—	—	(5,382)
Stock-based compensation	—	—	20,037	—	—	20,037
Repurchased common stock	(2,474)	(2)	—	(14,608)	—	(14,610)
Stock repurchase excise tax	—	—	—	(71)	—	(71)
Other comprehensive loss	—	—	—	—	(23)	(23)
Net income	—	—	—	8,061	—	8,061
Balance at September 30, 2026	166,192	$ 168	$ 1,359,127	$ (1,224,473)	$ 346	$ 135,168

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2024	173,619	$ 175	$ 1,161,538	$ (1,069,317)	$ 861	$ 93,257
Issuance of common stock upon exercise of stock options	4,473	4	43,543	—	—	43,547
Issuance of common stock upon vesting of restricted stock unit awards	1,525	2	(2)	—	—	—
Shares surrendered for settlement of minimum statutory tax withholdings	(645)	(1)	(5,941)	—	—	(5,942)
Stock-based compensation	—	—	31,096	—	—	31,096
Other comprehensive income	—	—	—	—	80	80
Issuance of common stock for acquisition	2,205	2	20,045	—	—	20,047
Net income	—	—	—	5,127	—	5,127
Balance at March 31, 2025	181,177	$ 182	$ 1,250,279	$ (1,064,190)	$ 941	$ 187,212
Issuance of common stock upon exercise of stock options and ESPP	151	—	1,117	—	—	1,117
Issuance of common stock upon vesting of restricted stock unit awards	1,509	2	(2)	—	—	—
Shares surrendered for settlement of minimum statutory tax withholdings	(568)	(1)	(5,229)	—	—	(5,230)
Stock-based compensation	—	—	32,218	—	—	32,218
Repurchased common stock	(2,188)	(2)	—	(20,417)	—	(20,419)
Other comprehensive loss	—	—	—	—	(580)	(580)
Net loss	—	—	—	(266)	—	(266)
Balance at June 30, 2025	180,081	$ 181	$ 1,278,383	$ (1,084,873)	$ 361	$ 194,052
Issuance of common stock upon exercise of stock options	15	—	5	—	—	5
Issuance of common stock upon vesting of restricted stock unit awards	2,037	2	(2)	—	—	—
Shares surrendered for settlement of minimum statutory tax withholdings	(846)	—	(8,791)	—	—	(8,791)
Stock-based compensation	—	—	29,703	—	—	29,703
Repurchased common stock	(1,772)	(2)	—	(17,564)	—	(17,566)
Other comprehensive income	—	—	—	—	9	9
Net income	—	—	—	4,509	—	4,509
Balance at September 30, 2025	179,515	$ 181	$ 1,299,298	$ (1,097,928)	$ 370	$ 201,921

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

LegalZoom.com, Inc.

Unaudited Condensed Consolidated Statements of Cash Flows

(In thousands)

	Nine Months Ended September 30,	
	2026	**2025**
Cash flows from operating activities		
Net income	$ 14,348	$ 9,370
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	33,283	33,118
Amortization of right-of-use assets	2,982	2,371
Amortization of debt issuance costs	143	161
Stock-based compensation	63,909	88,763
Deferred income taxes	10,482	5,504
Change in fair value of other equity security	—	(302)
Unrealized foreign exchange loss	275	58
Gain on sale of assets held for sale	—	(14,337)
Gain on sale of available-for-sale debt security	—	(648)
Loss on disposal of property and equipment	15	150
Other	—	102
Changes in operating assets and liabilities, net of effects of business combination:		
Accounts receivable	(3,273)	(11,659)
Prepaid expenses and other current assets	(4,342)	(897)
Other assets	814	1,003
Accounts payable	9,928	1,923
Accrued expenses and other liabilities	(15,107)	1,425
Operating lease liabilities	(2,869)	(1,791)
Income tax payable	22	246
Deferred revenue	16,092	29,508
Net cash provided by operating activities	126,702	144,068
Cash flows from investing activities		
Acquisition, net of cash acquired	—	(48,468)
Proceeds from sale of assets held for sale	—	37,051
Proceeds from sale of available-for-sale debt security	—	1,507
Purchase of property and equipment	(17,919)	(24,144)
Net cash used in investing activities	(17,919)	(34,054)
Cash flows from financing activities		
Payment of debt issuance costs	—	(841)
Payment of deferred consideration from business acquisition	(12,514)	—
Proceeds from issuance of stock under employee stock plans	518	44,662
Repayment of capital lease obligations	—	(2)
Share repurchase costs (excise tax)	—	(1,264)
Repurchase of common stock	(103,223)	(37,621)
Shares surrendered for settlement of minimum statutory tax withholding	(14,841)	(19,965)
Net cash used in financing activities	(130,060)	(15,031)
Effect of exchange rate changes on cash and cash equivalents	(121)	107
Net (decrease) increase in cash and cash equivalents	(21,398)	95,090

	Nine Months Ended September 30,	
	2026	2025
Cash and cash equivalents, at beginning of the period	203,100	142,064
Cash and cash equivalents, at end of the period	$ 181,702	$ 237,154
Non-cash operating, investing, and financing activities:		
Acquisition-related deferred consideration	$ 101	$ 12,486
Accrued stock repurchase excise tax	801	—
Accrued stock repurchase costs	397	364
Issuance of common stock for business acquired	—	20,048
Purchase of property and equipment included in accounts payable and accrued expenses and other current liabilities	718	1,198
Capitalized stock-based compensation	3,608	4,253
Right-of-use assets obtained in exchange of operating lease liabilities (excluding right-of-use assets acquired as part of business acquisition)	2,590	5,083
Supplemental cash flow data:		
Cash paid during the period for:		
Interest on deferred consideration for business acquisition	$ 626	$ —

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

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 are referred to herein as the "Company," "we," "us," or "our."

LegalZoom.com, Inc. is a leading online platform for legal services, transforming how individuals and small businesses navigate the legal system. By combining intuitive technology with access to experienced attorneys—whether through our vast independent attorney network or our own law firm—we offer the tools and guidance people need to confidently manage everything from business formation and compliance to intellectual property protection and ongoing business management and legal support. Our ongoing business management services include virtual mail, legal forms, bookkeeping and estate planning services, among others. We operate across all 50 states and in over 3,000 counties in the U.S. With over two decades of experience and millions of customers served, LegalZoom helps individuals and small businesses navigate legal needs with confidence.

Note 2. Summary of Significant Accounting Policies

A summary of the significant accounting policies we follow in the preparation of the accompanying unaudited condensed consolidated financial statements is set forth below.

Basis of Presentation and Consolidation

The accompanying unaudited condensed consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("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 unaudited condensed consolidated financial statements should be read in conjunction with our audited, consolidated financial statements and the related notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2025. The December 31, 2025 unaudited 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 unaudited 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 nine months ended September 30, 2026 from those disclosed in the audited consolidated financial statements for the year ended December 31, 2025 and the related notes, except as noted below under *Recently Adopted Accounting Pronouncements*.

The operating results for the three and nine months ended September 30, 2026 are not necessarily indicative of the results expected for the full year ending December 31, 2026.

Use of Estimates

The preparation of unaudited condensed consolidated 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 expected credit loss allowances, other equity security, recoverability of long-lived assets and goodwill, income taxes, commitments and contingencies, valuation of assets and liabilities acquired in business combinations, and fair value of stock-based compensation. Actual results could differ materially from those estimates. On an ongoing basis, we evaluate the estimates compared to historical experience and other factors including the current economic and regulatory environment, which form the basis for our judgments about the carrying value of assets and liabilities.

Significant Accounting Policies

Significant accounting policies are detailed in Note 2. Summary of Significant Accounting Policies of our Annual Report on Form 10-K for the year ended December 31, 2025.

Segment and Geographic Information

Our Chief Executive Officer, as the Chief Operating Decision Maker (the "CODM"), organizes our company, manages resource allocations, and measures performance on the basis of our one operating segment. Refer to Note 12 to our unaudited condensed consolidated financial statements.

Revenue outside of the U.S., based on the location of the customer, represented less than 1% of our revenue for the three and nine months ended September 30, 2026 and 2025. Long-lived tangible assets located outside the U.S. represented approximately 11.4% of total tangible long-lived assets as of September 30, 2026. Long-lived tangible assets located outside the U.S. were immaterial as of December 31, 2025.

Concentrations of Credit Risk

We maintain accounts in U.S. banks with funds insured by the Federal Deposit Insurance Corporation (the "FDIC"). Our bank accounts may, at times, exceed the FDIC 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 10% of our total revenue for the three and nine months ended September 30, 2026 and 2025. At September 30, 2026, there were two partners with outstanding balances of 10% or more of our total accounts receivable balance. At December 31, 2025, there was one partner with an outstanding balance of 10% or more of our total accounts receivable balance.

Accounts Receivable and Allowance for Credit Losses

Our accounts receivable balances, which are not collateralized and do not bear interest, primarily consist 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 our 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. At September 30, 2026 and December 31, 2025, the allowance for credit losses was not material.

Investments in Other Equity Securities

We hold an equity investment in LawPath, Pty Ltd ("LawPath"), an Australian proprietary limited company that provides an online legal platform to individuals and small and medium sized businesses. The carrying amount of our investment in LawPath was $4.7 million at September 30, 2026 and December 31, 2025.

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, sales allowances and credit reserves. Transaction revenue also includes the transaction price allocated to transaction based services and products bundled in certain arrangements. We also earn fees from third-party providers in connection with lead generation activities, where referred customers purchased services that are transactional in nature.

Subscription revenue—Subscription revenue is generated primarily from subscriptions to our registered agent, compliance packages, attorney advice, legal forms, tax and accounting, virtual mail, eSignature services, and software-as-a-service ("SaaS") subscriptions. We generally recognize revenue from our subscriptions ratably over the subscription term. Subscription terms generally range from thirty days to one year. Subscription revenue also includes amounts earned from third-party providers in connection with lead generation activities, where referred customers purchased services that are subscription in nature. Subscription revenue includes the transaction price allocated to subscription based services in certain bundled arrangements, including 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.

The timing of revenue recognition, billings and cash collections results in accounts receivable and contract assets. For transaction and subscription revenue, we generally collect payments and fees at the time orders are placed and prior to services being rendered. We record amounts collected for services that have not

been performed as deferred revenue on our unaudited condensed consolidated balance sheet. We record amounts recognized as revenue but not yet billed as contract assets within accounts receivable on our unaudited condensed consolidated balance sheets. The transaction price that we record is generally based on the contractual amounts 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.

Our transaction and subscription revenue is as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Transaction	$ 55,473	$ 64,799	$ 203,986	$ 204,263
Subscription	139,673	125,359	403,230	361,514
Total revenue	$ 195,146	$ 190,158	$ 607,216	$ 565,777

Recently Adopted Accounting Pronouncements

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2024-04, *Debt—Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments*, which clarifies the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as an induced conversion. ASU 2024-04 was effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption was permitted as of the beginning of a reporting period if the entity had also adopted ASU 2020-06 for that period. Entities may apply the new guidance prospectively to settlements of convertible debt instruments that take place during annual reporting periods (and interim reporting periods within those annual reporting periods) beginning after the effective date of ASU 2024-04. Retrospective application may be elected as of the beginning of the first comparative reporting period in which the entity has also applied ASU 2020-06. We adopted ASU 2024-04 as of January 1, 2026. The adoption of this accounting standard did not have a material impact to our unaudited condensed consolidated financial statements.

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets,* which provides a practical expedient for calculating current expected credit losses for current accounts receivable and current contract assets by assuming that current conditions as of the balance sheet date will not change for the remaining life of the asset. The accounting standard was effective for interim and annual reporting periods beginning after December 15, 2025 and is to be applied on a prospective basis. We adopted ASU 2025-05 as of January 1, 2026. The adoption of this accounting standard did not have a material impact to our unaudited condensed consolidated financial statements.

Accounting Pronouncements Not Yet Adopted

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires public business entities to disaggregate certain expense captions into specific categories, including employee compensation, in disclosures within the notes to the financial statements. As further clarified by ASU 2025-01, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40),* issued by FASB in January 2025, this accounting standard is effective for fiscal years beginning after December 15, 2026, and interim periods within fiscal years beginning after December 15, 2027. The amendments in ASU 2024-03 should be applied either prospectively or retrospectively to any or all prior periods presented in the financial statements, and early adoption is permitted. We are currently evaluating the impact of the adoption on our unaudited condensed consolidated financial statements.

In September 2025, the FASB issued ASU 2025-06, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software,* to remove all references to software development stages and to require capitalizing software costs when management has authorized and committed to funding a software project and it is probable that the project will be completed and that the software will be used to perform the function intended. The accounting standard is effective for annual reporting periods beginning after December 15, 2027 and interim reporting periods within those annual reporting periods with early adoption permitted at the beginning of an annual reporting period. Adoption of ASU 2025-06 may use a prospective, modified retrospective or retrospective transition approach. We are

currently evaluating the impact of the adoption on our unaudited condensed consolidated financial statements.

In December 2025, the FASB issued ASU 2025-11, *Interim Reporting (Topic 270): Narrow-Scope Improvements,* to make targeted, narrow-scope improvements to the interim reporting guidance in Topic 270 to clarify application and improve consistency in practice. The amendments create a comprehensive list of required interim disclosures and introduce a disclosure principle requiring entities to disclose, in interim periods, any event or change since the previous year-end that has a material effect on the entity. The accounting standard is effective for interim reporting periods within annual reporting periods beginning after December 15, 2027 with early adoption permitted. The adoption of ASU 2025-11 can use a prospective or retrospective transition. We are currently evaluating the impact of the adoption to our unaudited condensed consolidated financial statements.

In December 2025, the FASB issued ASU No. 2025-12, *Codification Improvements* which includes various amendments that clarify, correct, or make minor improvements to various codifications. The accounting standard is effective for annual reporting periods beginning after December 15, 2026 and interim reporting periods within those annual reporting periods, with early adoption permitted. The adoption method of this ASU may vary on an issue-by-issue basis. We are currently evaluating the impact of the adoption to our unaudited condensed consolidated financial statements.

Note 3. Other Financial Statement Information

Accounts Receivable

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Beginning balance	$ 3,300	$ 2,280	$ 2,281	$ 2,121
Add: allowance recognized as a reduction of revenue	596	874	2,458	2,125
(Less)/Add: allowance for credit losses recognized in general and administrative expense	(659)	161	491	356
Less: write-offs, net of recoveries	(1,193)	(1,106)	(3,186)	(2,393)
Ending balance	$ 2,044	$ 2,209	$ 2,044	$ 2,209

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 receivables from partners that are considered uncertain or no longer collectible.

Contract assets

Contract assets as of September 30, 2026 and December 31, 2025 were $5.3 million and $2.7 million, respectively. The increase is associated with a multi-year extension of an existing agreement entered into during the three months ended September 30, 2026 with both fixed and variable consideration.

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following (in thousands):

	September 30, 2026	December 31, 2025
Prepaid expenses	$ 9,390	$ 10,165
Deferred cost of revenue	3,374	2,415
Capitalized cloud computing development costs	900	1,449
Income tax receivable	7,985	3,251
Other current assets	887	954
Total prepaid expenses and other current assets	$ 22,536	$ 18,234

Accrued Expenses and Other Current Liabilities

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

	September 30, 2026	December 31, 2025
Accrued payroll and related expenses	$ 21,994	$ 32,785
Accrued vendor payables	18,805	17,444
Accrued advertising	2,554	2,551
Sales allowances	3,378	3,126
Accrued sales, use and business taxes	5,412	10,409
Deferred consideration relating to business acquired	—	12,627
Other	4,836	4,419
Total accrued expenses and other current liabilities	$ 56,979	$ 83,361

Deferred revenue

Deferred revenue as of September 30, 2026 and December 31, 2025 was $220.0 million and $203.9 million, respectively. Revenue recognized in the three months ended September 30, 2026 and 2025 that was included in deferred revenue as of June 30, 2026 and 2025 was $103.8 million and $101.4 million, respectively. Revenue recognized in the nine months ended September 30, 2026 and 2025 that was included in deferred revenue as of December 31, 2025 and 2024 was $193.2 million and $165.2 million, respectively.

