Risk Factors Comparison 2023-02-28 to 2022-02-25 Form: 10-K

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Our business and future results may be affected by a number of risks and uncertainties that should be considered carefully. In addition, this Form 10- K also contains forward- looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in such forward- looking statements as a result of certain factors, including the risks described below. The occurrence of one or more of the events listed below could also have a material adverse effect on the Company' s business, prospects, results of operations, reputation, financial condition, cash flows or ability to continue current operations without any direct or indirect impairment or disruption, which is referred to throughout these Risk Factors as a " Material Adverse Effect. " Risk Factor Summary Below is a summary of the principal factors that make an investment in our securities speculative or risky. A more detailed discussion of the material factors that make an investment in our securities speculative or risky follows this summary. Risks Related to Our Business • The wealth management **industry is** ~~and tax preparation markets are~~ very competitive, and failure to effectively compete could result in a Material Adverse Effect. • Deficiencies in service or performance of the financial or software products we offer, competitive pressures on pricing of such services or products, or other market declines may cause our ~~Wealth Management and Tax Software businesses~~ -- **business** to decline. • Our business depends on fees generated from the distribution of financial products and fees earned from management of advisory accounts, and changes in market values or in the fee structure of such products or accounts could **result in a Material** ~~adversely~~ -- **Adverse** ~~affect~~ **Effect** ~~our revenues, business, and financial condition~~ . • If we are unable to attract and retain productive financial professionals, including our in- house financial professionals and our independent contractor financial professionals, **it** ~~our financial results will be negatively impacted. • The current COVID- 19 pandemic~~ could ~~have~~ **result in** a Material Adverse Effect. • If we are unable to hire, retain, and motivate highly qualified employees, including our key employees, we may not be able to successfully manage our business. • **Significant interest rate** ~~Changes~~ **changes** ~~in economic, political and other factors~~ could ~~have a Material Adverse Effect~~ **affect** ~~on~~ our ~~business~~ **profitability and financial condition** . • If we are unable to develop, manage, and maintain critical third- party business relationships for our ~~Wealth Management and Tax Software businesses~~ -- **business** , it could result in a Material Adverse Effect. • The products and services **we** ~~offered~~ -- **offer** ~~by our Wealth Management and Tax Software businesses~~ are reliant on ~~third- party~~ products, tools, platforms, systems **,** and services provided by key vendors and partners, which, if they do not operate as anticipated, could result in a Material Adverse Effect. • **Changes in economic, political, and other factors could have a Material Adverse Effect on our business. •** If our goodwill or acquired intangible assets become impaired, we have been, and in the future may be, required to record a significant impairment charge, which could result in a Material Adverse Effect. ~~Blucora, Inc. | 2021 Form 10- K 16~~ • Future growth of our business and revenue growth depends upon our ability to adapt to technological change and successfully introduce new and enhanced products and services ~~. • Our operating systems and network infrastructure could fail, become unavailable or otherwise be inadequate, are subject to significant and constantly evolving cybersecurity and other technological risks, and the security measures that we have implemented to secure confidential and personal information may be breached, which could result in a Material Adverse Effect. • If our Tax Software business fails to process transactions effectively or fails to adequately protect against disputed or potential fraudulent activities, it could have a Material Adverse Effect, and stolen identity refund fraud could result in negative publicity and / or impede our Tax Software customers' ability to timely and successfully file their tax returns and receive their tax refunds. • The specialized and highly seasonal nature of our Tax Software business presents financial risks and operational challenges, which, if not satisfactorily addressed, could result in a Material Adverse Effect. • Climate change may adversely impact our operations and financial results. • The United States government' s inability to agree on a federal budget, and / or its decision to issue additional Economic Impact Payments, may adversely impact our operations and financial results~~ . • If our enterprise risk management and compliance frameworks, including our policies and procedures, are not effective at mitigating risk and loss to us, we could be exposed to unidentified or unanticipated risks ~~,~~ **and** suffer unexpected claims or losses, **we could** experience reputational harm, and ~~/ or cause~~ a Material Adverse Effect **could result** . **• Climate change may adversely impact our operations and financial results. Avantax, Inc. | 2022 Form 10- K 14** Legal and Regulatory Risks • **We are** ~~Our Wealth Management business is~~ subject to extensive regulation, and **increased regulation or the** failure to comply with these regulations or interpretations thereof could have a Material Adverse Effect. • **Our operating systems and network infrastructure** ~~Government regulation of our business, including increased regulation or the interpretation of existing laws, rules or regulations,~~ could **fail, become unavailable, or otherwise be inadequate and are subject to significant and constantly evolving cybersecurity and other technological risks, and the security measures that we** have **implemented to secure confidential and personal information may be breached, which could result in** a Material Adverse Effect. • **Complex and evolving U. S. and international laws and regulations regarding privacy and data protection could result in claims, changes to our business practices, penalties, increased cost of operations or otherwise harm our business, and concerns about the current privacy and cybersecurity environment, generally, could deter current and potential clients from adopting our products and services and damage our reputation. • Failure to maintain technological capabilities, flaws in existing technology, difficulties in upgrading our technology platform, or the introduction of a competitive platform could have a Material Adverse Effect. •** Current and future litigation, regulatory proceedings or adverse court interpretations of the laws and regulations under which **we** ~~the Company operates~~ - **operate** could have a Material Adverse Effect ~~. • Complex and evolving U. S. and international laws and regulations regarding privacy and data protection, and concerns about the current privacy and cybersecurity environment, could have a Material Adverse Effect. •~~

~~We may be negatively impacted by any future changes in tax laws~~ . • If third parties claim that our services **or products** infringe upon their intellectual property rights, we may be forced to seek expensive licenses, reengineer our services, engage in expensive and time- consuming litigation, or stop marketing and licensing our services **or products** . Risks Related to Our Acquisitions **and Dispositions** • We may **face operational challenges and disruptions as a result of the TaxAct Sale and may not be able to return the proceeds of the TaxAct Sale to our stockholders on a timely basis or at all. • We have ongoing obligations in connection with the TaxAct Sale, which may cause us to incur unanticipated costs and liabilities and adversely affect our business and results of operations. • We may** fail to realize all of the anticipated benefits of acquisitions ~~or those benefits may take longer to realize than expected. • We may seek to acquire companies or assets that complement our Wealth Management and Tax Software businesses, and we may be unsuccessful in completing any such acquisitions on favorable terms or integrating any company acquired~~ . Risks Related to Our Financing Arrangements • We have incurred **, and may continue to incur,** a significant amount of indebtedness, which may materially and adversely impact our financial condition and future financial results. • Existing cash and cash equivalents and cash generated from operations may not be sufficient to meet our anticipated cash needs for ~~servicing debt~~ **our anticipated share repurchases** , working capital, and capital expenditures **, including servicing any debt** . Risks Related to Our Common Stock • Our stock price has been highly volatile **,** and such volatility may continue. • Our financial results may fluctuate, which could cause our stock price to be volatile or decline. ~~Blucora, Inc. | 2021 Form 10- K 17~~ • Actions of activist stockholders could adversely affect our business and stock price and cause us to incur significant expenses. • We cannot assure you we will continue to repurchase shares of our common stock pursuant to our stock repurchase ~~plan. • Our utilization~~ **authorization** ~~of our federal net operating losses (" NOLs ") may be severely limited or potentially eliminated~~ . • Delaware law and our organizational documents may impede or discourage a takeover that would be beneficial to our stockholders. The wealth management industry in which **we** ~~our Wealth Management business operates~~ **operate** is highly competitive, and we may not be able to maintain our ~~customers~~ **clients** , financial professionals, employees (including our in- house financial professionals), distribution network, or the terms on which we provide our products and services. Our ~~Wealth Management~~ business competes based on a number **Avantax, Inc. | 2022 Form 10- K 15** of factors, including name recognition, service, the quality of investment advice, performance, technology, product offerings and features, price, and perceived financial strength. We and the financial professionals with whom we work compete directly with a variety of financial institutions, including traditional wirehouses, independent broker- dealers, registered investment advisers (including CPA firms that have their own in- house registered investment advisor), asset managers, banks and insurance companies, direct distributors, ~~and~~ larger broker- dealers **, and robo- advisors** . Many of these competitors have greater market share, offer a broader range of products, and have greater financial resources. We have faced significant competition in recent years from **firms offering** lower fees, which could have a material **adverse** impact on our business. There has also been a trend toward online internet wealth management services and wealth management services that are based on mobile applications or automated processes as clients increasingly seek to manage their investment portfolios digitally. This is leading to increased utilization of " robo " advisor platforms. In addition, over time, certain sectors of the wealth management industry have become considerably more concentrated, as financial institutions involved in a broad range of financial services have been acquired