The transaction price allocated to our fixed remaining performance obligation was $29.2 million to be recognized over the next 4.3 years, with $6.9 million to be recognized in the next twelve months. We have omitted performance based variable consideration allocated entirely to unsatisfied performance obligations within a series of other distinct performance obligations. Additionally, we elected to omit disclosure on the transaction price allocated to remaining performance obligations for contracts with an original expected term of one year or less.

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 September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Cost of revenue	$ 4,040	$ 5,343	$ 12,717	$ 15,771
Sales and marketing	3,578	2,513	10,007	6,682
Technology and development	1,790	2,081	6,024	6,459
General and administrative	1,464	1,436	4,535	4,206
Total depreciation and amortization expense	$ 10,872	$ 11,373	$ 33,283	$ 33,118

Note 4. Acquisition

Formation Nation, Inc.

On February 10, 2025, we acquired all of the outstanding equity interests of Formation Nation, Inc., a Nevada-based small business services company with a range of legal and business solutions, in exchange for a total consideration of $83.2 million consisting of cash, net working capital adjustments and equity consideration comprising 2,205,445 restricted shares of our common stock. Approximately $12.5 million of the consideration was initially deferred to satisfy any necessary adjustments, including without limitation, indemnification claims related to general representations and warranties, any net working capital adjustments and deferred change in control bonuses. We paid $13.1 million for the deferred consideration in cash, inclusive of $0.6 million of accrued interest, during the nine months ended September 30, 2026 upon the expiration of the 12-month holdback period, net of any amounts withheld to satisfy all unsatisfied or disputed claims for indemnification and net working capital adjustments.

Note 5. Long-term Debt

On July 2, 2021, we entered into an amended and restated credit and guaranty agreement (the "Revolving Facility") providing for revolving borrowings of up to $150.0 million with an availability period of five years. Under the Revolving Facility, we can use up to $20.0 million in letters of credit and up to $10.0 million in borrowings on same-day notice, referred to as swingline loans. On May 5, 2023, we entered into an amendment to the Revolving Facility to replace the LIBOR interest rate benchmark with the Secured Overnight Financing Rate ("SOFR") benchmark, with a 0.10% credit spread adjustment to the SOFR benchmark ("Adjusted Term SOFR") for all available interest periods, provided that if the Adjusted Term SOFR is less than zero, the Adjusted Term SOFR shall be deemed to be zero. Other than the foregoing, the remaining terms of the Revolving Facility remained unchanged.

On July 14, 2025, we entered into a second amendment to the Revolving Facility (as amended, the "Amended Revolving Facility"), which reduced the revolving loan commitment from $150.0 million to $100.0 million and extended the maturity date from July 2, 2026 to July 14, 2030. The terms of available letters of credit and swingline loans remained unchanged. In addition, the Amended Revolving Facility added additional reductions to the existing interest rate margins and the commitment fee upon achieving a total net lien leverage ratio of 1.00 to 1.00 and also removes the 0.10% credit spread adjustment to the SOFR benchmark for all available interest periods. As a result of the Amended Revolving Facility, we incurred $0.8 million of incremental deferred issuance costs. Those costs were capitalized in other assets in the unaudited condensed consolidated balance sheets and are amortized straight-line over the term of Amended Revolving Facility. In connection with the Amended Revolving Facility, we performed an extinguishment versus modification assessment on a lender-by-lender basis resulting in the write-off of an insignificant amount of unamortized debt issuance costs under Revolving Facility.

Borrowings under the Amended Revolving Facility bear interest at a rate per annum equal to either (a) the Term SOFR plus a margin ranging from 2.00% to 1.25% or (b) a margin ranging from 1.00% to 0.25% plus the highest of (i) the administrative agent's prime rate, (ii) the Federal Funds rate plus 0.50% or (iii) one-month Term SOFR plus 1%. The interest rate margins under the Amended Revolving Facility are subject to a reduction of 0.25% upon achieving total net first lien leverage ratios of 3.50 to 1.00 and further reductions of 0.25% each upon achieving total net first lien leverage ratios of 2.50 to 1.00 and 1.00 to 1.00, respectively. We are required to pay a commitment fee in respect of unutilized commitments under the Amended Revolving Facility. The commitment fee is, initially, 0.35% per annum. The commitment fee is subject to a reduction of 0.10% if the total net first lien leverage ratio does not exceed 3.50 to 1.00 and an additional 0.05% reduction upon achieving a total first lien leverage ratio of 1.00 to 1.00. We are also required to pay customary letter of credit fees and agency fees. We have the option to voluntarily repay outstanding loans under the Amended Revolving Facility at any time without premium or penalty, other than customary "breakage" costs with respect to SOFR loans. There is no scheduled amortization under the Amended Revolving Facility. Any principal amount outstanding is due and payable in full at maturity on July 14, 2030. Obligations under the Amended Revolving Facility are guaranteed by our existing and future direct and indirect material wholly-owned domestic subsidiaries, subject to certain exceptions. The Amended Revolving Facility is secured by a first-priority security interest in substantially all of our assets, subject to certain exceptions.

The Amended Revolving Facility contains a number of covenants that, among other things, 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 Amended Revolving Facility requires compliance with a total net first lien leverage ratio not to exceed 4.50 to 1.00 (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 Amended Revolving Facility on the last day of such fiscal quarter.

As of September 30, 2026 and December 31, 2025, we had no amounts outstanding under our Amended Revolving Facility.

Note 6. Commitments and Contingencies

Legal Proceedings

From time to time, we may become subject to legal proceedings, claims and litigation arising in the ordinary course of business. We are not currently a party to any material legal proceedings, nor are we aware of any pending or threatened litigation that could have a material adverse effect on our results of operations, cash flows, and financial condition, should such litigation be resolved unfavorably.

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 indeterminable.

No amounts have been accrued or have been paid during any period presented as we believe the fair value of these indemnification obligations is immaterial.

Note 7. Stockholders' Equity

Stock Repurchase Program

In October 2023, our board of directors approved a stock repurchase program authorizing repurchases of our common stock with no fixed expiration. In February 2026, our board of directors approved a $100.0 million increase in our stock repurchase program, bringing the aggregate amount authorized to $415.0 million. Under this program, we are authorized to repurchase our common stock through any manner, including open market transactions, accelerated stock repurchase agreements, or privately negotiated transactions with third parties, and in such amounts as management deems appropriate. Open market repurchases may be structured to occur in accordance with applicable federal securities laws, including within the pricing and volume requirements of Rule 10b-18 under the Securities Exchange Act of 1934, as amended. We may also, from time to time, enter into Rule 10b5-1 plans to facilitate repurchases of our shares of common stock under this authorization. This program does not obligate us to repurchase any particular amount of common stock and may be modified, suspended or terminated at any time at the discretion of our board of directors. Shares repurchased under our stock repurchase program are purchased for immediate retirement.

During the three months ended September 30, 2026, we repurchased a total of 2.5 million shares of our common stock through open market purchases and Rule 10b5-1 plans at an average per share price of $5.90 for a total repurchase of $14.6 million, including broker commissions. During the nine months ended September 30, 2026, we repurchased a total of 15.1 million shares of our common stock through open market purchases and Rule 10b5-1 plans at an average per share price of $6.87 for a total repurchase of $103.6 million, including broker commissions. The repurchases were recorded as a reduction to stockholders' equity in the unaudited condensed consolidated balance sheets. Approximately $65.8 million remained available for future repurchases of our common stock under the stock repurchase program as of September 30, 2026.

The Inflation Reduction Act of 2022, enacted in August 2022, imposed a 1% non-deductible excise tax on net repurchases of shares by domestic corporations whose stock is traded on an established securities market. Consequently, this excise tax is applicable to shares of stock repurchased pursuant to our stock repurchase program beginning in 2023 and represents a cost of the repurchases of our common stock. We have recognized an excise tax liability of $0.8 million as of September 30, 2026 because the fair market value of the stock repurchases exceeded the fair market value of the stock issuances during the nine months ended September 30, 2026.

Note 8. Stock-based Compensation

Stock-based Compensation Expense

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Cost of revenue	$ 1,005	$ 1,421	$ 3,699	$ 4,159
Sales and marketing	3,325	4,445	10,752	12,685
Technology and development	1,938	2,893	8,947	11,575
General and administrative	12,731	19,610	40,511	60,344
Total stock-based compensation expense	18,999	28,369	63,909	88,763
Amount capitalized to internal-use software	1,038	1,334	3,608	4,253
Total stock-based compensation	$ 20,037	$ 29,703	$ 67,517	$ 93,016

Restricted Stock Units

During the three and nine months ended September 30, 2026, we granted 0.7 million and 11.4 million restricted stock units ("RSUs"), respectively, with a total grant date fair value of $3.9 million and $74.9 million, respectively, to various employees. RSUs are measured based on the fair market value of the underlying stock on the date of grant and recognized as expense over the requisite service period.

Performance Stock Units

During the three months ended March 31, 2026, we granted 3.6 million performance stock units ("2026 PSUs") to members of the senior leadership team. During the three months ended June 30, 2026, we granted 1.7 million 2026 PSUs to a member of the senior leadership team. The 2026 PSUs granted during the nine months ended September 30, 2026 consist of two performance components: revenue and total shareholder return ("TSR"). The number of shares ultimately issuable under each component of the 2026 PSUs is based on the Company's achievement relative to certain performance targets, continuous employment over the requisite service period as well as certification of results by the compensation committee of the board of directors following each applicable performance period.

The revenue component of the 2026 PSUs represents 60% of the target award and achievement is measured based on the Company's year-over-year revenue growth relative to pre-determined targets for three one-year performance periods ending on each of December 31, 2026, December 31, 2027, and December 31, 2028. Each annual performance period represents one-third of the awards that may be earned under the revenue component. The number of 2026 PSUs earned for each annual period may range from 0% to 300% of the number of awards allocated to each annual performance period. The grant-date fair value of the revenue component is based on the closing price of the Company's common stock on the date of grant. Compensation expense for the revenue component is recognized over the requisite service period when achievement of the applicable performance condition is considered probable. The grant date fair value of the revenue component for grants issued during the three months ended March 31, 2026 and June 30, 2026 amounted to approximately $14.6 million and $6.0 million, respectively, both assuming achievement at 100% of target.

The TSR component represents 40% of the target award and achievement is measured based on the Company's TSR percentile against a pre-determined peer set over two performance periods, each beginning January 1, 2026 and ending December 31, 2027 and December 31, 2028. Each performance period represents 50% of the awards that may be earned pursuant to the TSR component. The number of 2026 PSUs earned for each performance period may range from 0% to 400% of the number of awards allocated to each performance period. The grant-date fair value of the TSR component is estimated using a Monte Carlo simulation model as vesting depends on a market condition. Compensation expense for the TSR component is recognized over the longer of the requisite or derived service period regardless of whether the market condition is ultimately achieved. The Company estimated the weighted-average fair value of the TSR component for grants issued during the three months ended March 31, 2026 and June 30, 2026 to be approximately $17.9 million and

$5.8 million, respectively. The assumptions to the Monte Carlo simulation used to calculate the grant date fair value of the TSR component are as follows:

	Three Months Ended March 31,
	2026
Expected life (years)	2.8
Risk-free interest rate	3.6 %
Expected volatility	54.2 %
Expected dividend yield	—

	Three Months Ended June 30,
	2026
Expected life (years)	2.5
Risk-free interest rate	4.1 %
Expected volatility	54.7 %
Expected dividend yield	—

We recognized $4.4 million and $8.5 million in stock-based compensation expense during the three and nine months ended September 30, 2026, respectively, related to the 2026 PSUs. In addition, we recognized $1.8 million and $13.3 million in stock-based compensation expense during the three months ended September 30, 2026 and 2025, respectively, and $11.1 million and $40.0 million in stock-based compensation expense during the nine months ended September 30, 2026 and 2025, respectively, related to performance stock units ("PSUs") with a market-based condition that were granted during the year ended December 31, 2024.

Note 9. Income Taxes

We recorded a provision for income taxes of $6.8 million and $16.5 million for the three and nine months ended September 30, 2026, respectively. We recorded a provision for income taxes of $3.9 million and a provision of $9.1 million for the three and nine months ended September 30, 2025, respectively. The effective tax rate was 46% for each of the three months ended September 30, 2026 and 2025. The effective tax rate for the nine months ended September 30, 2026 and 2025 was 53% and 49%, respectively. The difference from the federal statutory rate of 21% is primarily due to the recognition of significant non-deductible stock-based compensation and other discrete adjustments.

Gross unrecognized tax benefits were $17.9 million and $16.8 million as of September 30, 2026 and December 31, 2025, respectively. The gross unrecognized tax benefits, if recognized by us, will result in a reduction of approximately $17.3 million, excluding interest and penalties, 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 returns for the years 2022 and forward and state income tax returns for the tax years 2008 and forward remain open to examination. We are under examination for federal tax year 2023 and one state which are not expected to have an impact on our results of operations, cash flows and financial condition.

Note 10. Net Income Per Share

The following table shows the computation of basic and diluted net income per share (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Numerator:				

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net income	$ 8,061	$ 4,509	$ 14,348	$ 9,370
Denominator:				
Weighted-average common stock used in computing net income per share — basic	167,185	180,057	172,749	179,231
Effect of potentially dilutive securities				
Options to purchase common stock	31	84	33	56
RSU and PSUs	1,719	6,523	2,535	6,009
Employee stock purchase plan	7	67	6	33
Weighted-average common stock used in computing net income per share — diluted	168,942	186,731	175,323	185,329
Net income per share — basic	$ 0.05	$ 0.03	$ 0.08	$ 0.05
Net income per share — diluted	$ 0.05	$ 0.02	$ 0.08	$ 0.05

The following table presents the number of stock options, RSUs, and PSUs, excluded from the calculation of diluted net income per share because they are anti-dilutive (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Options to purchase common stock	4,990	2,828	4,990	4,992
RSU and PSUs[1]	26,505	14,734	22,489	18,221
Employee stock purchase plan	122	36	232	28
Total	31,617	17,598	27,711	23,241

(1) For the three and nine months ended September 30, 2026, anti-dilutive PSUs include the 2026 PSUs reflected at 100% of target, as well as PSUs granted in July 2024 and November 2024 reflected at 200% and 275% of target, respectively. For the three and nine months ended September 30, 2025, anti-dilutive PSUs include PSUs granted in July 2024 and November 2024 reflected at 200% and 275% of target, respectively; PSUs granted in April 2025 previously reflected at 400% of target were forfeited during the three months ended September 30, 2025.

Note 11. 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.

As of September 30, 2026 and December 31, 2025, our financial assets recorded at fair value on a recurring basis consist of cash equivalents. The cash equivalents consist of money market funds valued using quoted prices in active markets, which represents Level 1 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 following tables summarize our assets and liabilities that are measured at fair value on a recurring basis, by level, within the fair value hierarchy (in thousands):

	As of September 30, 2026		
	Level 1	Level 2	Level 3
Money market funds	$ 157,606	$ —	$ —
Total assets	$ 157,606	$ —	$ —

	As of December 31, 2025		
	Level 1	Level 2	Level 3
Money market funds	$ 180,778	$ —	$ —
Total assets	$ 180,778	$ —	$ —

Note 12. Segment Information

Our Chief Executive Officer, as the CODM, organizes our company, manages resource allocations, and measures performance on the basis of one operating segment on a consolidated basis. The accounting policies of our operating segment are the same as those described in Note 2, *Summary of Significant Accounting Policies*. The CODM assesses performance for the segment and decides how to allocate resources based on net income that also is reported on the accompanying unaudited condensed consolidated statements of operations as consolidated net income. The measure of segment assets is reported on the unaudited condensed consolidated balance sheets as total assets.