by or merged into other firms. This consolidation could result in our competitors gaining greater resources, and we may experience pressures on our pricing and market share as a result of these factors and as some of our competitors seek to increase market share by reducing prices. In addition, **we seek to differentiate** our ~~Wealth Management~~ business ~~seeks to differentiate itself~~ on the basis of offering tax- focused investing advice and solutions. There is no guarantee that this differentiation will be meaningful to our clients and potential clients, or that another competitor will not adopt a similar strategy more effectively. In either case, our ability to compete effectively in the wealth management industry could be damaged ~~. Our Tax Software business also operates in a very competitive marketplace. There are many competing software products and digital services. Intuit' s TurboTax and H & R Block' s DDIY products and services serve a significant percentage of the software and digital service market. These competitors may have greater financial, technological, and marketing resources, broader infrastructure and distribution networks, greater brand recognition, and broader product and service offerings than us. Additionally, certain of our competitors have received, and may receive in the future, preferential treatment by U. S. federal or state governments. The U. S. federal government' s Child Tax Credit website currently provides direct links to certain competitors' websites. Our Tax Software business must also compete with alternate methods of tax preparation, such as storefront tax preparation services~~ , which ~~include both local tax preparers and large chains such as H & R Block, Liberty Tax and Jackson Hewitt. We may also compete against new market entrants who could take a portion of our market share. As DDIY tax preparation continues to be characterized by intense competition, including heavy marketing expenditures, price- based competition, and new entrants, maintaining and growing market share becomes more challenging unless brand relevance, customer experience, and feature / functionality provide meaningful incremental value. If we cannot continue to offer software and services that have quality and ease- of- use that are compelling to consumers, market the software and services in a cost- effective manner, offer ancillary services that are attractive to users, and develop the software and services at a low enough cost to be able to offer them at a competitive price point, it~~ could result in a Material Adverse Effect. **Client** ~~Our Tax Software business also faces potential competition from the public sector, where we face the risk of federal and state taxing authorities developing software or other systems to facilitate tax return preparation and electronic filing at no charge to taxpayers, which could reduce the need for TaxAct' s software and services. These or Blucora, Inc. | 2021 Form 10- K 18 similar programs may be introduced or expanded in the future, which may cause us to lose customers and revenue. The Free File Program is currently the sole means by which the IRS offers tax software to taxpayers. The Free File Program is a partnership between the IRS and the Free File Alliance, a group of private sector tax preparation companies of which we are a member that has agreed to offer free federal electronic tax filing services to taxpayers meeting certain income- based guidelines. The Free File Program' s continuation depends on a number of factors, including increasing public awareness of and access to the free program, as well as~~

~~continued government support. The IRS' s current agreement with the Free File Alliance has been extended and is scheduled to expire in October 2023, although it could be amended or terminated before that date. Recently, we and certain of our competitors have become the subject of legal proceedings and / or regulatory inquiries relating to the provision and marketing of the products that they offer under the Free File Program. These proceedings and / or the negative publicity associated with these proceedings may decrease the government' s or industry members' support of the Free File Program and increase the likelihood that such program is terminated. If the IRS enters the software development and return preparation space, whether as a result of the Free File Program not being renewed upon expiration of the agreement, the Free File Program being amended or terminated, or for another reason, then the federal government would be a publicly funded direct competitor of us and the U. S. tax services industry as a whole. In addition, from time to time, U. S. federal and state governments have considered various proposals, including mandating that we and our competitors refer qualifying customers to the Free File Program and governmental taxing authorities utilizing taxpayer information provided by employers, financial institutions, and other payers to " pre- populate, " prepare and calculate tax returns and distribute them to taxpayers. Under this " pre- populate " approach, the taxpayer could then review and contest the return or sign and return it, reducing the need for third- party tax return preparation services and the demand for our services and products, which could result in a Material Adverse Effect. We believe that governmental encroachment at both the U. S. federal and state levels in which we operate could present a continued competitive threat to our Tax Software business for the foreseeable future. Customer~~ service and performance are important factors in the success of our ~~Wealth Management~~ business ~~, while customer service, ease- of- use, and product performance and accuracy are important factors in the success of our Tax Software business~~ . Strong ~~customer~~ **client** service and product performance help increase ~~customer~~ **client** retention and generate sales of products and services. In contrast, poor service or poor performance of our financial or software products could impair our revenues and earnings, as well as our prospects for growth. ~~In our Wealth Management business, clients~~ **Clients** can terminate their relationships with us or our financial professionals at will, and ~~in our Tax Software business,~~ deficiencies in our service or product performance could lead ~~customers~~ **clients** to choose a competitor' s product or services. **A** ~~There can be no assurance as to how future performance of financial or software products will compare to that of our competitors, and, in the context of financial investment products, historical performance is not indicative of future returns. Particularly, for the Wealth Management business, a~~ decline or perceived decline in performance, on an absolute or relative basis, could cause a decline in sales of mutual funds and other investment products, an increase in redemptions **,** and the termination of asset management relationships. Such actions may reduce our aggregate amount of advisory assets and reduce management fees. Poor performance could also adversely affect our ability to expand the distribution of our products through independent financial professionals. In addition, the emergence of new financial or software products or services from others, or competitive pressures on pricing of such services or products, may result in the ~~(i)~~ loss of clients or accounts ~~in our Wealth Management business and (ii) loss of customers in our Tax Software business~~ . We must also monitor the pricing of our services and financial and software products in relation to competitors and periodically may need to adjust costs and fee structures to remain competitive. ~~For the Wealth Management business, competition~~ **Competition** from other financial services firms, such as reduced commissions to attract clients or trading volume, direct- to- investor online financial services, or higher deposit interest rates to attract ~~customer~~ **client** cash balances, or increased recruiting bonuses to attract financial professionals, could adversely impact our business. **Our** ~~Clients~~ **clients** ~~of our Wealth Management business~~ could also reduce the aggregate amount of their assets managed by us or shift their funds to other types of accounts with different rate structures for any number of reasons, including performance, changes in prevailing interest rates, changes in investment preferences, changes in our (or our financial professionals') reputation in the marketplace, changes in ~~customer~~ **client** management or ownership, loss of key investment management personnel and financial market performance. Our ~~Blucora, Inc. | 2021 Form 10- K 19~~ clients (or clients of our financial professionals) can withdraw the assets we manage on short notice, making our future ~~customer~~ **client** and revenue base unpredictable. A reduction in assets and the resulting decrease in revenues and earnings could have a Material Adverse Effect. Moreover, investors in the mutual funds and some other pooled investment vehicles that we advise may redeem their investments in those funds at any time without prior notice, and investors in other types of pooled vehicles we advise may typically redeem their investments with fairly limited or no prior notice, thereby reducing our advisory assets. These investors may redeem their investments for any number of reasons, including general financial market conditions, the absolute or relative performance we have achieved, or their own financial condition and requirements. In a declining stock market, the pace of redemptions could accelerate. Poor performance relative to other funds tends to result in decreased purchases and increased redemptions of fund shares. In a declining stock market, the pace of redemptions could accelerate, resulting in a decline in our advisory assets, which could negatively impact our fee revenues and result in a Material Adverse Effect. **Avantax, Inc. | 2022** ~~For~~ **Form 10- K 16** ~~the Tax Software business, competition from other tax preparation service providers, such as free or reduced fee products to attract customers, could adversely affect our business. Customers of our Tax Software business could also select another tax preparation service or software for any number of reasons, including other competitors offering additional rewards and / or bundled or unbundled products and services that we do not currently offer, providing services or software that may provide higher levels of interaction or service, be easier to use, faster, or lower cost. A reduction in the number of customers and the resulting decrease in revenues and earnings could have a Material Adverse Effect.