The CODM uses net income to evaluate income generated from segment assets in making key operating and segment resource allocation decisions, such as investments in new product development. Net income is also used to monitor budget versus actual results.

Our one reportable segment provides an online platform for business formation in the U.S. and, as described in Note 2, *Summary of Significant Accounting Policies*, generates revenue from customized legal document services and subscriptions offered to our customers. Revenue outside of the U.S., based on the location of the customer, represented less than 1% of our revenue for the three and nine months ended September 30, 2026 and 2025. Long-lived tangible assets located outside the U.S. represented approximately 11.4% of total long-lived tangible assets as of September 30, 2026. Long-lived tangible assets located outside the U.S. were immaterial as of December 31, 2025.

The following table summarizes financial information by reportable segment regularly provided to the CODM (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Transaction revenue	$ 55,473	$ 64,799	$ 203,986	$ 204,263
Subscription revenue	139,673	125,359	403,230	361,514
Total revenue	195,146	190,158	607,216	565,777
Less:				
Filings fees	21,725	24,214	82,133	76,752
Other cost of revenue, excluding depreciation, amortization and stock-based compensation	30,313	31,293	98,421	99,547
Customer acquisition marketing	51,078	44,227	158,771	135,156
Other sales and marketing, excluding depreciation, amortization and stock-based compensation	18,928	16,650	54,896	44,270
Technology and development, excluding depreciation, amortization and stock-based compensation	10,569	14,511	38,978	44,408
General and administrative, excluding depreciation, amortization, stock-based compensation, and restructuring	13,351	12,940	43,079	44,887

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Stock-based compensation	18,999	28,369	63,909	88,763
Depreciation and amortization	10,872	11,373	33,283	33,118
Interest income	(1,427)	(2,139)	(4,702)	(5,691)
Interest expense	77	152	879	499
Restructuring[1]	5,767	88	6,788	854
Other segment items[2]	31	102	(47)	(897)
Provision for income taxes	6,802	3,869	16,480	9,078
Gain on sale of assets held for sale	—	—	—	(14,337)
Segment net income	8,061	4,509	14,348	9,370
Reconciliation of profit or loss				
Adjustments and reconciling items	$ —	$ —	$ —	$ —
Consolidated net income	$ 8,061	$ 4,509	$ 14,348	$ 9,370

(1) For 2026 and 2025, restructuring costs related to the reduction of our global headcount.

(2) Other segment items included in segment net income primarily consist of foreign currency gains or losses related to our intercompany loans which were denominated in British Pound Sterling and included in other (expense) income, net on the unaudited condensed consolidated statements of operations.

Note 13. Restructuring

From time to time, we initiate cost reduction activities to integrate acquired businesses, to align our workforce with strategic business activities, or to improve efficiencies in our operations. Restructuring expenses include severance for the impacted employees and are included in general and administrative expenses in the accompanying unaudited condensed consolidated financial statements.

In August 2026, we committed to a restructuring plan to reduce the size of our workforce by approximately 13%. This restructuring plan was initiated as part of our ongoing organizational evolution toward becoming a more agile, AI-native company with a simpler operating structure. During the three months ended September 30, 2026, we recognized $6.0 million of restructuring charges and related costs associated with the aforementioned plan, consisting primarily of severance and termination benefits for impacted employees, in general and administrative expenses on the unaudited condensed consolidated statements of operations. Substantially all charges associated with the restructuring plan were incurred during the third quarter of 2026. As of September 30, 2026, approximately $1.4 million of restructuring charges associated with the aforementioned plan were accrued in accrued expenses on the unaudited condensed consolidated balance sheets. We expect substantially all of the remaining amounts to be paid in the fourth quarter of 2026.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q, as well as Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operation" and Part II, Item 8, "Financial Statements and Supplementary Data" included in our 2025 Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on February 23, 2026 and our other filings with the SEC. The following discussion contains forward-looking statements based upon current plans, expectations and beliefs and that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in the "Risk Factors" section of this Quarterly Report on Form 10-Q. See "Forward-Looking Statements" preceding Part I of this Quarterly Report on Form 10-Q.

Overview

LegalZoom is a leading online platform for legal services, transforming how individuals and small businesses navigate the legal system. By combining intuitive technology with access to experienced attorneys—whether through our vast independent attorney network or our own law firm—we offer the tools and guidance people need to confidently manage everything from business formation and compliance to intellectual property protection and ongoing business management and legal support. Our ongoing business management services include virtual mail, legal forms, bookkeeping and estate planning services, among others. We operate across all 50 states and in over 3,000 counties in the U.S. With over two decades of experience and millions of customers served, LegalZoom helps individuals and small businesses navigate legal needs with confidence.

Recent Developments

- In September 2026, we entered into an amended partnership agreement (the "Amended Agreement") with Accounting Fulfillment Services, LLC ("1-800Accountant"), which supersedes the original agreement dated December 15, 2024 (the "Original Agreement"), pursuant to which 1-800Accountant agreed to certain minimum revenue commitments to us across the term of the Original Agreement in exchange for us agreeing to certain obligations to market 1-800Accountant services to our customers, including agreeing to refer a minimum number of our customers to 1-800Accountant. The Amended Agreement extends the initial term through December 31, 2030, after which the Amended Agreement will automatically renew for successive annual terms unless either we or 1-800Accountant provides written notice of non-renewal pursuant to the terms of the Amended Agreement.

Key Factors Affecting Our Performance

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

- ***Our share of small and medium-sized businesses (SMBs).*** Business formations act as an entrance point for many customers to the LegalZoom ecosystem, where they then often purchase a mix of transaction and subscription offerings alongside and after the initial formation transaction. However, changes that Google is making, including changes in search algorithms and the prioritization of AI-generated summaries within the search experience, as well as the ways in which Google chooses to enforce its policy regarding the advertisement of federal filings, are reshaping how potential customers find and engage with LegalZoom. We have seen these changes result in a reduction in organic traffic and a higher emphasis on paid search, and we expect these customer acquisition dynamics to continue to evolve. In response, we are continuing to optimize our go-to-market and customer acquisition strategy, including by diversifying our marketing investments across media channels and increasing our level of brand marketing, which has resulted and may continue to result in an increase in our marketing costs. We are also expanding beyond traditional search through strategic partnerships and collaborations, including with AI platforms and other emerging channels. Over time, we expect partnership-driven and AI-platform channels to represent a greater share of customer acquisition, and we are investing accordingly. As a result, our operating results depend on the continuation of new business formations in the U.S. and even more so, on our ability to attract new and existing businesses to our platform via various acquisition channels.
- ***Ability to enhance customer lifetime value.*** Our future performance depends on our ability to integrate new products and services into our LegalZoom ecosystem and to increase recurring revenue through subscription offerings. We are continuing to optimize our subscription business, including by testing various commercialization and pricing strategies for our offerings and introducing new, higher value, full-service do-it-for-me ("DIFM") subscription offerings, including our business manager

(formerly concierge) suite of offerings. As a result, we have experienced and we expect to continue to experience increased volatility across our key business metrics.

- ***Ability to integrate augmented legal expertise.*** We believe that the future of legal and small business services involves a combination of scaling AI while strategically integrating our human-in-the-loop offerings to provide the judgment and trust that customers need. These offerings have two layers: experts (which includes our business managers and our independent network of attorneys) and service (which includes our virtual mail and registered agent providers). The extent to which we are able to combine AI with our human expertise in order to increase the consumption of our higher-value offerings will impact our future results of operations.

Key Business Metrics

In addition to the measures presented in our unaudited condensed consolidated financial statements, we regularly monitor the financial and operating metrics below to evaluate the growth of our business, measure the effectiveness of our marketing efforts, identify trends, formulate financial forecasts and make strategic decisions. Except with respect to annual small business retention rate, Formation Nation, Inc. ("Formation Nation") has been included in the key business metrics below starting on February 10, 2025, the date we acquired Formation Nation.

Number of business formations

We define the number of business formations in a given period as the number of limited liability company ("LLC"), incorporation, not-for-profit and doing business as ("DBA") 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 revenue as customers adopt additional products and services throughout the lifecycle of their business.

We believe that including customers filing DBAs on our platform provides a more accurate representation of the number of newly formed businesses we serve. These transactions are most often completed by sole proprietors who represent potential future transaction and subscription cross-sell opportunities as their businesses mature.

The below table sets forth the number of business formations for the three and nine months ended September 30, 2026 and 2025:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(in thousands)			
Number of business formations	110	126	377	388

During the three and nine months ended September 30, 2026, we experienced a 13% and 3% decrease, respectively, in business formation transactions compared to the three and nine months ended September 30, 2025 primarily due to the impact of changing customer acquisition dynamics partially offset by an increase in business formations driven by strategic partnerships.

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. 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 revenue.

The below table sets forth the number of transactions for the three and nine months ended September 30, 2026 and 2025:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(in thousands)			
Number of transactions	249	259	905	878

We experienced a 4% decrease in the number of transactions during the three months ended September 30, 2026 compared to the three months ended September 30, 2025, primarily due to a decrease in business formations and related small business transactions, partially offset by an increase in Annual Report filings within our compliance offerings as a result of filing automation.

We experienced a 3% increase in the number of transactions during the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025 primarily due to an increase in Annual Report filings within our compliance offerings as a result of filing automation, partially offset by a decrease in beneficial ownership information report filings following a Financial Crimes Enforcement Network ("FinCEN") ruling on March 21, 2025 that eliminated this filing requirement for U.S. companies.

Average order value

We define average order value for a given period as total transaction revenue divided by total number of transactions in such period. We consider average order value to be an important metric given that it indicates how much customers are spending on average on our platform per transaction.

The below table sets forth the average order value for the three and nine months ended September 30, 2026 and 2025:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Average order value	$ 222	$ 251	$ 225	$ 233

Average order value decreased 12% and 3%, respectively, for the three and nine months ended September 30, 2026 compared to the three and nine months ended September 30, 2025 primarily due to a decrease in the volume of business formations and related small business transactions.

Number of subscription units

We define the number of subscription units in a given period as the number of paid subscriptions at the end of such period, including those that are not yet 60 days past their subscription order dates. 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 the lifetime value of a customer through deeper, longer-term relationships. In addition, as we continue to innovate our product line-up, including by testing various commercialization and pricing strategies, we believe the number of subscription units, when viewed together with the number of business formations during a particular period, provides insight into the effectiveness of our efforts to drive growth in our subscription business.

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.

The below table sets forth the number of subscription units as of September 30, 2026 and 2025:

	As of September 30,	
	2026	2025
	(in thousands)	
Number of subscription units	1,854	1,959

We experienced a 5% decrease in subscription units from September 30, 2025 to September 30, 2026 due to a decrease in accounting solution subscriptions, as well as lower forms and eSignature and registered agent subscriptions, partially offset by an increase in legal advisory subscriptions, as well as increases in compliance subscriptions and virtual mail subscriptions. The decrease in accounting solution subscriptions and the increase in legal advisory subscriptions were both due to changes in our business formation bundles as we continue to test various commercialization strategies for our offerings.

On a sequential basis, the number of subscription units decreased 2% as of September 30, 2026 compared to June 30, 2026.

Average revenue per subscription unit

We define average revenue per subscription unit ("ARPU") as of a given date as subscription revenue for the twelve-month period ended on such date ("LTM") divided by the average of the number of subscription units at the beginning and end of the LTM period. We consider ARPU to be an important metric because it helps to illustrate our ability to provide and monetize higher value subscriptions. In addition, when viewed together with subscription units, ARPU provides insight into the impact that higher-value subscriptions have on our ability to grow our subscription units.

The below table sets forth ARPU as of September 30, 2026 and 2025:

	As of September 30,	
	2026	2025
Average revenue per subscription unit	$ 280	$ 256

ARPU increased 9% as of September 30, 2026 compared to September 30, 2025 benefiting from pricing initiatives on our registered agent subscriptions and an increase in higher-value legal advisory subscriptions.

On a sequential basis, ARPU as of September 30, 2026 increased 4% compared to June 30, 2026.

Annual small business retention rate

We define annual small business retention rate as the percentage of small business subscription units active as of the last day of the quarter one year ago that were still active subscriptions 12 months later. Small business subscription units represent our subscriptions targeted at our small business customers and include subscriptions for our registered agent and compliance services, our tax solution, our virtual mail, forms and eSignature solutions and our small business legal advisory plan, and exclude subscriptions from our enterprise customers, our prior operations in the U.K., Formation Nation and our consumer legal advisory plan. Annual small business retention rate includes both monthly and annual subscription units and reflects all subscription unit attrition, including as a result of actual business failures of certain of our customers. Our annual small business retention rate as of September 30, 2026 was approximately 57% which was impacted by lower retaining subscriptions bundled into our formation offerings.

We expect annual retention rate to fluctuate as we continue to test new products, subscription term lengths and price points and seek to optimize our product offerings across our lineup. While there may be a general correlation between annual small business retention rate and our ability to increase customer lifetime value and the growth of our customer base, we do not view it as a predictor of future revenue given the varying needs of a small business during its lifecycle and the varying use cases of the products underlying our subscription units.

Key Components of our Results of Operations

Revenue

We generate 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, sales allowances and credit reserves. We also earn fees from third-party providers in connection with lead generation activities, where referred customers purchased services that are transactional in nature.

Subscription revenue—Subscription revenue is generated primarily from subscriptions to our registered agent, compliance packages, attorney advice, legal forms, tax and accounting, virtual mail and eSignature services, and software-as-a-service ("SaaS") subscriptions. We generally recognize revenue from our subscriptions ratably over the subscription term. Subscription terms generally range from thirty days to one year. Subscription revenue also includes amounts earned from third-party providers in connection with lead generation activities, where referred customers purchased services that are subscription in nature. Subscription revenue includes the transaction price 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.

The timing of revenue recognition, billings and cash collections results in accounts receivable and contract assets. For transaction and subscription revenue, we generally collect payments and fees at the time orders are placed and prior to services being rendered. We record amounts collected for services that have not been performed as deferred revenue on our unaudited condensed consolidated balance sheet. We record amounts recognized as revenue but not yet billed as contract assets within accounts receivable on our unaudited condensed consolidated balance sheets. The transaction price that we record is generally based on the contractual amounts 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.

See the section titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates—Revenue Recognition*" in our 2025 Annual Report on Form 10-K 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 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.

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 and subscription revenue. Our gross margin expansion is also expected to be driven by automation improvements and digitization efforts. Further, our acquisitions of other companies have negatively impacted our gross margin in the past, and any such future acquisitions could have a similar effect. 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, gain on sale of assets held for sale.

Sales and marketing

Sales and marketing expenses consist of customer acquisition media costs, compensation and related benefits, including stock-based compensation for marketing and sales personnel, media production, public relations and other promotional activities, general business development activities, an allocation of depreciation and amortization and allocated overhead. Customer acquisition media costs consist primarily of search engine marketing, television and social media 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.

Customer acquisition media spend has historically been highest in the first quarter of the year to align with business formation seasonality. We expect to continue to invest in sales and marketing to drive additional revenue, further penetrate our expanding addressable market, and build on our digital brand leadership and awareness. We anticipate that sales and marketing expenses will continue to be our largest operating expense category for the foreseeable future.

Technology and development

Technology and development expenses consist primarily of personnel costs and related benefits, including stock-based compensation for technology and development personnel, 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 products, 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.

Excluding stock-based compensation, we expect our technology and development expenses to decrease as a percentage of our revenue as we continue to invest in process efficiency initiatives, which includes the use of AI, 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.

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 expect our general and administrative expenses to decrease as a percentage of our revenue over the longer term. However, our general and administrative expenses may fluctuate as a percentage of our revenue from period-to-period due to the timing and extent of the foregoing expenses and seasonality.

Gain on sale of assets held for sale

Gain on sale of assets held for sale relates to the sale of our operational headquarters on March 31, 2025.

Interest expense

Interest expense consists primarily of amortization of debt issuance costs related to our amended and restated credit and guaranty agreement (as amended, the "Amended Revolving Facility") as well as interest incurred on the deferred cash consideration associated with the acquisition of Formation Nation.

We expect interest expense to remain insignificant in the near term as we have no outstanding indebtedness. However, we would incur interest expense in the longer term should we borrow on our Amended Revolving Facility or incur other indebtedness.

Interest income

Interest income consists primarily of interest income generated from our investment in money market funds.

Other (expense) income, net

Other (expense) income, net consists primarily of realized and unrealized foreign currency gains and losses, changes in fair value of investments, and other non-operating gains and losses.

Income taxes

Our provision for income taxes consists of current and deferred federal, state and foreign income taxes.

We account for income taxes in accordance with Accounting Standard Codification 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.

Results of Operations

The following table sets forth our unaudited condensed 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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(in thousands)			
Revenue	$ 195,146	$ 190,158	$ 607,216	$ 565,777
Cost of revenue[1][2]	57,083	62,271	196,970	196,229
Gross profit	138,063	127,887	410,246	369,548
Operating expenses:				
Sales and marketing[1][2]	76,909	67,835	234,426	198,793
Technology and development[1][2]	14,297	19,485	53,949	62,442
General and administrative[1][2]	33,313	34,074	94,913	110,291
Gain on sale of assets held for sale	—	—	—	(14,337)
Total operating expenses	124,519	121,394	383,288	357,189
Income from operations	13,544	6,493	26,958	12,359
Interest expense	(77)	(152)	(879)	(499)
Interest income	1,427	2,139	4,702	5,691
Other (expense) income, net	(31)	(102)	47	897
Income before income taxes	14,863	8,378	30,828	18,448
Provision for income taxes	6,802	3,869	16,480	9,078
Net income	$ 8,061	$ 4,509	$ 14,348	$ 9,370

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(in thousands)			
Cost of revenue	$ 1,005	$ 1,421	$ 3,699	$ 4,159
Sales and marketing	3,325	4,445	10,752	12,685
Technology and development	1,938	2,893	8,947	11,575
General and administrative	12,731	19,610	40,511	60,344
Total stock-based compensation expense	$ 18,999	$ 28,369	$ 63,909	$ 88,763

Stock-based compensation expense decreased for the three and nine months ended September 30, 2026 compared to the three and nine months ended September 30, 2025, primarily due to lower expense from performance stock units ("PSUs"), including certain PSUs with market conditions granted in prior periods, as well as lower expense from time-based restricted stock units ("RSUs"). See Note 8 to our accompanying unaudited condensed consolidated financial statements and Note 14 to our consolidated financial statements included in our 2025 Annual Report on Form 10-K for additional information.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(in thousands)			
Cost of revenue	$ 4,040	$ 5,343	$ 12,717	$ 15,771
Sales and marketing	3,578	2,513	10,007	6,682
Technology and development	1,790	2,081	6,024	6,459
General and administrative	1,464	1,436	4,535	4,206
Total depreciation and amortization expense	$ 10,872	$ 11,373	$ 33,283	$ 33,118

Comparison of the Three Months Ended September 30, 2026 and 2025

Revenue

	Three Months Ended September 30,			
	2026	2025	$ change	%change
	(in thousands, except percentages)			
Revenue by type				
Transaction	$ 55,473	$ 64,799	$ (9,326)	(14) %
Subscription	139,673	125,359	14,314	11 %
Total revenue	$ 195,146	$ 190,158	$ 4,988	3 %

The increase in total revenue for the three months ended September 30, 2026 compared to the three months ended September 30, 2025 was driven by continued growth in subscription revenue. Subscription revenue represented 72% and 66% of total revenue for the three months ended September 30, 2026 and 2025, respectively. Transaction revenue represented 28% and 34% of total revenue for the three months ended September 30, 2026 and 2025, respectively.

Transaction revenue decreased 14% year-over-year for the three months ended September 30, 2026 due to a 17% decrease in revenue from business formations and related small business transactions.

Subscription revenue increased 11% year-over-year for the three months ended September 30, 2026 primarily due to a 33% increase in revenue from our legal advisory subscriptions due to the bundling of this subscription into certain business formation offerings, as well as a 14% increase in revenue from our compliance offerings due to certain pricing initiatives, and strength in our virtual mail subscription offering. The increase in subscription revenue was partially offset by a decrease in revenue from accounting solution subscriptions due to changes in the commercialization of certain business formation bundles, as well as lower revenue from forms and eSignature subscriptions.

Cost of revenue

	Three Months Ended September 30,			
	2026	2025	$ change	%change
	(in thousands, except percentages)			
Cost of revenue	$ 57,083	$ 62,271	$ (5,188)	(8%)

Cost of revenue for the three months ended September 30, 2026 decreased by $5.2 million compared to the three months ended September 30, 2025, primarily due to a $2.5 million decrease in filing fees, a $1.8 million decrease in payroll and related benefits, largely driven by a lower average headcount, and a $1.3 million decrease in depreciation and amortization expense.

Gross profit

	Three Months Ended September 30,			
	2026	2025	$ change	%change
	(in thousands, except percentages)			
Gross profit	$ 138,063	$ 127,887	$ 10,176	8%

Gross profit for the three months ended September 30, 2026 increased by $10.2 million compared to the three months ended September 30, 2025 due to a $5.0 million increase in revenue and a $5.2 million decrease in cost of revenue.

Sales and marketing

	Three Months Ended September 30,			
	2026	2025	$ change	%change
	(in thousands, except percentages)			
Sales and marketing	$ 76,909	$ 67,835	$ 9,074	13%

Sales and marketing expenses for the three months ended September 30, 2026 increased by $9.1 million compared to the three months ended September 30, 2025, primarily due to a $6.9 million increase in customer acquisition marketing spend. Customer acquisition marketing spend was $51.1 million and $44.2 million for the three months ended September 30, 2026 and 2025, respectively, reflecting changes in the mix of investments across customer acquisition channels. Additionally, there was a $1.4 million increase in consulting costs and a $1.1 million increase in depreciation and amortization.

Technology and development

	Three Months Ended September 30,			
	2026	2025	$ change	%change
	(in thousands, except percentages)			
Technology and development	$ 14,297	$ 19,485	$ (5,188)	(27%)

Technology and development expenses for the three months ended September 30, 2026 decreased by $5.2 million compared to the three months ended September 30, 2025, primarily due to a $7.8 million decrease in payroll and related benefits driven by a reduction in technology and development headcount. These decreases were partially offset by a $2.0 million increase in expense resulting from a decrease in capitalized software development costs.

General and administrative

	Three Months Ended September 30,			
	2026	2025	$ change	%change
	(in thousands, except percentages)			
General and administrative	$ 33,313	$ 34,074	$ (761)	(2%)

General and administrative expenses for the three months ended September 30, 2026 decreased by $0.8 million compared to the three months ended September 30, 2025. The decrease was primarily due to a $6.9 million decrease in stock-based compensation expense driven by lower expense from PSUs, including PSUs with market conditions granted in prior periods, as well as a reduction in expense from RSUs. This decrease was partially offset by a $5.7 million increase in restructuring costs, primarily related to the restructuring activity completed during the three months ended September 30, 2026.

Interest expense

	Three Months Ended September 30,			
	2026	2025	$ change	%change
	(in thousands, except percentages)			
Interest expense	$ (77)	$ (152)	$ 75	(49%)

Interest expense consists primarily of amortization of debt issuance costs related to our Amended Revolving Facility.

Interest income

	Three Months Ended September 30,			
	2026	2025	$ change	%change
	(in thousands, except percentages)			
Interest income	$ 1,427	$ 2,139	$ (712)	(33%)

The change in interest income was primarily due to lower dividend income from money market investments during the three months ended September 30, 2026.

Other (expense), net

	Three Months Ended September 30,			
	2026	2025	$ change	%change
	(in thousands, except percentages)			
Other (expense) income, net	$ (31)	$ (102)	$ 71	(70%)

The change in other (expense) income, net, was primarily due to a $0.1 million loss on debt extinguishment recognized during the three months ended September 30, 2025, in connection with our Amended Revolving Facility, compared to foreign currency-related expenses recognized during the three months ended September 30, 2026.

Provision for income taxes

	Three Months Ended September 30,			
	2026	2025	$ change	%change
	(in thousands, except percentages)			
Provision for income taxes	$ 6,802	$ 3,869	$ 2,933	76%
Effective tax rate	46 %	46 %		

There was a $2.9 million increase in the provision for income taxes for the three months ended September 30, 2026 compared to the three months ended September 30, 2025. The increase was primarily due to higher pre-tax income and decreased excess tax benefits from stock-based compensation for the three months ended September 30, 2026.

Comparison of the Nine Months Ended September 30, 2026 and 2025

Revenue

	Nine Months Ended September 30,			
	2026	2025	$ change	%change
	(in thousands, except percentages)			
Revenue by type				
Transaction	$ 203,986	$ 204,263	$ (277)	—%
Subscription	403,230	361,514	41,716	12%
Total revenue	$ 607,216	$ 565,777	$ 41,439	7%

The increase in total revenue for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025 was primarily driven by an increase in subscription revenue. Subscription revenue was 66% and 64% of total revenue for the nine months ended September 30, 2026 and 2025, respectively, and transaction revenue was 34% and 36% of total revenue for the nine months ended September 30, 2026 and 2025, respectively.

Transaction revenue was flat year-over-year for the nine months ended September 30, 2026 primarily due to an increase in revenue from consumer and IP-related offerings, offset by a decrease in revenue from business formations and related small business transactions.

Subscription revenue increased 12% year-over-year for the nine months ended September 30, 2026 primarily due to a 28% increase in revenue from our legal advisory subscriptions from the bundling of these subscriptions into certain business formation offerings, and an increase in revenue from our registered agent and compliance subscriptions due to pricing initiatives. The increase in subscription revenue was partially offset by our prior discontinuation of new customer acquisition for our tax offering.

Cost of revenue

	Nine Months Ended September 30,			
	2026	2025	$ change	%change
	(in thousands, except percentages)			
Cost of revenue	$ 196,970	$ 196,229	$ 741	—%

Cost of revenue for the nine months ended September 30, 2026 increased by $0.7 million compared to the nine months ended September 30, 2025, mainly due to a $5.4 million increase in filing fees and a $2.2 million increase in credit card fees. These increases were partially offset by a $3.1 million decrease in depreciation and amortization expense, a $2.5 million decrease in payroll and related benefits due to a decrease in average headcount and a $1.7 million decrease in third party fees for customer care.

Gross profit

	Nine Months Ended September 30,			
	2026	2025	$ change	%change
	(in thousands, except percentages)			
Gross profit	$ 410,246	$ 369,548	$ 40,698	11%

The increase in gross profit was driven by a $41.4 million increase in revenue partially offset by a $0.7 million increase in cost of revenue.

Sales and marketing

	Nine Months Ended September 30,			
	2026	2025	$ change	%change
	(in thousands, except percentages)			
Sales and marketing	$ 234,426	$ 198,793	$ 35,633	18%

Sales and marketing expenses for the nine months ended September 30, 2026 increased by $35.6 million compared to the nine months ended September 30, 2025, primarily due to a $23.6 million increase in customer acquisition marketing spend. Customer acquisition marketing spend was $158.8 million and $135.2 million for the nine months ended September 30, 2026 and 2025, respectively, reflecting changes in the mix of investments across customer acquisition channels. Sales and marketing expenses also increased due to a $5.2 million increase in payroll and related benefits, reflecting a $7.2 million increase in salaries and payroll-related costs, primarily due to higher average headcount during most of the period and a $3.3 million increase in amortization and depreciation, partially offset by a $1.9 million decrease in stock-based compensation expense.

Technology and development

	Nine Months Ended September 30,			
	2026	2025	$ change	%change
	(in thousands, except percentages)			
Technology and development	$ 53,949	$ 62,442	$ (8,493)	(14%)

Technology and development expenses for the nine months ended September 30, 2026 decreased by $8.5 million compared to the nine months ended September 30, 2025, primarily due to a $14.6 million decrease in payroll and related benefits, largely driven by a reduction in technology and development headcount. These decreases were partially offset by a $6.3 million decrease in capitalized software development costs.

General and administrative

	Nine Months Ended September 30,			
	2026	2025	$ change	%change
	(in thousands, except percentages)			
General and administrative	$ 94,913	$ 110,291	$ (15,378)	(14%)

General and administrative expenses for the nine months ended September 30, 2026 decreased by $15.4 million compared to the nine months ended September 30, 2025. The decrease was primarily due to a $19.8 million decrease in stock-based compensation expense driven by lower expense from PSUs, including PSUs with market conditions granted in prior periods, as well as a reduction in expense from RSUs. The decrease was also due to a $0.8 million reduction in consulting costs, primarily due to transaction-related costs incurred during the prior-year period. These decreases were partially offset by a $5.9 million increase in

restructuring costs, primarily related to the restructuring activity completed during the three months ended September 30, 2026.

Gain on sale of assets held for sale

	Nine Months Ended September 30,			
	2026	2025	$ change	%change
	(in thousands, except percentages)			
Gain on sale of assets held for sale	$ —	$ (14,337)	$ 14,337	(100%)

Gain on sale of assets held for sale for the nine months ended September 30, 2025 was $14.3 million due to the sale of our operational headquarters on March 31, 2025.

Interest expense

	Nine Months Ended September 30,			
	2026	2025	$ change	%change
	(in thousands, except percentages)			
Interest expense	$ (879)	$ (499)	$ (380)	76%

The increase in Interest expense was primarily due to an increase in interest accrued in connection with certain sales tax matters during the nine months ended September 30, 2026.

Interest income

	Nine Months Ended September 30,			
	2026	2025	$ change	%change
	(in thousands, except percentages)			
Interest income	$ 4,702	$ 5,691	$ (989)	(17%)

The change in interest income was primarily due to lower dividend income earned on money market investments during the nine months ended September 30, 2026 compared to the prior-year period.

Other income, net

	Nine Months Ended September 30,			
	2026	2025	$ change	%change
	(in thousands, except percentages)			
Other income, net	$ 47	$ 897	$ (850)	(95%)

The change in other income, net, was primarily due to gains recognized in the prior-year period, including a $0.6 million gain from the sale of our investment in LegalVision Pty Ltd and a $0.3 million unrealized gain related to our investment in LawPath.

Provision for income taxes

	Nine Months Ended September 30,			
	2026	2025	$ change	%change
	(in thousands, except percentages)			
Provision for income taxes	$ 16,480	$ 9,078	$ 7,402	82%
Effective tax rate	53 %	49 %		

There was a $7.4 million increase in the provision for income taxes for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025. The change was primarily due to higher pre-tax income and decreased excess tax benefits from stock-based compensation for the nine months ended September 30, 2026.

Liquidity and Capital Resources

Overview

We fund our operations and capital expenditures from cash flows from operating activities. Our primary requirements for liquidity and capital are to finance working capital, capital expenditures and general corporate purposes. As of September 30, 2026, our principal sources of liquidity were cash and cash equivalents of $181.7 million, which consisted of cash on deposit with banks and money market funds, of which approximately $4.7 million related to our foreign subsidiaries. Our cash and cash equivalents decreased by $21.4 million from December 31, 2025 to September 30, 2026, primarily as a result of cash used in financing activities, including repurchases of common stock, shares surrendered for settlement of minimum statutory tax withholding and the payment of deferred consideration for the Formation Nation acquisition, as well as capital expenditures partially offset by cash provided by operating activities.