~~ A large portion of our revenues are derived from fees generated from the distribution of financial products, such as mutual funds and variable annuities. Changes in the structure or amount of the fees paid by the sponsors of these products could directly affect our revenues, business, and financial condition. In addition, if these products experience losses or increased investor redemptions, we may receive lower fee revenue from the investment management and distribution services we provide on behalf of the mutual funds and annuities. Should issuers of these products leave the market or discontinue offering or paying trail compensation on some or all of their products, our revenues could be negatively impacted. The investment management fees we are paid may also decline over time due to factors such as increased competition, renegotiation of contracts **,** and the introduction of new, lower- priced investment products and services. Changes in market values or in the fee structure of asset management accounts could adversely affect our revenues, business, and financial condition. Asset management fees often are primarily comprised of base management and incentive fees, and investment advisers generally are experiencing advisory fee compression due to intense competition. Management fees are primarily based on advisory assets, which are impacted by net inflow / outflow of ~~customer~~ **client** assets and market values. Below- market performance by our funds and portfolio managers could result in a loss of managed accounts and could result in reputational damage that might make it more difficult to attract new ~~customers~~ **clients** and thus further **adversely** impact our business and financial condition. If we were to experience the loss of managed accounts, our fee revenue would decline. In addition, as the total amount of our advisory assets increases as a percentage of our total client assets, our results of operations may become substantially more dependent on revenue generated from management fees. In periods of declining market values, our advisory assets may also decline, which would negatively impact our fee revenues. This risk would become further exacerbated the more dependent our business becomes on revenues from management fees, and our ability to effectively offset declining management fee revenue through commission- based revenues may be limited. In addition, because advisory fees are based on advisory assets on the last day of each quarter, our revenues may be negatively impacted by the timing of market movements relative to when clients are billed. Any of the foregoing could result in a Material Adverse Effect. **We** ~~Our Wealth Management business derives~~ - **derive** a large portion of ~~its~~ **our** revenues from commissions and fees generated by ~~its~~ **our** financial professionals, including our in- house financial professionals. Our ability to attract and retain productive independent contractor and in- house financial professionals has contributed significantly to our growth and success. If we fail to attract new financial professionals or to retain and motivate our financial professionals, our business may suffer. ~~Blucora, Inc. | 2021 Form 10- K 20~~ The market for productive financial professionals is highly competitive, and we devote significant resources to attracting and retaining the most qualified financial professionals. In attracting and retaining financial professionals, we compete directly with a variety of financial institutions such as wirehouses, regional broker- dealers, banks, insurance companies, ~~and~~ other independent broker- dealers **, and robo- advisors. Certain of these competitors have hired, and may hire in the future, our former employees that have deep relationships with our financial professionals** . Financial industry competitors are increasingly offering guaranteed contracts, upfront payments, and greater compensation to attract successful financial professionals. These can be important factors in a current financial professional' s decision to leave us as well as in a prospective financial professional' s decision to join us, and we may not be able to offer competing packages to successfully recruit financial professionals. We also have experienced and may continue to experience difficulty retaining financial professionals following a material acquisition or as a result of pricing or product changes. We have faced, and may in the future face, difficulties in attracting and retaining key in- house financial professionals. If any of our in- house financial professionals leave us, clients that worked with such in- house financial professionals may be unhappy and terminate their relationships with us. Departures of our in- house financial professionals have in the past resulted, and could in the future result, in lost relationships with CPA firms and clients, which has led, and could in the future lead, to a reduction in client asset levels and a corresponding reduction in advisory revenue, as well as the loss of referrals ~~. In addition, our Wealth Management business has recently gone through a series of rebranding initiatives. Our financial professionals may be unhappy with the new branding or with various aspects of the rebranding process and may decide to leave us. There can be no assurance that we will be successful in our efforts to attract and retain the financial professionals needed to achieve our growth objectives~~ . Moreover, the costs associated with successfully attracting and retaining financial professionals could be significant, and we may not generate sufficient revenues from those financial professionals' business to offset such **Avantax, Inc. | 2022 Form 10- K 17** costs. Designing and implementing new or modified compensation arrangements and equity structures to successfully attract and retain financial professionals is complicated. Changes to these arrangements could themselves cause instability within our existing investment teams and negatively impact our financial results and ability to grow. In addition, our compensation arrangements with our financial professionals are primarily based on client transaction and / or client asset levels, which we believe incentivizes appropriate financial professional performance and assists in attracting and retaining successful financial professionals. Our cost of revenue (which includes commissions and advisory fees paid to financial professionals) may fluctuate from quarter- to- quarter depending on the amount of commissions we are required to pay to our financial professionals, and if the amounts we are required to pay are different than our expectations, our operating results may be adversely impacted. We have in the past issued and may in the future issue shares of common stock or other securities convertible into or exchangeable for shares of common stock to our financial professionals in order to attract and retain such individuals ~~. In~~ **, including in** connection with ~~the 1st Global Acquisition, we issued a substantial number of equity awards to our financial professionals and may do so for any future~~ acquisitions. The issuance of additional shares of our common stock upon vesting or conversion of these awards may substantially dilute the ownership interests of our existing stockholders and reduce the number of shares of common stock available for issuance under our equity incentive plans. In addition, the wealth management industry in general is experiencing a decline in the number of younger financial professionals entering the industry. We are not immune to that industry trend. If we are unable to replace financial professionals as they retire, or to assist retiring financial professionals with transitioning their practices to existing financial professionals, we could experience a decline in revenue and earnings. In addition, as some of our financial professionals grow their advisory assets, they may decide to disassociate from us to establish their own RIAs and take ~~customers~~ **clients** and associated assets into those businesses. We seek to deter financial professionals from taking this route by continuously evaluating our technology, product offerings, and service, as well as our financial professional compensation, fees, **forgivable financial professional loans,** and pay- out policies, to ensure that we are competitive in the market and attractive to successful financial professionals. We may not be successful in dissuading such financial professionals from forming their own RIAs, which could cause a material volume of ~~customer~~ **client** assets to leave our platform, which would reduce our revenues and could cause a Material Adverse Effect. We also have entered, and may in the future enter, into agreements with Avantax Wealth Management financial professionals to induce them to join our Avantax

Planning Partners' in- house team of financial professionals. We might not be successful in consummating these transactions, and we may not realize the anticipated benefits from the transactions that we do consummate. ~~Blucora, Inc. | 2021 Form 10- K 21 The COVID- 19 pandemic, including precautionary measures and societal response, has caused economic instability and uncertainty in the United States and globally. The various precautionary measures and accommodations taken by many governmental authorities in the United States and around the world in order to limit the spread of COVID- 19, as well as the societal response, have had, and could continue to have, an adverse effect on the U. S. and global markets and economy, including on the availability of and costs associated with employees, resources, and other aspects of the global economy. The availability of key employees may be limited because of illness, death, quarantine, or caring for family members due to COVID- 19 disruptions or illness. These factors have caused, and could continue to cause, significant disruptions to our business and operations and the operations of our financial professionals and increased costs and burdens associated with staffing and conducting our operations and could also increase our risk of being subject to contract performance claims or increase the risk that our counterparties fail to perform under their respective contracts or commitments, if we or they are unable to deliver according to the terms of such contracts or commitments and do not have the ability to claim force majeure. The extent to which the COVID- 19 pandemic may impact our results in the future will depend on future developments, which are highly uncertain and cannot be predicted, including the duration and scope of the COVID- 19 pandemic, the emergence of new variants of the virus, the likelihood of a resurgence of positive cases, the effectiveness, availability and acceptance of vaccines, global economic conditions during and after the COVID- 19 pandemic and governmental actions that have been taken, or may be taken in the future, in response to the COVID- 19 pandemic. The COVID- 19 pandemic has had a material negative impact on the U. S. and global economy and caused substantial disruption in the U. S. and global securities and debt markets, and as a result, has negatively impacted both our Wealth Management and Tax Software businesses. In our Wealth Management business, this economic and financial market disruption negatively impacted the value of some of our clients' assets in the first quarter of 2020, which caused a corresponding decline in the amount of revenue that we derived from these client assets. Further, beginning in the first quarter of 2020, we experienced a decline in commission revenue from lower trading volumes. While positive financial market movement in the second, third and fourth quarters of 2020 and in 2021 increased advisory and brokerage asset balances, there could be additional economic and market disruption as a result of COVID- 19 pandemic that could lead to additional decline in client assets. In addition, our client assets could also materially decline as a result of clients being forced to rely on their investments due to the macroeconomic effect of COVID- 19. A decline in client assets would lead to a corresponding decline in revenue from client assets. Additionally, in response to this economic and market disruption, the Federal Reserve decreased the federal funds rate in 2020 and maintained a low- interest rate environment in 