We currently anticipate that our available cash, cash equivalents and cash provided by operating activities will be sufficient to meet our operational cash needs for at least the next twelve months and in the foreseeable future. We have the ability to supplement our liquidity needs with borrowings under our Amended Revolving Facility.

We have historically considered the undistributed earnings of our foreign subsidiaries to be indefinitely reinvested, and accordingly no taxes have been provided on such earnings. We continue to evaluate our plans for reinvestment or repatriation of unremitting foreign earnings. We have not repatriated funds to the U.S. 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.

In October 2023, our board of directors approved a stock repurchase program authorizing repurchases of our common stock with no fixed expiration. In February 2026, our board of directors approved a $100.0 million increase in our stock repurchase program, bringing the aggregate amount authorized to $415.0 million. Approximately $65.8 million remained available for future repurchases under the stock repurchase program as of September 30, 2026. For additional information regarding our stock repurchase program, refer to Note 7 to our unaudited condensed consolidated financial statements.

Borrowings

Revolving Facility

We have entered into a $100.0 million amended and restated credit and guaranty agreement with JPMorgan Chase Bank, N.A., as the administrative agent, with a maturity date of July 14, 2030. We refer to the amended and restated credit and guaranty agreement, as amended from time to time, as the Amended Revolving Facility. The Amended Revolving Facility also provides 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. As of September 30, 2026, we had no borrowings outstanding and $100.0 million was available for use under our Amended Revolving Facility.

Subject to the satisfaction of certain criteria, we will be able to increase the Amended Revolving Facility by an amount equal to the sum of (i) the greater of $90.0 million and 75% of consolidated last twelve months cash earnings before interest expense, tax, depreciation and amortization ("LTM CEBITDA") 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 CEBITDA), plus (iii) an unlimited amount so long as we are in pro forma compliance with the Financial Covenant (as defined below), in each case, with the consent of the lenders participating in the increase.

We are required to pay a commitment fee in respect of unutilized commitments under the Amended Revolving Facility. The commitment fee is, initially, 0.35% per annum. The commitment fee is subject to a reduction of 0.10% if the total net first lien leverage ratio does not exceed 3.50 to 1.00 and an additional reduction of 0.05% if the total net first lien leverage ratio does not exceed 1.00 to 1.00. We are also required to pay customary letter of credit fees and agency fees. U.S. dollar borrowings under the Amended Revolving Facility bear interest at a rate per annum equal to, at the borrower's option, either (a) the Secured Overnight Financing Rate ("Term SOFR") plus a margin ranging from 2.00% to 1.25% or (b) a margin ranging from 1.00% to 0.25% plus the highest of (i) the administrative agent's prime rate, (ii) the Federal Funds rate plus 0.50% or (iii) one-month Term SOFR plus 1%. The interest rate margins under the Amended Revolving Facility are subject to

one reduction of 0.25%, a second reduction of 0.25% and a further reduction of 0.25% each upon achieving total net first lien leverage ratios of 3.50 to 1.00, 2.50 to 1.00 and 1.00 to 1.00, respectively.

We have the option to voluntarily repay outstanding loans at any time without premium or penalty, other than customary "breakage" costs with respect to SOFR loans. There is no scheduled amortization under the Amended Revolving Facility. The principal amount outstanding is due and payable in full at maturity on July 14, 2030.

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

The Amended Revolving Facility contains 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 Amended Revolving Facility requires compliance with a total net first lien leverage ratio not to exceed 4.50 to 1.00 (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 Amended Revolving Facility on the last day of such fiscal quarter.

Cash flows

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

	Nine Months Ended September 30,	
	2026	2025
	(in thousands)	
Net cash provided by operating activities	$ 126,702	$ 144,068
Net cash used in investing activities	(17,919)	(34,054)
Net cash used in financing activities	(130,060)	(15,031)
Effect of exchange rate changes on cash and cash equivalents	(121)	107
Net (decrease) increase in cash and cash equivalents	$ (21,398)	$ 95,090

Net cash provided by operating activities

Our largest source of operating cash is cash collections from our customers for our transaction products 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 gain on sale of assets held for sale, as well as the effect of changes in operating assets and liabilities.

In the nine months ended September 30, 2026, cash provided by operating activities was $126.7 million resulting from net income of $14.3 million, adjusted for stock-based compensation and other non-cash expenses of $111.1 million and net cash flows provided by changes in operating assets and liabilities of $1.3 million. The $111.1 million of stock-based compensation and other non-cash expenses resulted primarily from $63.9 million in stock-based compensation expense, $33.3 million in depreciation and amortization expense, and $3.0 million in amortization of right-of-use assets. The $1.3 million of net cash flows provided by changes in operating assets and liabilities resulted primarily from a $16.1 million increase in deferred revenue resulting from advance billings for subscription services, which are predominantly billed in advance of our revenue recognition, and an $9.9 million increase in accounts payable, partially offset by a $15.1 million decrease in accrued expenses and other liabilities, and a $4.3 million increase in prepaid expenses and other current assets.

Net cash used in investing activities

Our primary uses of cash in 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 the nine months ended September 30, 2026, net cash used in investing activities was $17.9 million comprised of purchases of property and equipment, including capitalization of internal-use software.

Net cash used in financing activities

Our primary uses of cash in financing activities are for repurchases of common stock and settlements of stock-based compensation awards. Net cash used in financing activities is primarily impacted by exercises of stock options by our employees and issuance of common stock.

In the nine months ended September 30, 2026, net cash used in financing activities was $130.1 million, primarily resulting from $103.2 million in repurchases of common stock pursuant to our stock repurchase program, $12.5 million for the deferred consideration paid relating to the Formation Nation acquisition, and $14.8 million for settlement of minimum statutory tax withholding obligations related to equity awards.

Material Cash Requirements

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 material cash requirements for the next twelve months. Our material cash requirements include the below contractual and other obligations:

Commitments

We have non-cancelable agreements with various vendors, which require us to pay $54.8 million over a three-year period, of which $31.7 million remains to be paid as of September 30, 2026.

Lease Obligations

At September 30, 2026, we had various non-cancelable operating leases for office space, which expire between May 2027 and June 2033. As of September 30, 2026, we had total minimum operating lease maturities of $15.8 million, $1.3 million of which mature within three months. See Note 8 of our consolidated financial statements included in our 2025 Annual Report on Form 10-K for additional information regarding our future operating lease payments.

Non-GAAP Financial Measures

To supplement our unaudited condensed consolidated financial statements, which are prepared and presented in accordance with U.S. generally accepted accounting principles ("GAAP"), we use certain non-GAAP financial measures, as described below, to understand and evaluate our core operating performance. We believe that these non-GAAP financial measures provide investors with useful information about our financial performance and liquidity, enhance the overall understanding of our past performance and future prospects and allow for greater transparency with respect to important measures used by our management for financial and operational decision-making. We also believe that these measures provide an additional tool for investors to use in comparing our core financial performance over multiple periods with other companies in our industry. These non-GAAP measures should not be considered in isolation of, or as a substitute or an alternative to, measures prepared and presented in accordance with GAAP.

Adjusted EBITDA and Adjusted EBITDA Margin

We define Adjusted EBITDA as net income adjusted to exclude interest expense, interest income, provision for income taxes, depreciation and amortization, other expense (income), net, stock-based compensation and certain non-recurring income and expenses from time to time. We define Adjusted EBITDA margin as Adjusted EBITDA as a percentage of revenue. We define net income margin as net income as a percentage of revenue based on our unaudited condensed consolidated financial statements.

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, preparing and approving our annual budget and operational performance. In assessing our performance, we exclude certain expenses that we believe are not comparable period over period or that we

believe are not indicative of our underlying operating performance. There are a number of limitations related to the use of Adjusted EBITDA rather than net income, which include that Adjusted EBITDA:

- may be calculated differently by other companies in our industry, limiting its usefulness as a comparative measure;
- does not reflect our capital expenditures, future requirements for capital expenditures or contractual commitments;
- excludes depreciation and amortization and, although these are non-cash expenses, the assets being depreciated may be replaced in the future;
- does not reflect changes in, or cash requirements for, our working capital needs;
- 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; and
- does not reflect certain expenses that we do not consider representative of our underlying operating performance, but that reduce cash available to us.

The following table presents a reconciliation of net income to Adjusted EBITDA for each of the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(in thousands, except percentages)			
Reconciliation of net income to Adjusted EBITDA				
Net income	$ 8,061	$ 4,509	$ 14,348	$ 9,370
Interest expense	77	152	879	499
Interest income	(1,427)	(2,139)	(4,702)	(5,691)
Provision for income taxes	6,802	3,869	16,480	9,078
Depreciation and amortization	10,872	11,373	33,283	33,118
Other expense (income), net	31	102	(47)	(897)
Stock-based compensation	18,999	28,369	63,909	88,763
Transaction-related expenses[1]	863	—	1,467	1,543
Gain on sale of assets held for sale	—	—	—	(14,337)
Restructuring costs[2]	5,767	88	6,788	854
Adjusted EBITDA	$ 50,045	$ 46,323	$ 132,405	$ 122,300
Net income margin	4%	2%	2%	2%
Adjusted EBITDA margin	26%	24%	22%	22%

(1) For 2025, transaction-related expenses are primarily related to our acquisition of Formation Nation. For 2026, transaction-related expenses are related to the evaluation and pursuit of strategic transactions.

(2) For 2026 and 2025, restructuring costs are related to the reduction of our global headcount.

Adjusted EBITDA increased from $46.3 million for the three months ended September 30, 2025 to $50.0 million for the three months ended September 30, 2026. The increase of $3.7 million was primarily driven by a $5.0 million increase in revenue and a $3.5 million decrease in cost of revenue, excluding non-cash items, partially offset by a $4.7 million increase in operating expenses, excluding non-cash and non-recurring items.

Adjusted EBITDA increased from $122.3 million for the nine months ended September 30, 2025 to $132.4 million for the nine months ended September 30, 2026. The increase of $10.1 million was primarily driven by a $41.4 million increase in revenue, partially offset by a $27.1 million increase in operating expenses, excluding non-cash and non-recurring items, and a $4.3 million increase in cost of revenue, excluding non-cash items.

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 believe free cash flow 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. The usefulness of free cash flow as an analytical tool has limitations because it excludes certain items that 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.

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

	Nine Months Ended September 30,	
	2026	2025
	(in thousands)	
Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow		
Net cash provided by operating activities	$ 126,702	$ 144,068
Purchase of property and equipment	(17,919)	(24,144)
Free cash flow	$ 108,783	$ 119,924

We experienced a decrease in our free cash flow from $119.9 million for the nine months ended September 30, 2025 to $108.8 million for the nine months ended September 30, 2026. The decrease was primarily due to a $17.4 million decrease in net cash provided by operating activities. Free cash flow was partially offset by a $6.2 million decrease in capital expenditures for the purchase of property and equipment, including capitalized internal-use software. The decrease in net cash provided by operating activities primarily reflected an $18.5 million unfavorable change in operating assets and liabilities and $3.9 million decrease in non-cash adjustments, partially offset by a $5.0 million increase in net income.

Critical Accounting Estimates

During the three and nine months ended September 30, 2026, there were no significant changes to our critical accounting estimates compared with those described under the heading "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates*" in our 2025 Annual Report on Form 10-K.

Recent Accounting Pronouncements

Refer to Note 2 to our unaudited condensed consolidated financial statements appearing elsewhere in this Quarterly Report on Form 10-Q for further information on certain accounting standards adopted in the period ended September 30, 2026 and recent accounting announcements that have not yet been required to be implemented and may be applicable to our future operations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We have operations both within the U.S. and, to a lesser extent, in the U.K., 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

As of September 30, 2026 and December 31, 2025, we had cash and cash equivalents of $181.7 million and $203.1 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 had no outstanding debt subject to interest rate risk as of September 30, 2026 and December 31, 2025 and, as a result, we do not expect to be exposed to fluctuations in interest rates for the foreseeable future. However, we would be subject to fluctuation in interest rates if we draw down under our Amended Revolving Facility, including issuance of any letters of credit.

Foreign currency exchange risk

We have foreign currency risks related to our revenue, expenses, and intercompany balances denominated in currencies other than our functional currency, the U.S. Dollar, principally the British Pound Sterling. 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 loss of $0.3 million during the nine months ended September 30, 2026. A 10% adverse change in foreign exchange rates on foreign-denominated accounts, including intercompany balances, for the nine months ended September 30, 2026 would have been immaterial. 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

To date, we do not believe that inflation has had a material effect on our business, financial condition, results of operations or future prospects. However, 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. Further, if current inflationary pressures are sustained for a prolonged period of time, the success of existing small businesses and the formation of new small businesses could continue to be adversely impacted, which could harm our business, results of operations, financial condition or future prospects.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on that evaluation, our principal executive officer and principal financial officer concluded that, as of September 30, 2026, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act during the three months ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on effectiveness of controls and procedures

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Part II

Item 1. Legal Proceedings

From time to time, we may become subject to legal proceedings, claims and litigation arising in the ordinary course of business. We are not currently a party to any material legal proceedings, nor are we aware of any pending or threatened litigation that could have a material adverse effect on our results of operations, cash flows, and financial condition, should such litigation be resolved unfavorably.

Item 1A. Risk Factors

Our business involves significant risks, and the material factors that make an investment in us risky or speculative are described below. You should carefully consider the risks and uncertainties described below, together with all of the other information in this Quarterly Report on Form 10-Q, including our unaudited condensed consolidated financial statements and related notes thereto. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of or that we deem immaterial may also become important factors that adversely affect our business. The realization of any of these risks and uncertainties could have a material adverse effect on our reputation, business, financial condition, results of operations, growth and future prospects, as well as our ability to accomplish our strategic objectives. In that event, the market 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 business primarily depends on business formations

A significant portion of our transaction revenue is generated by providing business formation services to our customers. The number of business formations on our platform is subject to unpredictable declines or fluctuations as a result of a number of factors, many of which are out of our control, including an overall decline in the number of U.S. business formations, economic slowdowns or downturns, public health events, increased competition, regulatory obstacles, changes in law (including changes in tax laws and regulations), inflation, tariffs, interest rates, government assistance, increased compliance or operating costs (including wage and benefit pressures) and customer dissatisfaction. In addition, emerging technologies, including generative AI and AI-powered platforms, are changing how customers discover and engage with our services. These technologies have reduced and may continue to reduce organic traffic to our platform by enabling customers to obtain information or complete certain formation-related tasks without using our services. As a result, our traditional customer acquisition channels may continue to become less effective. We are diversifying our customer acquisition channels and expanding our go-to-market strategy, including through strategic partnerships and collaborations with third parties, including AI platforms. However, these efforts are evolving, may not be successful, and may not offset potential declines in our traditional channels. Further, the U.S. continues to experience significant political events that cast uncertainty on global financial and economic markets. Actions taken by the current Presidential administration have had and may continue to have a negative impact on the U.S. economy and the number of U.S. business formations. Declines in the overall number of U.S. business formations or the number of business formations on our platform have adversely affected, and may in the future adversely affect, our business, results of operations, financial condition or future prospects. To the extent the growth rate of overall U.S. business formations declines, these impacts can be expected to intensify.

Our business depends substantially on our customers expanding their use of our platform, including our transactional customers converting into subscribers and our subscribers renewing their subscriptions with us

For the past few years, a significant amount of our revenue has been derived from our subscriptions for small businesses and individuals. In 2025 and the nine months ended September 30, 2026, approximately 65% and 66%, respectively, of our revenue came from subscriptions. Subscriptions have primarily originated from transactional customers who opted to become subscribers at the time of formation. For us to maintain or improve our operating results, including our revenue growth rate, it is important that we convert transactional customers into subscribers, retain our existing subscribers and that our existing subscribers expand their use of our platform. However, subscriptions may be terminated at any time, and the rate at which we retain our subscribers may decline or fluctuate as a result of a number of factors, including subscribers' satisfaction or dissatisfaction with our platform, the effectiveness of our customer support services, the quality and perceived quality of the services we provide, our pricing and the pricing of competing products or services, the lifecycle of our customers' businesses and their evolving needs, the effects of global economic conditions, regulatory changes and reductions in subscribers' discretionary income and spending levels. As a result, we cannot accurately predict subscription renewal rates or the number of existing or new customers that will

subscribe to our services, including whether customers will continue to subscribe at the same rate as they have historically. During 2025, we experienced a deceleration in our subscription revenue growth rate. If our subscription revenue growth rate does not continue to improve, our business, results of operations, financial condition and future prospects would be adversely affected. If the growth of our subscription business, including our subscription revenue growth rate, falls below the expectations of the public market, securities analysts or investors, the price of our common stock could also be harmed.

Our future quarterly results of operations may fluctuate significantly

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, but not limited to the risks and uncertainties discussed herein and the following:

- the number of business formations and the rate of failure of small businesses;
- the level of demand for our services;
- our ability to attract new customers and retain existing customers, including the rate of renewal of subscriptions by, and extent of sales of additional subscriptions to, existing customers;
- the size, timing and terms of our subscription agreements with existing and new customers;
- changes to our product offerings, including any new or discontinued products, pricing changes, the bundling of certain product offerings and our testing of new product line-ups;
- the mix of subscriptions and transactional products sold during a period;
- the introduction of new products and product enhancements by existing competitors or new entrants into our markets, and changes in pricing for solutions offered by us or our competitors;
- seasonal variations, including those related to orders placed, sales and marketing and other activities;
- changes in stock-based compensation;
- the application of new or changing financial accounting standards or practices;
- 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;
- changes in governmental or other regulations affecting our business;
- changes to government agency staffing and other practices and the functionality of their websites, which may cause delay or disruptions in our business, including the processing of business formations or EINs;
- adverse global macroeconomic and market conditions or uncertainty with respect thereto, including economic conditions specifically affecting industries in which our customers operate; and
- general geopolitical events and conditions, both domestically and internationally.

Fluctuations in our quarterly operating results may be particularly pronounced in the current global macroeconomic environment, including due to uncertainty caused by recessionary fears, inflation, tariffs and interest rates and their respective impacts on consumer spending patterns, the success of existing small businesses and the formation of new small businesses. In addition, 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 operating results could also cause a number of other problems. For example, analysts or investors may change their models for valuing our common stock, we could experience short-term liquidity issues, our ability to retain or attract key personnel may diminish, and other unanticipated issues may arise.

Our quarterly operating results may vary in the future and period-to-period comparisons of our operating results may not be meaningful. You should not rely on the results of any given quarter as an indication of future performance.

We have a history of net losses 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. As of September 30, 2026, we had an accumulated deficit of $1,224.5 million.

We will need to generate and sustain increased revenue levels in future periods to maintain or increase our level of profitability. If our revenue and gross profits do not grow at a greater rate than our operating expenses, we will not be able to maintain or increase profitability and our business may be harmed. We may

incur significant losses in the future for a number of reasons, including due to the risks and uncertainties described herein. Even if we are profitable, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to achieve sustained profitability would depress the value of our company and could impair our ability to raise capital, expand our business, diversify our product offerings, market our current and planned products, or continue our operations.

If we fail to provide high-quality products and 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 quality and value of our services, customer care and customer experience, as well as the quality and accuracy of the services provided by the independent attorneys who participate in our networks, are critical to the success of our business and our ability to attract and retain customers. The failure or perceived failure of our customer support and fulfillment services and/or these independent attorneys to satisfy customer expectations could impede our ability to attract and retain customers.

In addition, we intend to continue to add new products and services and enhance our existing products and services, both of which will require us to devote significant resources before we know whether such products or services will be successful. For instance, in late 2025 we launched new business manager offerings for the DIFM management of business compliance requirements. The success of any new products or services or enhancements to existing products or services depends on several factors, including timely completion, competitive pricing, adequate quality testing, introduction, integration with existing products and services, and market awareness and acceptance. We have in the past invested resources and introduced new products and services that have failed to produce the customer interest or results that we expected. We may fail to attract new customers or lose existing customers if current or future development efforts or services fail to meet customer expectations on a timely basis if at all. 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.

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 our ability to provide innovative features that make our platform useful for existing and prospective customers. We have invested and intend to continue to invest resources in technology and development to continue improving the simplicity and effectiveness of our platform. As AI_powered tools become more prevalent, potential customers may use these tools as alternatives to some of the services we provide. We must continue to integrate AI into our services in a differentiated manner in order to attract new customers. There is no assurance that our past or future investments in any changes or developments to our platform will provide us with the benefits we expect.

In addition, because our platform is available over the internet and on mobile networks, we need to regularly modify and enhance our platform to keep pace with changes in internet-related hardware, software, communications and database technologies and standards. We expect the number of people who access our platform through mobile devices, including smartphones and handheld tablets or computers, to increase. If we are not able to provide customers with the experience, solutions and functionality 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. If we are unable to respond to these rapid technological developments and changes in a timely and cost-effective manner, our platform may become less marketable, less competitive or obsolete, and our business, results of operations, financial condition and future prospects would be harmed. If new technologies emerge that can deliver competitive services at lower prices, more efficiently, more conveniently or more securely than LegalZoom, 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 frequently modify and enhance our services to adapt to changes and innovation in these technologies. Any failure of our platform to operate effectively with current or future infrastructure platforms and technologies could reduce the demand for our platform and harm our results of operations.

The legal solutions market is highly competitive and our failure to effectively compete successfully could materially and adversely affect our business, results of operations, financial condition and future prospects

We operate in a very competitive industry. We face intense competition from law firms, solo attorneys, online legal document services, legal plans, secretaries of state and other service providers. The online legal solutions market is evolving rapidly and is becoming increasingly competitive. New market entrants that provide technologies that improve the delivery of legal solutions, such as AI and machine learning, have

increased and could continue to increase the level of competition in the market. Other companies that focus on the online legal services market or business formations, including law firms that may elect to pursue the online legal 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 generally cannot offer due to laws and regulations regarding the unauthorized practice of law ("UPL"), compete with us offline and have developed and may continue to develop competing online legal services. We also compete in the registered agent services business with several companies that target small businesses, and these competitors have extensive experience in this market. In addition, U.S. state and federal agencies have increased their offerings to our target customers or otherwise make their offerings more attractive to our target customers, including through free and easy-to-use business formation services or other document filing portals. To the extent U.S. states and federal agencies continue to increase or enhance their offerings to our target customers, it could have a significant adverse effect on our business, financial condition or results of operations. To the extent we are unable to compete, our business, results of operations, financial condition or future prospects may be harmed.

Any of our existing competitors, or other potential competitors that have not yet entered the market, have developed and may continue to develop innovative and cost-effective services, including automated business formation and related services, that target our existing and potential customers. Some of our competitors and potential competitors are larger and have greater name recognition, longer operating histories, more established customer relationships and significantly greater resources than we do. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, or customer requirements. We expect to face increasing competition from offline and online legal services providers in our market, including through their use of AI, and our failure to effectively compete with these providers could result in revenue reductions, reduced margins, or loss of market share, any of which could have a material adverse effect on our business, results of operations, financial condition and future prospects.

Our business depends on our brand and reputation, which could be adversely affected by numerous factors

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, false and misleading advertising claims, litigation, customer complaints or negative publicity through word-of-mouth, social media outlets, blogs, and other third party sources related to our business practices, as well as customer care, data privacy or security issues, irrespective of their validity, could diminish confidence in our services and adversely affect our brand and reputation and our ability to attract and retain customers.

Our services, as well as those of our competitors, are regularly reviewed and commented upon by online and social media sources. Negative reviews, or reviews in which our competitors' services are rated more highly than ours, irrespective of their accuracy, could negatively affect our brand and reputation. We have in the past received negative reviews wherein our customers expressed dissatisfaction with our services, including dissatisfaction with our customer support, our billing policies and the way our subscriptions operate, and we expect to 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 purchase 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 who participate in our network and the partners to which we refer our customers for business insurance, tax solutions or banking services, among others. The failure or perceived failure of these third parties to satisfy customer expectations could negatively impact our brand and reputation.

We are incorporating AI into some of our offerings, which may present both compliance risks and reputational risks

We have incorporated and intend to continue incorporating a number of AI-powered features into our platform and product offerings. The technologies underpinning these features are in the early stages of commercial use and present a number of regulatory, litigation, ethical, reputational, operational and financial risks. AI technologies, including the third-party large language models incorporated into our offerings, may create accuracy issues, including flawed, incomplete, or inaccurate outputs and/or unintended biases and discriminatory outcomes. If the output, recommendations, content, or analyses that our AI applications assist in producing are or are alleged to be deficient, inaccurate, biased or discriminatory, or if they are determined

to constitute UPL, we could be subjected to competitive harm, legal or regulatory liability, and brand or reputational harm. Some AI scenarios may also present ethical issues. If we enable or offer AI solutions that are controversial because of their perceived or real impact on human rights, privacy, employment, or other social issues, we may experience brand or reputational harm. Moreover, the regulatory framework for AI is rapidly evolving as many federal, state, and foreign government bodies and agencies have introduced or are considering additional laws and regulations. For example, the Colorado AI Act and California's AI-related laws regulate the development and deployment of AI technologies. While new AI initiatives, laws, and regulations are emerging and evolving, what they ultimately will look like remains uncertain, and our obligation to comply with them could impact our development, offering and use of AI technologies, entail significant costs, limit our ability to incorporate certain AI capabilities into our business, or result in regulatory investigations and actions, and lawsuits.

In addition, our employees use AI technologies to perform certain functions of their work, and the disclosure and use of personal data in AI technologies is subject to various privacy laws and other privacy obligations. Further, sensitive information regarding the Company or its customers could be leaked, disclosed, or revealed as a result of or in connection with the use of AI technologies by our employees or vendors.

If our marketing efforts are unsuccessful, our business, results of operations, financial condition and future prospects may be adversely affected

Our ability to attract and retain customers depends largely on our marketing channels. The primary marketing channels that generate traffic for our websites include search engine marketing, social media and other digital channels, television and our sales team.

Our ability to maintain or increase customer traffic to our websites from internet search engines is not entirely within our control. 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 formulas designed by search engine companies. Internet search engines periodically revise their algorithms, methodologies and displays or incorporate AI into their platforms in ways that are outside of our control. The search ecosystem increasingly includes AI-generated responses that provide direct answers without requiring users to click through to a website. This shift toward "zero-click" searches has contributed, and may continue to contribute, to reduced organic traffic, increased customer acquisition costs, and less effective search engine optimization and digital marketing strategies. Furthermore, because AI overviews within the search experience cite multiple sources for a generated answer, any individual publisher's impact may be diluted, diminishing brand recognition.

In addition, we can purchase paid listings, which are displayed if particular words or terms are included in a customer's internet search. 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. To the extent competition for paid listings increases or our ad placements for target keywords declines, we have been and may again be required to increase our marketing expenses or reduce the number or prominence of our paid listings. If we reduce our internet search engine advertising, the number of customers who visit our websites could decline significantly. Further, if we violate, or a search engine provider believes we have violated, the terms of service, the provider could limit or discontinue its support for our paid search results. For example, the ways in which Google chooses to enforce its policy regarding the advertisement of federal filings has resulted and could continue to result in a decline in our paid search results and a resulting decrease in traffic to our website. Any such limitations or discontinuations could significantly reduce our ability to attract new customers.

Additionally, changes in regulations or third party business practices have in the past and could in the future limit our ability, and the ability of platforms such Google and Meta, to collect data from users and engage in targeted advertising, reducing their effectiveness in reaching our target customers. The regulation of the use of 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.

We have been and may again be required to adopt new marketing approaches in response to shifts in how customers consume information online. These efforts to remain competitive may increase our costs without a corresponding increase in sales or customer acquisition. Any inability to respond to these changes effectively, or any reduction or loss of our current advertising channels, could adversely affect our ability to attract new customers and, in turn, 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 or motivate our employees, we may not be able to grow or operate 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, particularly within the technology industry. To attract top talent, we have had to offer, and believe we will need to continue to offer, highly competitive compensation and benefit packages before we can validate the productivity of those employees, a practice which may not be sustainable and can be costly. We have from time to time experienced, and we expect to continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications which may, among other things, impede our ability to execute our growth strategies or continue to operate our business in a satisfactory manner. In addition, our flexible first work policy, which results in a predominantly remote workforce, has made it difficult to orient, train, develop, motivate, and engage with our employees and embed them into the LegalZoom culture. If we are not able to effectively attract or retain quality employees and manage both our domestic and international workforce, including if employee relations deteriorate, disruptions to the business will occur, our costs will increase, our ability to achieve our strategic objectives will be adversely impacted, our brand or reputation could suffer, and our business may be adversely affected. In addition, we have in the past, and may in the future, conduct reduction in workforce actions, which can lead to the elimination of roles causing unexpected adverse impacts on our business. These adverse impacts can include attrition beyond the intended reduction in workforce, delays in the development of new products or services due to gaps in knowledge transfer and new employee ramp up time, an increased risk of litigation, the distraction of employees, and reduced employee morale, any of which could also adversely affect our reputation as an employer and make it more difficult for us to hire new employees in the future.

In addition, if we cannot attract additional, qualified independent attorneys to participate in our attorney network to service the needs of our legal plan subscribers and to support our attorney assisted legal offerings, or if these attorneys encounter regulatory issues that prevent them from being able to service these customer needs, we may not be able grow and maintain our legal plan subscription business or other assisted legal solutions and, as a result, 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 may 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 currently partner with a variety of third parties to provide us with lead referrals and to provide our customers with tax solutions, website development, credit card and banking services, productivity tools and business insurance, among others. Our customer experience depend on our ability to connect to, and integrate easily with such third-party solutions. We have in the past and may in the future determine to exit certain partnership relationships. We may also fail to retain and expand partnership relationships for many reasons, including third parties' failure to maintain, support, or secure their technology platforms in general, restrictions imposed by regulatory compliance, and our integrations in particular. Terminations of partnership relationships, whether voluntary or involuntary, have in the past and could again in the future result in disputes or litigation or harm our relationship with our customers, our reputation and brand, our business and results of operations, and our future prospects.

As we continue to add different types of partners to our partner ecosystem, it is uncertain whether any new or current third party partners 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 businesses evolve. Identifying and negotiating new and expanded partner relationships requires significant resources and we cannot guarantee that the parties with which we have relationships can or will continue to devote the resources necessary to operate and expand our platform. 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 party 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. Third parties we partner with, including 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. 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. In addition, any failure of our solutions to operate effectively with these business applications could reduce the demand for our solutions and harm to our business and we may also be held responsible for obligations that arise from the actions or omissions of third

parties. If we are unable to respond to these 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.

Our reliance on third-party providers could adversely affect our business

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, the U.S. Internal Revenue Service and the U.S. Patent and Trademark Office, to process business formation documents and related filings and intellectual property applications. These agencies have in the past and may in the future be unable or refuse to process submissions in a timely manner, including as a result of any government shutdowns, slowdowns or staffing shortages. To the extent we are unable to process submissions or filings in a timely manner, our brand and reputation may be adversely affected, or our customers may seek other avenues for their business formation or intellectual property needs.