2021, causing a significant decline in cash sweep revenue. Although the Federal Reserve has recently signaled adjustments to monetary policy that would increase the federal funds rates, if the Federal Reserve does not increase, or further decreases the federal funds rates, cash sweep revenue would continue to be negatively impacted. Overall, we expect that revenues in our Wealth Management business will remain susceptible to being adversely affected in future periods in which pandemic- influenced market factors remain present. The COVID- 19 pandemic has also affected the business of our financial professionals in many ways. For example, our financial professionals have not been able to meet with clients face- to- face at times during the pandemic, and they also had to assist clients through extended tax seasons in 2020 and 2021 and in applying for loans under the U. S. Small Business Administration' s Paycheck Protection Program. In addition, during 2020 and 2021, they have had significantly less opportunities, and have at times been unable, to attend conferences and share ideas with other financial professionals. This sustained change in business or the loss of financial professionals who are not able to continue their business during this difficult time could lead to lower revenue and could have a Material Adverse Effect. In our Tax Software segment, our revenue and operating income generation is highly seasonal, with a significant portion of our annual revenue typically earned in the first four months of our fiscal year. During the third and fourth quarters, the Tax Software segment typically reports losses because revenue from the segment during this period is minimal while core operating expenses continue. The IRS extended the filing and payment deadline for tax year 2019 federal tax returns to July 15, 2020 as a result of the COVID- 19 pandemic. This extension resulted in the shifting of a significant portion of Tax Software segment revenue that would typically have been expected to be earned in the first and second quarters to the third quarter of 2020. In addition, sales and marketing expenses were elevated in 2020 due to incremental investment in March 2020 to address weak performance through the first two months of the tax season, as well as increased marketing required due to the extended tax season. Additionally, the IRS was selected by the U. S. Congress as the vehicle for distribution of the first round of Economic Impact Payments (" EIP1 "), which caused significant disruption to the 2020 tax season. As a result of the extension of the Blucora, Inc. | 2021 Form 10- K 22 2020 tax season and the EIP1 disruption, our results of operations for our Tax Software segment were negatively impacted in 2020 compared to prior years. As a result of the continued impact of the COVID- 19 pandemic, including disruptions associated with the distribution of the second and third rounds of Economic Impact Payments, the IRS delayed the start of the 2021 tax season and extended the filing and payment deadline for tax year 2020 federal tax returns from April 15, 2021 to May 17, 2021. In addition, the IRS extended the federal filing and payment deadline for Texas, Louisiana, and Oklahoma to June 15, 2021. Beyond federal filings, the majority of states also extended their filing and payment deadlines for tax year 2020 state tax returns. This extension resulted in the shifting of a significant portion of Tax Software segment revenue that would typically have been expected to be earned in the first quarter of 2021 to the second quarter of 2021. If the IRS delays the tax filing deadline in the future, we could face shifting of revenue or increased costs. Errors in IRS communications regarding the child tax credit payments could cause a significant number of tax returns, even if otherwise completed accurately, to route to the IRS' s error resolution system, which could negatively impact the success of our tax software in 2022. In addition, we have historically financed our operations primarily from cash provided by operating activities and access to credit markets. To the extent that COVID- 19 pandemic causes a substantial reduction or change in timing of our cash provided by operating activities, we may be~~

~~required to seek additional capital through issuances of debt or equity securities. We may be unable to complete any such transactions on favorable terms to us, or at all. The instruments governing our existing indebtedness require us to comply with certain restrictive covenants, and any substantial and sustained downturn in our operations due to COVID- 19 or other factors may cause us to be in breach of our debt covenants or limit our ability to make interest payments on our indebtedness, which could constitute an event of default and cause our outstanding indebtedness to be declared immediately due and payable. If applicable, such acceleration of our outstanding indebtedness could cause our secured lenders to foreclose against the assets securing their borrowings, and we could be forced into bankruptcy or liquidation. Any inability to obtain additional liquidity as and when needed, or to maintain compliance with the instruments governing our indebtedness, would have a Material Adverse Effect. Any of the foregoing factors could result in a Material Adverse Effect on our revenues, results of operations and financial condition. The extent to which COVID- 19 impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new developments that may emerge concerning the actions to contain COVID- 19 or treat its impact, among others.~~ Our business and operations are substantially dependent on the performance of our key employees and our future success depends on our ability to identify, attract, hire, retain, and motivate highly skilled management, technical, sales and marketing, and corporate development personnel, including personnel with experience and expertise in the wealth management, ~~tax preparation,~~ and technology industries. Qualified personnel with experience relevant to our business are scarce, and competition to recruit them is intense. Changes of management or key employees may disrupt operations, and if we lose the services of one or more key employees, including potential losses of key employees due to ~~COVID- 19 disruptions,~~ illness ~~,~~ or death **,** and are unable to recruit and retain a suitable successor with relevant experience or if we fail to successfully hire, retain **,** and manage a sufficient number of highly qualified employees, we may have difficulties in timely managing, supporting **,** or expanding our business **,** which could cause a Material Adverse Effect. Realignments of resources, reductions in workforce, or other operational decisions have created and could continue to create an unstable work environment and may have a negative effect on our ability to hire, retain, and motivate ~~employees. There can be no assurance that any retention program we initiate will be successful at retaining employees, including key~~ employees. We use stock options, restricted stock units, and other equity- based awards, along with cash- based bonus programs, to recruit and retain senior- level employees and financial professionals. With respect to those employees or financial professionals to whom we issue such equity-based awards, we face a significant challenge in retaining them if the value of equity- based awards in the aggregate or individually is either not deemed by the employee or financial professional to be substantial enough or deemed so substantial that the employee or financial professional leaves after their equity- based awards vest. If the value of equity- based awards granted to our key employees declines, we may be unsuccessful in retaining our key employees and financial professionals. We may undertake or seek stockholder approval to undertake other equity- based programs to retain key personnel, which may be viewed ~~Blucora~~ **as dilutive to our existing stockholders or may increase our compensation costs. Avantax** , Inc. | ~~2021~~ **2022** Form 10- K ~~23~~ **18 Our revenue is exposed to interest rate risk primarily from changes in fees payable to us from banks participating in our cash sweep programs, which are generally based on prevailing interest rates. Our cash sweep revenue has declined in the past** as ~~dilutive to our existing stockholders~~ **a result of a low interest rate environment, and** ~~or~~ **our cash sweep revenue** may **decline in the future due to decreases in interest rates, decreases in client cash balances, or mix shifts among the current or future bank sweep vehicles and money market programs that we offer. The Federal Reserve' s federal funds rate was near zero throughout 2021 and gradually** ~~increase~~ **increased** ~~our compensation costs.~~ **throughout 2022, however,** ~~There~~ **there is** ~~can be~~ no assurance that **it will not maintain a relatively low- interest rate environment for a significant period of time** .Our ~~Tax Software~~ **cash sweep revenue also depends on our success in offering competitive products,program fees,** and ~~Wealth Management~~ **interest rates payable to clients,which may be less favorable for our cash sweep revenue in periods of increasing interest rates.The expiration of contracts with our third-party clearing and custody firm with favorable pricing terms or less favorable terms in future contracts could result in declines in our cash sweep revenue.A sustained low interest rate environment may also have a negative impact upon our ability to renegotiate our existing contracts on comparable terms with our third- party clearing and custody firm.If interest rates decline,or if balances or yields in our cash sweep programs decrease,future cash sweep revenue may be lower than expected.Our** ~~businesses~~ -- **business** ~~are~~ **is** dependent on the strength of our business relationships and our ability to continue to develop,maintain,and leverage new and existing relationships.We rely on various third- party partners,including software and service providers,suppliers,vendors,distributors,contractors,financial institutions,and licensing partners,among others,in many areas of these businesses to deliver our services and products.In certain instances,the products or services provided through these third- party relationships may be difficult to replace or substitute,depending on the level of integration of the third party' s products or services into,or with,our offerings and / or the general availability of such third party' s products and services.In addition,there may be few or no alternative third- party providers or vendors in the market.The failure of third parties to provide acceptable and high- quality products,services,and technologies or to update their products,services,and technologies may result in a disruption to our business operations,which may materially reduce our revenues and profits,cause us to lose ~~customers~~ **clients** ,and damage our reputation.Alternative arrangements and services may not be available to us on commercially reasonable terms or we may experience business interruptions upon a transition to an alternative partner.Our ~~Wealth Management~~ business does not offer ~~any proprietary financial products.Instead,it provides wealth,investment and insurance products through distribution agreements with third- party financial institutions,including banks,mutual funds,and insurance companies.These products are sold by our financial professionals,most of which are independent contractors.Maintaining and deepening relationships with these unaffiliated distributors and financial professionals is an important part of our growth strategy because strong third- party distribution arrangements enhance our ability to market our products and increase our advisory assets,revenues,and profitability.There can be no assurance that the distribution and financial professional relationships we have established will continue,or that they will continue under existing or favorable terms.Our~~