We also utilize third parties in connection with the fulfillment and distribution of our services, including the independent attorneys that support our legal plan network and other parties that support our registered agent and virtual mail subscription services. We also outsource certain operational functions, including certain sales, customer service and fulfillment functions. As a result, we rely on third parties to ensure that our and our customers' needs are sufficiently met. While we select third party providers carefully, we have limited control over their actions. If these third party providers encounter difficulties, or if we have difficulty communicating with them, our business operations could be adversely affected. This reliance on third party providers also subjects us to risks arising from the loss of control over processes, and potentially, termination of these services by the third parties. A failure of our third party providers to perform services in a satisfactory manner may have a significant adverse effect on our business. In addition, our platform 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 these third parties limit 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.

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. For example, we rely on cloud computing infrastructure, particularly from Amazon Web Services, or AWS, to host our platform and support our operations. We exercise limited, if any, control over these third parties, including AWS, 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, defects, bugs or other vulnerabilities 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. Any loss of the right to use any of these data, technology or intellectual property licenses or services 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. 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 identify or 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.

Any future acquisitions or investments may divert our management's attention, result in additional dilution to our stockholders or adversely affect our operating results

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. In February 2025, we acquired Formation Nation, and we may in the future seek to acquire or invest in additional businesses, products or technologies. The risks and uncertainties we face in connection with any future acquisitions or investments, whether or not they are consummated, include, but are not limited to:

- an acquisition may require us to incur charges or assume substantial debt or other liabilities, cause adverse tax consequences, expose us to claims and disputes by stockholders and third parties, including intellectual property claims and disputes, and may not generate sufficient financial return to offset any additional costs and expenses related to such acquisition;
- difficulties or unforeseen expenditures in integrating the business, technologies, products, personnel or operations of the acquired company, particularly if key personnel of the acquired company decide not to work for us;

- the inability to retain personnel, key customers, distributors, vendors and other business partners of the acquired business;
- our inability to realize the financial and strategic goals or anticipated synergies of the acquisition or investment on a timely basis, if at all;
- incurring higher than anticipated costs to effectively integrate an acquired business, to bring an acquired company into compliance with applicable laws and regulations or due to additional compensation issued or assumed in connection with an acquisition;
- disruption to our ongoing business, diversion of resources and distraction of our management;
- delays or reductions in customer purchases for both us and the company acquired due to customer uncertainty about continuity and effectiveness of service from either company;
- challenges integrating the employees of the acquired company into our company culture;
- exposure to litigation or other claims in connection with, or inheritance of claims or litigation risk as a result of, an acquisition;
- potential identified or unknown security vulnerabilities in acquired products or technologies that expose us to additional security risks or delay our ability to integrate the products or technologies into our offerings;
- difficulty in maintaining controls, procedures and policies during the transition and integration and inability to conclude that our internal controls over financial reporting are effective;
- our use of cash to pay for acquisitions or other investments 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 due to new financial maintenance and other covenants; and
- the issuance of a significant amount of equity securities in connection with any future acquisitions could dilute existing stockholders and earnings per share may decrease.

We have in the past faced difficulties in connection with integrating some of our acquisitions and expect to face similar difficulties in the future. These difficulties can range from lost productivity to legal proceedings, and we cannot know in advance the extent of the issues that may be involved with a particular acquisition or investment. We may also decide to restructure, divest or sell businesses, products or technologies that we have acquired or invested in previously. The occurrence of any of the foregoing 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.

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 business operations and 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. We have experienced, and may in the future experience, website and service disruptions, outages and other performance problems due to a variety of factors, including infrastructure maintenance, natural disasters, human or software errors, ransomware attacks, capacity constraints, denial or degradation of service, fraud, climate change and extreme weather-related events, terrorism, war, telecommunications and electrical failures, cyberattacks or other security-related incidents. In some instances, the steps we have taken to try to prevent these attacks and disruptions and mitigate their potential impact on our systems and operations may be expensive and may not be successful. In addition, dependence upon information systems (including automated systems) may further increase the risk that operational system flaws, personnel error or malfeasance (including of service providers upon which we rely), or manipulation of those systems will result in defects or efforts that are difficult to detect. We may not be able to identify the cause or causes of any 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. Any failure to maintain performance, reliability, security or 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. In addition, 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.

Our operations and online services also rely on the continued functioning and accessibility of certain physical locations, including product fulfillment locations and data centers operated by AWS or other service providers. These physical locations are vulnerable to damage or interruption from natural disasters, adverse weather conditions, power losses, telecommunication failures, terrorist attacks, human errors or malfeasance, lockdown orders resulting from a public health pandemic or epidemic, break-ins and similar events. The occurrence of any of the foregoing events 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 and Silicon Valley areas, where a large portion of our employees are located, are in earthquake fault zones and because both the Los Angeles area and Frisco, Texas, where a lot of our virtual mail operations are currently 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 offices and two key fulfillment and delivery centers. Our insurance limits against any certain losses or expenses that may result from a disruption to our business due to earthquakes or wildfires may not be sufficient to cover all such losses or expenses, and the occurrence of either of these events could adversely affect our business, results of operations, financial condition and future prospects.

We may from time to time become involved in litigation, arbitration or government investigation 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 are susceptible to various legal claims, lawsuits, arbitration, regulatory action or other proceedings, including those related to UPL, patent, trademark, trade secret and other intellectual property matters, taxes, labor and employment, competition and antitrust, privacy, data use, data protection, data security, network security, wiretapping, consumer protection and product liability, unfair business practices, breach of contract and other matters. We have been and may in the future become subject to various claims which, if resolved adversely, could have a material adverse effect on our financial position, results of operations, or cash flows. We anticipate that we will continue to be a target for such lawsuits in the future.

The plaintiffs in these actions generally seek monetary damages, penalties, and/or injunctive relief. We cannot predict the outcome of such proceedings or the amount of time and expense that will be required to resolve such proceedings. If such claims are made against us, there can be no assurances that favorable final outcomes will be obtained; if such claims 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 may result in changes to or discontinuance of some of our services, potential liabilities or additional costs. Defending these claims is also 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 litigation to which we are currently or may in the future be 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. 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.S. subsidiary, LZ Legal Services, LLC, is licensed as an alternative business structure, which allows corporate entities to become licensed providers of reserved legal activities in Arizona. As a result, LZ Legal Services, LLC 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. The professional liability insurance held by LZ Legal Services, LLC and limiting its liability in accordance with engagement letters with clients may not insure or protect against all potential claims or sufficiently indemnify us or the 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.

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 three or twelve equal payments. Acceptance and processing of credit and debit cards requires that we pay interchange and other fees. In addition, 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. To the extent there are increases in payment processing fees, material changes in the payment ecosystem, such as large re-issuances of payment cards, delays in receiving payments from payment processors, loss of payment partners and/or disruptions or failures in our payment processing systems, including products we use to update payment information, our revenue, operating expenses and results of operation could be adversely impacted. 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 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. For example, after a short introductory trial period, if any, subscribers can make a subscription commitment, with the upcoming 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, shortfalls in demand for our services or declines in new or renewed subscriptions in any one quarter have in the past had, and may again in the future 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. Further, 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 subscription unit, 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 under-count or over-count performance or contain algorithmic or other technical errors, the data we report may not be accurate and we may be required to revise or cease reporting such metrics or figures. While the numbers we report 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 itself 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 investors do not perceive our operating metrics to be accurate, 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 have in the past identified material weaknesses in our internal control over financial reporting, and if we are unable to 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

We are required to maintain internal control over financial reporting and to report any material weaknesses in such internal control. On an annual basis, we are required to furnish a report by management on the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act and our independent registered public accounting firm is required to attest to the effectiveness of our internal control over financial reporting.

Compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404 is costly and challenging. Our compliance with Section 404 requires that we incur substantial accounting expense and expend significant management efforts. We have hired and may need to continue 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 maintain effective internal control over financial reporting.

We have found material weaknesses in our internal control over financial reporting in the past. Although we remediated our material weaknesses and management concluded that our internal control over financial reporting was effective as of December 31, 2025, we cannot assure you that there will not be additional material weaknesses 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. In addition, any future material weaknesses could result in the loss of 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 would also require additional financial and management resources. Failure to maintain effective control systems required of public companies could also restrict our future access to the capital markets.

The agreement governing our revolving credit facility requires us to meet certain operating and financial covenants and places 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 revolving facility that we entered into on July 2, 2021, or, as amended from time to time, the Amended Revolving Facility, contains affirmative and negative covenants, indemnification provisions and events of default. The affirmative covenants include, among others, administrative, reporting and legal covenants, in each case subject to certain exceptions. The negative covenants include, among others, limitations on our and certain of our subsidiaries' abilities to carry out the following, in each case subject to certain exceptions:

- incur additional indebtedness and guarantee indebtedness;
- create or incur liens;
- pay dividends and distribute 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 Revolving Facility also contains a financial covenant that requires us to maintain a total net first lien leverage ratio not to exceed 4.50:1.00 on the last day of any fiscal quarter during which our Amended

Revolving Facility usage exceeds 35% of the Amended Revolving Facility capacity. As a result of the restrictions described above, we may 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 Revolving Facility may be affected by economic, financial and industry conditions beyond our control. The restrictions in the Amended Revolving Facility 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. Our failure to comply with the restrictive covenants and other terms of our indebtedness could result in an event of default, which, if not cured or waived, could result in the lenders declaring all obligations, together with accrued and unpaid interest, immediately due and payable and take control of the collateral, potentially requiring us to renegotiate the Amended Revolving Facility on terms less favorable to us and could also trigger cross-default provisions in other contracts, potentially resulting in serious consequences to our business, results of operations, financial condition and future prospects, including bankruptcy or insolvency. Even if the Amended Revolving Facility is terminated, any additional debt that we incur in the future could subject us to similar or additional covenants.

In addition, the Amended Revolving Facility also permits borrowings denominated in Euros, British pound sterling and other alternative currencies that may be approved by the administrative agent and revolving lenders. Any such non-U.S. dollar-denominated debt may not necessarily correspond to the cash flow we generate in such currencies.

We are subject to fluctuations in interest rates

Any borrowings under the Amended Revolving Facility will be subject to variable rates of interest and expose us to interest rate risk. Sharp changes in interest rates could adversely affect us if amounts are outstanding under the Amended Revolving Facility. In the future, we may enter into contractual arrangements designed to hedge our exposure to changes in interest rates. If we enter into derivative financial instruments to mitigate interest rate risk in the future, 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. If these hedging arrangements are unsuccessful, we may experience an adverse effect on our business, results of operations, financial condition and future prospects.

Our ability to use our NOL carryforwards may be limited

Unused U.S. federal net operating losses ("NOLs") for taxable years beginning before January 1, 2018, may be carried forward for 20 years to offset future taxable income, if any, until such unused NOLs expire. U.S. federal NOLs incurred in taxable years beginning after December 31, 2017, can be carried forward indefinitely and are limited to 80% of taxable income. In addition, under Section 382 of the Internal Revenue Code of 1986, as amended, 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 determined that none of our NOLs will expire solely due to Section 382 limitations. However, we may experience ownership changes in the future as a result of 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. For example, California imposed limits on the usability of California NOLs to offset taxable income and certain business credits to offset California tax liabilities in tax years beginning after 2023 and before 2027.

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 U.S. 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 unaudited condensed 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 Inflation Reduction Act of 2022 (the "IRA") and the One Big Beautiful Bill Act (the "OBBBA");
- 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 tax laws, statutes, rules, regulations or ordinances could be enacted at any time. For example, the OBBBA, which was enacted into law in July 2025, includes significant changes to federal tax law. New tax laws, including the OBBBA, may affect our operating results and financial conditions. Further, existing tax laws, statutes, rules, regulations or ordinances could be interpreted differently, changed, modified, or repealed at any time. Any such enactment, interpretation, change, modification, or repeal could adversely affect us, possibly with retroactive effect.

In addition, changes in the tax laws of foreign jurisdictions could arise as a result of changes to the global implementation of the Inclusive Framework on Base Erosion and Profit Shifting and Pillar Two Model Rules, announced by The Organization for Economic Cooperation and Development. This change, or any other changes in foreign tax laws, if enacted, could increase our tax obligations in the countries where we do business or require us to change the manner in which we operate our business.

Changes in corporate tax rates, the realization of net deferred tax assets, the taxation of foreign earnings and the deductibility of expenses, could potentially have a material impact on the value of our deferred tax assets, could result in significant one-time charges, and could increase our future 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

Our business involves providing services that meet the legal and other needs of our customers and, as a result, we are subject to a variety of complex and evolving government laws, rules and regulations, including but not limited to, laws and regulations related to labor, advertising, sales and marketing, deceptive trade practices, our subscription offerings and related billing, renewal and cancellation practices, virtual mail, legal document processing services, registered agent services, our legal plans, electronic funds transfer, consumer protection, AI, real estate, e-commerce, promotions, intellectual property (e.g., ownership, examination, registration and infringement), postal, anti-bribery and anti-corruption, insurance, foreign exchange controls and cash repatriation restrictions, anti-competition, environmental, health and safety, and other regulated activities. In recent years, there have been significant new and changing regulations in many of these areas and we expect continued heightened focus by the government on many of these areas. In addition, as we expand our products and services and evolve our business models, we may become subject to additional government regulation or increased regulatory scrutiny.

The scope of the federal, state and local laws and regulations to which we are subject is 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 frequently evolving, and challenges to, changes in, or new interpretations of, such laws and regulations could restrict the types of products and services that we can offer or the prices we can charge or require us to significantly change the ways we currently structure our business and services. For instance, in March 2025, the Financial Crimes Enforcement Network issued an interim final rule removing the requirement for U.S. companies to file a beneficial ownership information report under the Corporate Transparency Act, which was first adopted in September 2022. The laws and regulations to which we are subject 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 we expect that these issues will continue to be a significant focus as we expand into other services and jurisdictions.

Any failure or perceived failure by us to comply with applicable laws and regulations may subject us to regulatory inquiries, claims, suits and prosecutions. 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, employee 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 Arizona subsidiary, which is licensed as an alternative business structure ("ABS"), may not insulate us from claims of the unauthorized practice of law and is subject to restrictions under Arizona Code of Judicial Administration

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 that 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. Further, in the U.S., we are generally unable to hire attorneys as employees to provide legal advice directly to our customer, because we do not meet certain regulatory requirements, such as being exclusively owned by licensed attorneys. We are currently unable to acquire a license to practice law in most U.S. states, and 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 the corporate practice of law ("CPL").

However, Arizona currently permits non-lawyers to co-own law firms and other legal service operations. In September 2021, we received our license to operate our Arizona ABS, which employs and contracts with licensed attorneys to provide limited scope legal services to U.S.-based consumers who purchase such services on our websites. Our U.S. subsidiary, LZ Legal Services, LLC, which holds the license to operate the Arizona ABS, 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, this structure is generally untested in U.S. courts and we cannot assure you that it will insulate us from claims of CPL or UPL. The professional liability insurance held by our U.S. subsidiary and limiting its liability in accordance with its engagement letters with clients, may not insure or protect against all potential claims or sufficiently indemnify us or our U.S. subsidiary for all liability that may be incurred. Any liability, inclusive of the costs and expenses that may be incurred in defending any such claims, that exceeds our insurance coverage could have a material adverse effect on our business, results of operations, financial condition, or future prospects.

In addition, under Section 7-209 of the Arizona Code of Judicial Administration ("ACJA"), there are restrictions on holding an interest of 10% or more in the issued share capital of a licensed ABS or the parent company of a licensed ABS. As our U.S. subsidiary is a licensed ABS for the purposes of the ACJA, these restrictions apply to any holder(s) of 10% or more of our common stock. Each "authorized person", as defined in ACJA 702-9, including the members of our board of directors, could be required to file an ABS Authorized Person application with the Arizona Supreme Court when determined to be seeking a restricted interest. The Arizona Supreme Court may attach conditions to any authorization granted in respect to holding of a restricted interest.

The Arizona Supreme Court can force any person who acquires a restricted interest in contravention of the applicable rules, whether knowingly or unknowingly, to divest its share ownership in the licensed ABS or its parent company. The Arizona Supreme Court also has the ability to suspend or revoke our U.S. subsidiary's licensed ABS status in the event any such contravention occurs. Any suspension or revocation of our U.S. subsidiary's licensed ABS status would have a serious detrimental impact on our business, and, in such circumstances, we would seek to collaborate with the Arizona Supreme Court to minimize any resultant business disruption.

If the independent professionals who participate in our or our partners' networks, or otherwise work with LegalZoom as a consultant or contractor, are characterized as employees, we would be subject to employment and withholding liabilities and regulatory risks

We structure our relationships with the independent attorneys who participate in our and our partners' networks in a manner that we believe results in an independent contractor relationship, not an employee relationship. On the other hand, some of our intellectual property offerings are currently fulfilled by our or our subsidiaries' own lawyers and fulfillment staff. We also use contractors, temporary employees and/or

consultants as part of our operations. 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. Tax or other regulatory authorities may in the future challenge our characterization of the independent attorneys who participate in our networks, or the other contractors and consultants used by us. If such regulatory authorities or state, federal or foreign courts were to determine that these attorneys or other contractors and consultants 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 individuals are our employees could have a material adverse effect on our business, results of operations, financial condition and future prospects. It is also possible that we could face claims of joint employment from the independent professionals who participate in our partner networks or from individuals working as a consultant, temporary employee, or contractor, if they were to pursue employment claims against LegalZoom. If a joint employment relationship is found to exist, joint liability for any successful claims would also likely exist.

Compliance with U.S. and foreign privacy and data security requirements could result in additional costs and liabilities to us or inhibit our ability to collect and store data, and the failure to comply with such requirements could subject us to significant fines and penalties, which could adversely affect our business, financial condition and reputation

In the ordinary course of business, we collect and otherwise process information from and about our customers and others, which include personal information and other data. As a result, aspects of our business are subject to laws, rules, regulations and other obligations (such as contracts and privacy notices) relating to privacy and the collection, use and security of personal information. In the United States, federal, state and local governments have enacted or introduced comprehensive data privacy laws and regulations, including the California Consumer Privacy Act of 2018. Many other U.S. states have enacted, or have proposed enacting, similar comprehensive privacy laws that impose certain obligations on covered businesses, including providing specific disclosures in privacy notices, conducting privacy and security assessments, obtaining consumer consent and affording residents with certain rights concerning their personal data. The exercise of these rights may impact our business and ability to provide our products and services. These state laws allow for statutory fines for noncompliance. Outside the U.S., an increasing number of laws, regulations and industry standards govern data privacy and security. For example, we are also subject to the European Union's General Data Protection Regulation ("GDPR") with respect to some portions of activities. In addition, we are subject to the terms of our privacy policies and obligations to third-parties related to privacy, data protection and information security.

We publish privacy policies, marketing materials and other statements regarding data privacy and security. Regulators in the United States are increasingly scrutinizing these statements, and if these policies, materials or statements are found to be deficient, lacking in transparency, deceptive, unfair, misleading, or misrepresentative of our practices, we may be subject to investigation, enforcement actions by regulators or other adverse consequences.

Any actual or perceived failure by us or third parties working on our behalf to comply with applicable privacy and data security laws, rules and regulations or related contractual or other obligations, or any perceived privacy rights violation, could lead to investigations, claims, and proceedings by governmental entities and private parties, damages for contract breaches, additional reporting obligations and other significant costs, penalties, and other liabilities, as well as harm to our reputation and market position. In addition, the global regulatory framework for privacy and data security issues is rapidly evolving and privacy and data security laws have been and may in the future be enacted by other U.S. states and countries in which we do business. As a result, interpretation of applicable privacy and data security laws, rules and regulations is ongoing, may not be fully determined at this time and may conflict across jurisdictions. In our efforts to meet the various data privacy obligations that apply to us, we have made and continue to make certain operational changes to our products and business practices. Preparing for and complying with these obligations requires significant time and resources and may necessitate further changes to our information technologies, systems, and practices and to those of our customers, and of any third parties that process personal information on our behalf. In addition, these obligations may require us to change our business model.

Further, certain jurisdictions have enacted data localization laws and cross-border personal data transfer laws, which may make it more difficult for us to transfer personal data across jurisdictions (such as transferring or receiving personal data that originates in the EU or in other foreign jurisdictions). Existing mechanisms that facilitate cross-border personal data transfers may change or be invalidated. For example, the GDPR generally prohibits the transfer of personal information to countries outside of the European Economic Area that the European Commission does not consider to provide an adequate level of privacy and data security, such as the U.S., absent appropriate safeguards. In addition, certain countries outside Europe

have also passed or are considering laws requiring local data residency or otherwise impeding the transfer of personal data across borders, any of which could increase the cost and complexity of doing business. If we cannot implement a valid compliance mechanism for cross-border data transfers, we may face increased exposure to regulatory actions, substantial fines, and injunctions against processing personal data from Europe or other foreign jurisdictions. The inability to import personal data to the U.S. could significantly and negatively impact our business operations, limit our ability to collaborate with parties that are subject to cross-border data transfer or localization laws, or require us to increase our data processing capabilities and infrastructure in foreign jurisdictions at significant expense.

Breaches and other types of security incidents of our data, networks or systems, or those of the third parties with whom we work, 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 otherwise process data and information about our customers, employees and others, some of which are sensitive, personal and/or confidential. Any actual or perceived breach of our security measures or those of the third parties with whom we work could adversely affect our business, operations and future prospects. Circumvention of our security measures or those of our service providers may result in access, misappropriation, deletion, alteration, publication, modification or other compromise of our information or information security systems, 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 information systems, cloud-based computing services, and those of our current and any future service providers and third parties with whom we work are vulnerable to a variety of evolving threats. Cyberattacks and other malicious internet-based activity, such as computer malware, hacking and phishing attempts, continue to increase. In addition to traditional computer "hackers," sophisticated nation-state and nation-state supported actors now engage in similar attacks (including advanced persistent threat intrusions). Other threats include malicious code (such as viruses, worms and ransomware), social engineering attacks (such as through deep fakes and phishing attacks, cyber extortion, personnel error or malfeasance (including theft and misuse), malware, denial-of-service attacks, supply-chain attacks, software bugs, information systems malfunctions and failures, data loss, and other similar threats are evolving. In particular, severe ransomware attacks are becoming increasingly prevalent and can lead to significant interruptions in our operations, ability to provide our products and services, loss of sensitive data and income, reputational harm, and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments.

We currently have a flexible-first work policy, which enables flexibility to work remotely and collaborate in offices. This policy, which results in a predominantly remote workforce, poses additional data security risks to our information technology systems and data, as our personnel work from home and utilize network connections outside our premises. Additionally, future or past business transactions, acquisitions or integrations, including our recent acquisition of Formation Nation, could expose us to additional cybersecurity risks and vulnerabilities, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies. Any of the previously identified or similar threats could cause a security breach or other interruption. A security breach or other interruption could result in unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure of, or access to our sensitive information.

We have in the past and may in the future expend significant resources or modify our business activities to try to protect against security breaches. In addition, certain data privacy and security obligations have required and may in the future require us to implement and maintain specific security measures, industry-standard or reasonable security measures to protect our information technology systems and sensitive information, including contractually. We cannot guarantee that our security measures to protect customer information and prevent data loss and other security breaches will be sufficient to protect against unauthorized access to, or other compromise of, personal information, or confidential, proprietary or otherwise sensitive 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 past, current or future cyberattacks and security breaches, 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.

Like many companies, we rely on service providers to operate critical business systems to process sensitive information in a variety of contexts, including, without limitation, providers of cloud-based infrastructure, employee email, customer service and other functions. We may share or receive sensitive information with or from third parties. Our ability to monitor these third parties' information security practices is limited, and these third parties may not have adequate information security measures in place, which could lead to a breach in our information.

If we, or third parties with whom we work, experience or are perceived to have experienced (in the past or future) a security breach, we may experience adverse consequences. While we may be entitled to damages if our service providers fail to satisfy their privacy or security-related obligations to us, any award or other recovery may be insufficient to cover our damages.

We implement and maintain security measures designed to protect against security breaches and other compromise. However, there can be no assurance these measures will be effective. For example, we take steps designed to detect, mitigate and remediate vulnerabilities in our information systems (such as our hardware and software, including of third parties upon which we rely). We may not, however, detect and remediate all such vulnerabilities on a timely and effective basis. We may experience delays in developing and deploying remedial measures designed to address any such identified vulnerabilities. Vulnerabilities could be exploited and result in a security incident.

We may expend significant resources or modify our business activities to try to protect against security incidents. Certain data privacy and security obligations may require us to implement and maintain specific security measures or industry-standard or reasonable security measures designed to protect our information technology systems and information.

Applicable data privacy and security obligations may require us to notify relevant stakeholders, which may include affected individuals, regulatory authorities, or customers of security breaches. We operate in an industry that is prone to cyberattacks. We have experienced security breaches (such as unauthorized access to customer information) for which we may have been or were legally required to notify individuals, customers, regulators, the media and others. Data breach notification disclosures are costly, time consuming, and could lead to adverse consequences. 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.

Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations. 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 such breaches. We cannot assure you that our cyber liability 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 increasingly large amounts of sensitive information.

In addition to experiencing a security incident, third parties may gather, collect, or infer sensitive information about us from public sources, data brokers, or other means that reveals competitively sensitive details about our organization and could be used to undermine our competitive advantage or market position.

Risks Relating to Intellectual Property

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

Certain of the technologies we currently use incorporate open source software ("OSS") and we expect to continue to utilize OSS in the future. OSS is licensed by its authors under a variety of license types. Some of these licenses (often called "hereditary" or "viral" licenses) contain requirements that could cause us to make available the source code of the modifications or derivative works that we create based upon the licensed OSS, and that we license such modifications or derivative works under the terms of a particular open source

license granting third-parties certain rights of further use. By the terms of such open source licenses, we also could be required to release the source code of our proprietary (closed-source) software, and to make our proprietary software available under open source licenses, if we combine and/or distribute our proprietary software with such open source software in a manner that triggers the obligation of the license. 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 protection and enforcement of our intellectual property rights, including in our trademarks, copyrights, trade secrets and domain names. 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 and if approved, may be inadequate to prevent third parties from circumventing such intellectual property rights. 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.

Risks Relating to Ownership of Our Common Stock

The market price of our common stock may be volatile or may decline regardless of our operating performance, resulting in substantial losses for our investors

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;
- our ability to successfully implement our strategic priorities;
- the operating and financial projections we may provide to the public, any changes in these projections or our failure to meet these projections;
- our ability to integrate AI into our business and products and the potential impact of AI on the demand for our services;
- an 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 products or 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;
- technical factors in the public trading market for our common stock that may produce price movements that may or may not comport with macro, industry or company-specific fundamentals, including, without limitation, the sentiment of retail investors (including as may be expressed on financial trading and other social media sites), the amount and status of short interest in our common stock, access to margin debt, and trading in options and other derivatives on our common stock;
- 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;
- price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole;
- general macroeconomic, political, regulatory and market conditions, such as those related to recessionary fears, tariffs, inflation and/or elevated interest rates; and
- other events or factors, including those resulting from war, incidents of terrorism, a public health pandemic or epidemic, bank failures, or responses to these events.

In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action or other litigation or regulatory investigations. We may be the target of such litigation or investigations in the future, which could result in substantial costs and divert our management's attention from other business concerns, which could adversely affect our business, results of operations, financial condition and future prospects.

A significant portion of our total outstanding shares 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, 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. At September 30, 2026, holders of approximately 55 million shares of our common stock are entitled to rights pursuant to an investors' rights agreement, 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 one or more of these holders of our common stock sells a large number of shares by exercising their registration rights, it has in the past and may in the future adversely affect the market price for our common stock. In addition, 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.

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

Based upon shares of our common stock outstanding as of September 30, 2026, our executive officers, directors and other affiliates, in the aggregate, own shares, directly or indirectly, representing approximately 21% of our outstanding common stock. If our executive officers, directors and affiliates acted together, they may be able to significantly influence 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, FPLZ I, L.P., FPLZ II, L.P. and their affiliated investment entities (collectively, "FP") may have influence over management and control over matters requiring stockholder approval, including the annual election of directors and significant corporate transactions. Pursuant to a director nomination agreement previously entered into with FP, 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 FP continuously beneficially owns shares of common stock representing at least 50% of the shares of common stock owned by FP immediately following our IPO and (ii) one individual for so long as FP continuously beneficially owns shares of common stock representing at least 25%, but less than 50% of the shares of common stock, owned by FP immediately following the completion of our IPO.

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 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 provides that the doctrine of "corporate opportunity" will not apply with respect to certain stockholders

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 provides 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. 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, financial condition and future prospects.

Our amended and restated certificate of incorporation provides 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, provides 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 certain claims or causes of actions under Delaware statutory or common law.

The provisions would not apply to suits brought to enforce a duty or liability created by the Exchange Act. Furthermore, Section 22 of the Securities Act of 1933, as amended, 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 further provides that the federal district courts of the U.S. 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.

While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such an 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.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities

Purchases of Equity Securities

In October 2023, our board of directors approved a stock repurchase program authorizing repurchases of our common stock with no fixed expiration. In February 2026, our board of directors approved a $100.0 million increase in our stock repurchase program, bringing the aggregate amount authorized to $415.0 million. Stock repurchases under this program may be made through any manner, including in open market transactions (including pursuant to Rule 10b5-1 plans), through accelerated stock repurchase agreements, or in privately negotiated transactions with third parties, and in such amounts as management deems appropriate. This program does not obligate us to acquire any particular amount of common stock and may be modified, suspended or terminated at any time at the discretion of our board of directors.

Stock repurchase activity during the three months ended September 30, 2026 was as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans	Approximate Dollar Value of Shares that May Yet be purchased Under the Plans
July 1, 2026 through July 31, 2026	345,946	$ 6.81	345,946	$ 78,090,838
August 1, 2026 through August 31, 2026	1,057,392	$ 5.67	1,057,392	$ 72,090,843
September 1, 2026 through September 30, 2026	1,070,964	$ 5.84	1,070,964	$ 65,838,369
Total	2,474,302	$ 5.90	2,474,302	

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

None.

Item 6. Exhibits

The exhibits listed below are filed or furnished as part of this Quarterly Report:

Exhibit Number	Description of Exhibit
3.1	Amended and Restated Certificate of Incorporation of LegalZoom.com, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on July 2, 2021).
3.2	Amended and Restated Bylaws of LegalZoom.com, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on November 6, 2024).
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).
31.2*	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).
32.1**	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following financial statements from our Quarterly Report on Form 10-Q for the three and nine months ended September 30, 2026 were formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations, (iii) Condensed Consolidated Statements of Comprehensive Income, (iv) Condensed Consolidated Statement of Stockholders' Equity, (v) Condensed Consolidated Statements of Cash Flows.
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

* Filed herewith.
** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LegalZoom.com, Inc.

Date: November 4, 2026

By: /s/ Jeffrey Stibel
Jeffrey Stibel
Chief Executive Officer
(Principal Executive Officer)

Date: November 4, 2026

/s/ Noel Watson
Noel Watson
Chief Financial Officer
(Principal Financial Officer)