~~distribution partners and financial professionals may cease to operate,consolidate,institute cost- cutting efforts,discontinue product~~ any **proprietary financial products.** Instead,it provides wealth,investment **,** and insurance products through distribution agreements with third- party financial institutions,including banks,mutual funds,and insurance companies.These products are sold by our financial professionals,most of ~~which~~ **whom** are independent contractors.Maintaining and deepening relationships with these unaffiliated distributors and financial professionals is an important part of our growth strategy because strong third- party distribution arrangements enhance our ability to market our products and increase our advisory assets,revenues,and profitability. ~~There can be no assurance that the distribution and financial professional relationships we have established will continue,or that they will continue under existing or favorable terms.~~ Our distribution partners and financial professionals may cease to operate, **consolidate,institute cost- cutting efforts,discontinue product sales or compensation streams,or otherwise terminate their relationship with us.Any** such ~~programs~~ **reduction in access to third- party distributors and financial professionals may have a Material Adverse Effect on our ability to market our products and to generate revenue. In addition** , **there are risks associated with our third- party clearing and custody firm that we rely on to provide clearing and custody services for our business, including the potential adverse effects to our business** if **it is** ~~to our business if they are~~ unable to provide timely service to us (or not provide service at all),or if they are unable to adapt to industry and technological changes.Access to investment and insurance product distribution channels is subject to intense competition due to the large number of competitors and products in the broker- dealer,investment advisory **,** and insurance industries.Relationships with distributors are subject to periodic negotiation that may result in increased distribution costs and / or reductions in the amount of revenue we realize based on sales of particular products or ~~customer~~ **client** assets.In addition,regulatory changes may negatively impact our revenues and profits related to particular products or services.Any increase in the costs to distribute our products or reduction in the type or amount of products made available for sale,or revenue associated with those products,could have a Material Adverse Effect. **Avantax,Inc.| 2022 Form 10- K 19** The products and services **we** ~~offered~~ -- **offer** ~~by our Wealth Management and Tax Software businesses~~ are reliant on products,tools,platforms,systems **,** and services ~~provided by approved~~ -- **provided** by ~~our stockholders~~ **key vendors and partners** , **including third- party CPA firms and financial professionals. If these third- party products, tools, platforms, systems, and services do not operate as anticipated,** ~~or~~ **our** ~~our~~ ability to conduct and grow our operations and execute our business strategy could be materially harmed and we could incur harm to our business and reputation,as well as potentially significant costs to improve or replace such products and services.Our business is reliant upon various providers of financial,accounting,technology,marketing,and business products,tools,platforms,systems **,** and services that we use to conduct operations ~~relating to our Wealth Management and Tax Software businesses~~ . ~~In our Wealth Management business,these~~ **These** key relationships include,among others,our network of financial professionals and CPA partner firms,the provider of our clearing platform, ~~Blucora~~ **and the provider our investment advisory platform,each of which we rely on to conduct** ~~any~~ **many business activities and transactions with clients, financial professionals, vendors, and** other ~~incentive programs~~ **third parties. The products** , ~~would~~ **tools, platforms, systems and services provided by key vendors and partners have required, and may continue to require, significant operational, technological, and logistical efforts from our financial professionals, employees and contractors in order to effectively implement and integrate into our operations. We expect to continue to acclimate our current and future employees, financial professionals and clients to these third parties' technology, product offerings, processes, procedures, workflows, and capabilities from time to time. The technology, service and product offerings of other key vendors and partners may not** be ~~successful in motivating and retaining~~ **accepted by key stakeholders, financial professionals** ~~our~~ - **or** ~~employees~~ **clients at the levels we anticipate, and may not provide the level of benefits that we expect even if accepted** . ~~Our Wealth Management~~ **If a significant number of our key stakeholders, including financial professionals and clients, are or become dissatisfied with the different products, tools, platforms, systems, and services, including related technology, processes, policies and products, that our key vendors and partners offer and they leave, use a competitor' s product or services, or seek contractual terms with us that are less favorable to our** business **, it could have a Material Adverse Effect. We** ~~operates~~ - **operate** in the United States with broad exposure to the global financial markets ~~, and our Tax Software business offers tax-filing services in the federal jurisdiction of the United States and various state jurisdictions~~ . Accordingly, we are affected by United States and global economic and political conditions that directly and indirectly impact a number of factors in the domestic and global financial markets and economies, which may be detrimental to our operating results. In addition ~~, as a result of the SimpleTax sale in September 2019~~ , all of our revenue is now earned within the United States, and therefore, economic conditions in the United States have an even greater impact on us than companies with an international presence. Domestic and international factors that could affect our business include, but are not limited to, trading levels, investing, origination activity in the securities markets, security and underlying asset valuations, the absolute and relative level and volatility of interest and currency rates, real estate values, the actual and perceived quality of issuers and borrowers, the supply of and demand for loans and deposits, United States and foreign government fiscal and tax policies, United States and foreign government ability, real or perceived, to avoid defaulting on government securities, inflation, decline and stress or recession in the United States and global economies generally, terrorism, war and armed conflicts, economic sanctions, trade wars and their collateral impacts, the impact of the United Kingdom' s exit from the European Union, climate change, natural disasters such as weather catastrophes, and widespread health emergencies, such as the COVID- 19 pandemic. Furthermore, changes in consumer economic variables, such as the number and size of personal bankruptcy filings, the rate of unemployment, decreases in property values, certain life events, and the level of consumer confidence and consumer debt ~~,~~ may substantially affect consumer loan levels and credit quality. ~~In addition, the COVID- 19 pandemic has had a material negative impact on the U. S. and global economy as a whole, especially during the first quarter of 2020, and has caused substantial disruption in the U. S. and global securities and debt markets. While the United States and global financial markets experienced increased stability in the second, third and fourth quarters of 2020, uncertainty and potential volatility remain.~~ A period of sustained downturns and / or volatility in the securities markets ~~, changes in interest rates by the Federal Reserve~~ , a return to increased credit market dislocations, reductions in the value of real estate, and other negative market factors could have a Material Adverse Effect on our business. We could experience a decline in commission revenue from lower trading volumes, a decline in fees from reduced portfolio values of securities managed on behalf of our ~~customers~~ **clients** , a reduction in revenue from capital markets and advisory transactions due to reduced activity, increased credit provisions and charge- offs, losses sustained from our ~~customers~~ **clients** ' and market participants' failure to fulfill their settlement obligations, reduced net interest earnings, and other losses. Periods of reduced revenue and other losses could be accompanied by periods of reduced profitability because certain of our expenses, including, but not limited to, our interest expense on debt, rent, facilities and salary expenses are fixed and, our ability to reduce them over short time periods is limited. Other more specific trends may also affect our financial condition and results of operations, including, for example, changes in the mix of products preferred by investors that may cause increases or decreases in our fee **Avantax, Inc. | 2022 Form 10- K 20** revenues associated with such products, depending on whether investors gravitate towards or away from such products. The timing of such trends, if any, and their potential impact on our financial condition and results of operations are beyond our control. **Each of** ~~Challenging economic times and changes to the~~ **these factors** ~~Federal or various states' tax code (personal and / or corporate)~~ could ~~cause potential new customers not to purchase or to delay purchasing of our products and services, and could cause our existing customers to discontinue purchasing or delay upgrades of our existing products and services, thereby negatively impacting~~ --- **impact client activity in** our ~~revenues~~ **business** and ~~future financial results. Poor economic conditions and high unemployment~~ have ~~caused, and could in the future cause,~~ a **Material Adverse** ~~significant decrease in the number of tax returns filed, which may have a significant effect~~ **Effect** ~~on the number of tax returns we prepare and file~~ . In addition, ~~weakness in the end- user consumer and small business markets could negatively affect the cash flow of our distributors and resellers who could, in turn, delay paying their obligations to us, which could increase our credit risk exposure and cause delays in our recognition of revenue or future sales to~~ these **factors may** ~~customers. The issuance of additional Economic Impact Payments via the IRS could disrupt the tax season and cause customer confusion, which could~~ have an impact on our ~~financial results. Any of these events could have a Material Adverse Effect. See Blucora, Inc. | 2021 Form 10- K 24 " We may be negatively impacted by any future changes in tax laws " for a discussion of additional risks related to changes in the tax code. Each of these factors could impact customer activity in our business and have a Material Adverse Effect. In addition, these factors may have an impact on our~~ ability to achieve our strategic objectives and to grow our business . Our Tax Software and Wealth Management...... it could have a Material Adverse Effect . We are required to evaluate goodwill and acquired intangible assets for impairment at least annually or more frequently if there are indicators that the carrying amount of our goodwill and acquired intangible assets, which consist primarily of our financial professional, ~~customer~~ **client** , and sponsor relationships, our technology and our trade names, exceed their fair value. For these impairment tests, we use various qualitative or quantitative methods to estimate the fair value of our goodwill and acquired intangible assets. If the fair value of an asset is less than its carrying value, we would recognize an impairment charge for the difference. As of December 31, ~~2021~~ **2022** , we had $ ~~454~~ **266** . ~~8~~ **3** million of goodwill and $ ~~302~~ **266** . ~~3~~ **0** million of acquired intangible assets on our consolidated balance sheets. For the year ended December 31, 2020, in connection with the Wealth Management reporting unit, we recorded a non- cash impairment charge of $ 270. 6 million, as discussed further in " Item 8. Financial Statements and Supplementary Data — Note ~~5~~ **6** . " ~~For the year ended December 31, 2019, we recorded a non- cash impairment charge of $ 50. 9 million for our HD Vest indefinite- lived trade name, as discussed further in Item 8. Financial Statements and Supplementary Data — Note 5.~~ It is possible that we could have additional impairment charges for goodwill or acquired intangible assets in future periods if, among other things, (i) overall economic conditions in current or future years decline, (ii) business conditions or our strategies for a specific business unit or our trade names change from our current strategies or assumptions, (iii) we suffer from an event that impacts our reputation or brand, or (iv) we experience significant unfavorable changes in our forecasted revenue, expenses, cash flows, weighted average cost of capital, and / or market valuation multiples. If we divest or discontinue businesses or products that we previously acquired or if the value of those parts of our business become impaired, we also may need to evaluate the carrying value of our goodwill. Any such charges could negatively impact our operating results and could cause a Material Adverse Effect. The ~~tax preparation and~~ wealth management ~~industries~~ **industry** ~~are~~ **is** characterized by rapidly changing technology, evolving industry and security standards, and frequent new product introductions. Our competitors ~~in these industries~~ offer new and enhanced products and services every year. Consequently, ~~customer~~ **client** expectations are constantly changing. We must successfully innovate and develop or offer new products and features to meet evolving ~~customer~~ **client** needs and demands, while continually updating our technology infrastructure. We must devote significant resources to developing our skills, tools, and capabilities in order to capitalize on existing and emerging technologies. Our inability to quickly and effectively innovate our products, services, and infrastructure could result in a Material Adverse Effect. **Our enterprise risk management framework seeks to achieve an appropriate balance between risk and return, which is critical to optimizing stockholder value.** We ~~offer~~ **have established processes and procedures intended to identify, measure, monitor, report, analyze and control the types of risk to which we are subject. These risks include liquidity risk, credit risk, market risk, interest rate risk, operational risk, legal and compliance risk, and reputational risk, among others. We also maintain a compliance program designed to identify, measure, assess, and report on adherence to applicable laws, policies and procedures to which we and our employees, contractors and financial professionals may be subject. As with any risk management** ~~our~~ - **or** ~~digital tax preparation products~~ **compliance framework, there are inherent limitations to our risk management strategies** and ~~services through~~ **certain risks may exist,** ~~our~~ - **or** ~~website and through~~ **develop in the future, that we have not appropriately anticipated** ~~our~~ - **or** ~~mobile applications~~ **identified, particularly relating to conduct that is difficult to detect and deter** . If ~~our customers do~~ **these frameworks, including the internal controls and other risk- mitigating factors we employ, are** not ~~deem our website or our mobile applications user friendly or if~~ **successful in identifying, monitoring and managing risks, we may be subject to**

~~they~~ - **the risks of errors and misconduct by** ~~deem our competitors' websites or mobile applications more user-friendly or better than ours~~ - **our employees** , **Avantax** ~~our market share could decline, which could have a Material Adverse Effect. In addition, we regularly make upgrades to the technology we use for our tax preparation products, and these upgrades are expected to provide a better user experience and help us to Blucora~~ , Inc. | ~~2021~~ **2022** Form 10- K **21 contractors, financial professionals and** ~~26 keep existing customers or attract new customers. If our mobile applications or the~~ other ~~upgrades~~ **parties with whom** we **conduct** ~~make to the technology we use in our Tax Software~~ business **, such as fraud, non- compliance with policies, rules or regulations, recommending transactions that** are not ~~successful .If these frameworks,including the internal controls and other risk- mitigating factors we employ,are not successful in identifying,monitoring and managing risks,we may be subject to the risks of errors and misconduct by our employees,contractors,financial professionals and other parties with whom we conduct business,such as fraud,non- compliance with policies,rules or regulations,recommending transactions that are not~~ suitable,and improperly using or disclosing confidential information.We are further subject to the risk of nonperformance or inadequate performance of contractual obligations by third- party vendors of products and services that are used in our business.Management of operational,legal and regulatory risks requires,among other things,policies and procedures to record properly and verify a large number of transactions and events,and these policies and procedures may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk.Insurance and other traditional risk- shifting tools may be held by or available to us in order to manage certain exposures,but they are subject to terms such as deductibles,coinsurance,limits and policy exclusions,as well as the risk of counterparty denial of coverage,default or insolvency.If our risk management and compliance framework prove ineffective,we could suffer unexpected claims or losses,experience reputational harm,and / or cause a Material Adverse Effect. **Additionally** ~~In our Wealth Management business~~ ,prevention and detection of wrongdoing or fraud by our financial professionals,many of ~~which~~ **whom** are not our employees and tend to be located remotely from our headquarters,present unique challenges ~~.There cannot be any assurance that misconduct by our financial professionals will not lead to a Material Adverse Effect on our business~~ .RIAs have fiduciary obligations that require us and our financial professionals to act in the best interests of our ~~customers~~ **clients** and to disclose any material conflicts of interest.Conflicts of interest are under growing scrutiny by U.S.federal and state regulators.Our risk management processes include addressing potential conflicts of interest that arise in our business.Management of potential conflicts of interest has become increasingly complex.A perceived or actual failure to address conflicts of interest adequately could **adversely** affect our reputation ~~,~~ **and** the willingness of ~~customers~~ **clients** to transact business with us or give rise to litigation or regulatory actions,any of which could have a Material Adverse Effect. **Climate change may cause extreme weather events that disrupt operations at one or more of our offices,which may negatively affect our ability to provide service to our clients and our financial professionals and the ability of our financial professionals to interact with their clients.Climate change may also have a negative impact on the financial condition of our clients,which may decrease revenues from those clients.New regulations or guidance relating to climate change,as well as the perspectives of shareholders,employees,and other stakeholders regarding climate change,may affect whether and on what terms and conditions we engage in certain activities or offer certain products.** Our ~~Wealth Management~~ business ~~is subject to enhanced regulatory scrutiny and~~ is heavily regulated by multiple agencies,including the SEC,FINRA,state securities and insurance regulators,and other regulatory authorities.Failure to comply with **applicable** ~~these regulators'~~ laws,rules,and regulations could result in the restriction of the ongoing conduct or growth,or even liquidation of,parts of our business and otherwise cause a Material Adverse Effect.In addition, **governmental or** ~~regulators~~ **regulatory authorities** may adopt new laws,rules or regulations,or their interpretation of existing laws,rules or regulations may differ from our interpretation of the laws,rules or regulations that are applicable to our business.Regulators may **heighten their focus on the laws,rules,and regulations that affect our business,or** undertake certain initiatives or reviews of our business and may also pursue enforcement actions against us based on their initiatives or their interpretation of the laws,rules or regulations that could require or prompt us to change our business practices, **impose significant limitations on the way we conduct our business or require us to modify our current or future products or services in a manner that is detrimental to our business,** increase our costs,including **as a** ~~resulting~~ --- **result** ~~in~~ **of** significant fines,penalties and disgorgement,reduce our revenue **,require notifications to clients or employees,restrict our use of personal information** ,or cause reputational harm,any of which could cause a Material Adverse Effect. ~~Blucora,Inc~~ - **In addition,as we expand our products and services and revise our business models,we may become subject to additional government regulation or increased regulatory scrutiny** . ~~| 2021 Form 10- K 30~~ For example **,in December 2021** ,1st Global (which is now known as Avantax Investment Services,Inc.) ~~recently~~ consented to a settlement with the SEC in which we agreed (without admitting or denying the findings set forth in the SEC' s Order) to pay disgorgement,interest and a penalty in the total amount of $ 16.9 million,as part of the SEC' s broad review of wealth management firms related to mutual fund share class selection disclosures that began in 2018.Regulators,such as the SEC or FINRA,may pursue similar initiatives in the future,and there can be no guarantee that such initiatives would not cause a Material Adverse Effect. **Avantax,Inc.| 2022 Form 10- K 22** The regulatory environment in which **we** ~~our Wealth Management business operates~~ - **operate** is continually evolving,and the level of financial regulation to which we are subject has generally increased in recent years.Regulators have adopted,proposed to adopt,and may in the future adopt regulations that could impact the manner in which we ~~will~~ market products and services ~~in our Wealth Management business~~ ,manage our ~~Wealth Management~~ business operations **,manage our cybersecurity program** ,and interact with regulators ~~.The Biden administration may undertake a broad review of U.S.fiscal laws and regulations~~ .If significant changes are enacted ~~as a result of this review~~ **to U.S.fiscal laws and regulations** ,such changes could negatively impact our ~~Wealth Management~~ business and cause a Material Adverse Effect.Legislatures and securities regulators in certain states in which we do business have enacted (or have considered enacting) their own standard of conduct rules for broker- dealers,insurance agents,and investment advisers.The requirements and scope of these state rules are not uniform.Accordingly,we may have to adopt different policies and procedures in different states,which could create added compliance,supervision,training and sales costs for our ~~Wealth Management~~ business.Should more states enact similar legislation or regulations ~~,it could result in material additional compliance costs and could have a Material Adverse Effect.Avantax Wealth Management distributes its products and services through financial professionals who affiliate with us as independent contractors.Legislative,judicial,or regulatory (including tax) authorities or agencies could introduce and approve proposals or legislation or assert interpretations of existing rules and regulations that would change,or at least challenge,the classification of certain of~~ , it could result in ~~wasted development~~ **material additional compliance** costs ~~or damage to~~ **and could have a Material Adverse Effect. Avantax Wealth Management distributes its products and services through financial professionals who affiliate with us as independent contractors. Legislative, judicial,** ~~our~~ - **or** ~~brands~~ **regulatory (including tax) authorities or agencies could introduce** and ~~market share, any~~ **approve proposals or legislation or assert interpretations** of ~~additional compliance costs and could have a Material Adverse Effect.Avantax Wealth Management distributes its products and services through financial professionals who affiliate with us as independent contractors.Legislative,judicial,or regulatory (including tax) authorities or agencies could introduce and approve proposals or legislation or assert interpretations of~~ existing rules and regulations that would change,or at least challenge,the classification of certain of our financial professionals as independent contractors. ~~Although we~~ **For example,the Department of Labor proposed a new rule in October 2022 meant to change the employment status of independent contractors,which rule,if it becomes effective without modification,may affect some financial advisors,particularly those working in affiliation with independent broker / dealers.We** believe we have properly classified certain of our financial professionals as independent contractors, **but** the IRS **,the Department of Labor,** or other U.S.federal or state authorities or similar authorities may determine that we have misclassified certain of our financial professionals as independent contractors for employment tax or other purposes and,as a result,seek additional taxes from us or attempt to impose fines and penalties, ~~which could have~~ which could have a Material Adverse Effect. In addition,the SEC and FINRA have extensive rules and regulations with respect to capital requirements.As a registered broker- dealer, **we are** ~~our Wealth Management business is~~ subject to Rule 15c3- 1 (the “ Net Capital Rule ”) under the Securities Exchange Act of 1934,as amended (the “ Exchange Act ”),and related requirements of self- regulatory organizations,which specify minimum capital requirements that are intended to ensure the general soundness and liquidity of broker- dealers.As a result of the Net Capital Rule,our ability to withdraw capital from our subsidiaries ~~that comprise our Wealth Management business~~ could be restricted,which in turn could limit our ability to operate the business,repay debt, ~~or~~ redeem or purchase shares of our outstanding stock,or pay dividends,which could have a Material Adverse Effect.A large operating loss or charge against net capital could adversely affect our ability to expand or even maintain our present levels of business. **Further,we** ~~Our Wealth Management business offers~~ - **offer** products sponsored by third parties,including,but not limited to,mutual funds,insurance,annuities,and alternative investments.These products are subject to complex laws,rules and regulations that change frequently. ~~Although we have controls in place to facilitate compliance with such laws,rules and regulations,there can be no assurance that our interpretation of the regulations will be consistent with various regulators' interpretations,that our procedures will be viewed as adequate by regulatory examiners,or that the operating subsidiaries will be deemed to be in compliance with regulatory requirements in all material respects.~~ If products sold by our ~~Wealth Management~~ business do not perform as anticipated due to market factors or otherwise,or if product sponsors become insolvent or are otherwise unable to meet their obligations,this could result in material litigation and regulatory action against us.In addition,we could face liabilities for actual or alleged breaches of legal duties to ~~customers~~ **clients** with respect to the suitability of **the financial products we make available in our open architecture product platform or the investment advice of our financial professionals.Our ability to comply with all applicable laws,rules,and regulations and interpretations of such laws,rules,and regulations is largely dependent on our establishment and maintenance of compliance,audit,and reporting systems and procedures,as well as our ability to attract and retain qualified compliance,audit,and risk management personnel.** We ~~may also encounter problems in connection~~ **have adopted systems, policies, and procedures reasonably designed to comply or facilitate compliance** with ~~our mobile application~~ **all applicable laws** , **rules,** and ~~we may need to devote significant resources to~~ **regulations and interpretations of such laws, rules, and regulations, but** ~~the~~ **these** ~~creation~~ **systems** , ~~support~~ **policies** , and ~~maintenance of new user experiences~~ **procedures may not be fully effective** . **If we fail to comply with applicable laws, rules, regulations and guidance, such failure could have a Material Adverse Effect. Avantax, Inc. | 2022 Form 10- K 23** Our operating systems and network infrastructure, including our website, transaction management software, data center systems, ~~or~~ **and** the systems of third- party co- location facilities and cloud service providers, could fail, become unavailable or otherwise be inadequate, **and** are subject to significant and constantly evolving cybersecurity and other technological risks, and the security measures that we have implemented to secure confidential and personal information may be breached. A potential breach or any unavailability, inadequacy or failure of our operating systems and network infrastructure may pose risks to the uninterrupted operation of our systems, expose us to mitigation costs, litigation, investigation, fines and penalties by authorities, claims by third parties (including persons whose information was disclosed), damage ~~to~~ our reputation, and / or result in a material loss of revenues and current or potential ~~customers~~ **clients** and have a Material Adverse Effect. Our ~~Tax Software and Wealth Management businesses~~ -- **business is reliant upon financial, accounting and technology systems and networks to process, transmit and store information, including sensitive client and proprietary information, and to conduct many business activities and transactions with clients, advisers, vendors and other third parties. We** collect, use, and retain large amounts of confidential personal and financial information from ~~their customers~~ **our clients** . Maintaining the integrity of our systems and networks is critical to the success of our business operations, including the retention of our ~~customers~~ **clients** and financial professionals, and to the protection of our proprietary information and our ~~customers~~ **clients** ' personal information **. The failure to implement, maintain and safeguard an infrastructure commensurate with the size and scope of our business could impede our productivity and growth, which could adversely impact our results of operations and financial condition. Extraordinary trading volumes, malware,**

ransomware or attempts by hackers to introduce large volumes of fraudulent transactions into our systems, beyond reasonably foreseeable spikes in volumes, could cause our computer systems to operate at an unacceptably slow speed or even fail . A major breach or failure of our systems or those of our third- party service providers or partners **, which could result from these or other events beyond our control, or an inability or failure to effectively upgrade those systems or implement new technology- driven products or services,** may have materially negative consequences for our business, including possible fines, penalties and damages, **unanticipated disruptions in or** reduced demand for our services, harm to our reputation and brands, further regulation and oversight by federal or state agencies, and loss of our ability to provide financial transaction services **. Cybersecurity requires ongoing investment and diligence against evolving threats and is subject to federal and state regulation relating to the protection of confidential information. We may be required to expend significant additional resources to modify** ~~or~~ **our** ~~accept~~ **protective measures, to investigate** and ~~process customer credit card orders~~ **remediate vulnerabilities or other exposures, to make required notifications, or to update** ~~or~~ **our** ~~tax returns~~ **technologies, websites and web based applications to comply with industry and regulatory standards, but we may not have adequate personnel, financial or other resources to fully meet these threats and evolving standards. We will also be required to effectively and efficiently govern, manage and ensure timely evolutions in our systems, including in their design, architecture and interconnections as well as their organizational and technical protections** . We may detect, or we may receive notices from ~~customers~~ **clients, financial professionals** , service providers or public or private agencies that they have detected, vulnerabilities or current or potential failures in our operating systems, **our** network infrastructure, or our software. The existence of vulnerabilities, even if they do not result in a security breach or system failure, may harm ~~customer~~ **client** confidence and require substantial resources to address, and we may not be able to discover or remediate such vulnerabilities, breaches, or failures. Additionally, any system interruptions that result in the unavailability or unreliability of our websites, transaction processing systems, or network infrastructure could materially reduce our revenue and impair our ability to properly process transactions. Any system unavailability or unreliability may cause unanticipated system disruptions, slower response times, degradation in ~~customer~~ **client** satisfaction, additional expense, or delays in reporting accurate financial information. In addition, hackers may develop and deploy viruses, worms, and other malicious software programs that can be used to attack our or our third- party service providers' operating systems and network infrastructure. ~~Although we utilize network and application security measures, internal controls, and physical security procedures to safeguard our systems, there can be no assurance that a security breach, intrusion, or loss or theft of personal information will not occur.~~ Any such incident could cause a Material Adverse Effect and require us to expend significant resources to address these problems, including notification under data privacy regulations. In addition, our employees (including temporary and seasonal employees) and contractors may have access to sensitive and personal information of our ~~customers~~ **financial professionals, clients,** and employees. **We** ~~While we~~ conduct background checks on our employees and contractors and limit access to systems and data, **but** it is possible that one or more of these individuals may circumvent these controls, resulting in a security breach. It is also possible that unauthorized access to or disclosure of ~~customer~~ **client** data may occur due to inadequate use of security controls by our ~~customers~~ **clients** . Unauthorized persons could gain access to ~~customer~~ **client** accounts if ~~customers~~ **clients** do not maintain effective access controls of their systems and software. ~~While~~ **Although** we **take protective measures and endeavor to modify them as circumstances warrant, our computer systems, software and networks are to some degree vulnerable to unauthorized access, human error, computer Avantax, Inc. | 2022 Form 10- K 24 viruses, denial- of- service attacks, malicious code, spam attacks, phishing, ransomware or other forms of social engineering and other events that could impact the security, reliability, confidentiality, integrity and availability of our systems. To the extent third parties, such as product sponsors, also retain similarly sensitive information about our advisors or their clients, their systems may face similar vulnerabilities. We are not able to protect against these events completely given the rapid evolution of new vulnerabilities, the complex and distributed nature of our systems, our interdependence on the systems of other companies and the increased sophistication of potential attack vectors and methods against our systems. In particular, advisors work in a wide variety of environments, and although we require compliance with our security policies, we cannot ensure the consistent compliance with these policies across all of our advisors, or that our policy will be adequate to address the evolving threat environment. In addition, even if we and our advisors comply with our policies and procedures, persons who circumvent security measures or bypass authentication controls could infiltrate or damage our systems or facilities and wrongfully use our confidential information or clients' confidential information or cause interruptions or malfunctions in our operations. Cyber- attacks can be designed to collect information, manipulate, destroy or corrupt data, applications, or accounts and to disable the functioning or use of applications or technology assets. If one or more of these events occur, they could jeopardize our own, our advisors' or their clients', or our counterparties' confidential and other information processed, stored in and transmitted through our computer systems and networks, or otherwise cause interruptions or malfunctions in our own, our advisors' or their clients', our counterparties', or third parties' operations. As a result, we could be subject to litigation, client loss, reputational harm, liability for a failure to safeguard client date, the termination of relationships with our advisors, regulatory sanctions and financial losses that are either not insured or are not fully covered through any insurance we maintain. If any person, including any of our employees or advisors, negligently disregards or intentionally breaches our established controls with respect to client data, or otherwise mismanages or misappropriates that data, we could also be subject to significant monetary damages, regulatory enforcement actions, fines and / or criminal prosecution in one or more jurisdictions. As malicious cyber activity escalates, including activity that originates outside of the United States, the risks we face relating to transmission of data and our use of service providers outside of our network, as well as the storing or processing of data within our network, intensify. We** maintain cyber liability insurance that provides both third- party liability and first- party liability coverages, **but** this insurance is subject to exclusions and may not be sufficient to protect us against all losses. In addition, the trend toward broad consumer and general public notification of such incidents could exacerbate the harm to our business, financial condition, or results of operations. Even if we successfully protect our technology infrastructure and the confidentiality of sensitive data, we may incur significant expenses in connection with our responses to any such attacks as well as the adoption, implementation, and maintenance of appropriate security measures. We could also suffer harm to our business and reputation if attempted security breaches are publicized. We cannot be certain that advances in criminal capabilities, discovery of new vulnerabilities, attempts to exploit vulnerabilities in our systems, data thefts, physical system or network break-ins, inappropriate access, or other ~~Blucora, Inc. | 2021 Form 10- K 27~~ developments will not compromise or breach the technology or other security measures protecting the networks and systems used in connection with our business. We rely on third- party vendors to **provide a variety of services and** host and store certain of our sensitive and personal information and data through co- location facilities and cloud services. We may not have the ability to effectively monitor or oversee the implementation of the security and control measures utilized by our third- party partners, and, in any event, individuals or third parties may be able to circumvent and / or exploit vulnerabilities that may exist in these security and business controls, resulting in a loss of sensitive and personal ~~customer~~ **client** or employee information and data **. We expect that our regulators would hold us responsible for any deficiencies in our oversight and control of our third- party relationships and for the performance of such third parties. If there were deficiencies in the oversight and control of our third- party relationships, and if our regulators held us responsible for those deficiencies, our business, reputation and results of operations could be adversely affected** . Additionally, our systems, operations, data centers and cloud services, and those of our third- party service providers and partners, could be susceptible to damage or disruption, including in cases of fire, flood, earthquakes, other natural disasters, power loss, telecommunications failure, internet breakdown, break- in, human error, software bugs, hardware failures, malicious attacks, computer viruses, computer denial of service attacks, terrorist attacks, or other events beyond our control. Such damage or disruption may affect internal and external systems that we rely upon to provide our services, take and fulfill ~~customer~~ **client** orders, handle ~~customer~~ **client** service requests, and host other products and services. During the period in which any of our services or products are unavailable, we could be unable or severely limited in our ability to generate revenues, and we may also be exposed to liability from those third parties to whom we provide such services or products. We could face significant losses as a result of these events, and our business interruption insurance may not be adequate to compensate us for all potential losses, which could result in a Material Adverse Effect. **We** ~~Our Tax Software and Wealth Management businesses~~ have business continuity plans that include secondary disaster recovery centers, but if **Avantax, Inc. | 2022 Form 10- K 25** their primary data centers fail and those disaster recovery centers do not fully restore the failed environments, our business could suffer . In particular, if such interruption...... products and services and damage our reputation . Regulations related to data processing by online service providers is evolving as federal, state, and foreign governments continue to adopt new, or modify existing, laws and regulations addressing data privacy and the collection, processing, storage, transfer, and use of data. This includes, for example, the European Union' s General Data Protection Regulation, rules and regulations promulgated under the authority of the Federal Trade Commission, the Health Insurance Portability and Accountability Act of 1996, federal and state labor and employment laws, state data breach notification laws, and state privacy laws such as the California Consumer Privacy Act of 2018, the California Privacy Rights Act of 2020, the Colorado Privacy Act, the Virginia Consumer Data Privacy Act, the New York Stop Hacks and Improve Electronic Data Security (SHIELD) Act, the Gramm-Leach- Bliley Act of 1999, SEC Regulation S- P, the Fair Credit Reporting Act of 1970, as amended, and Regulation S- ID, and further potential federal and state requirements. If we are unable to engineer products that meet these evolving requirements or help our ~~customers~~ **clients** meet their obligations under these or other new data regulations, we might experience reduced demand for our offerings. Further, penalties for non- compliance with these laws may be significant. Other governmental authorities throughout the U. S. and around the world **have proposed or** are considering similar types of legislative and regulatory proposals. Each of these privacy, security, and data protection laws and regulations could impose significant limitations, require changes to our business, require notification to ~~customers~~ **clients** or workers of a security breach, restrict our use or storage of personal information, or cause changes in ~~customer~~ **client** purchasing behavior, which may make our business more costly, less efficient or impossible to conduct, and may require us to modify our current or future products or services, which may make ~~customers~~ **clients** less likely to purchase our products and may harm our future financial results. Additionally, any actual or alleged noncompliance with these laws and regulations could result in negative publicity and subject us to investigations, claims, or other remedies, including demands that we modify or cease existing business practices, and expose us to significant fines, penalties, and other damages. We have incurred, and may continue to incur, significant expenses to comply with existing privacy and security standards and protocols imposed by law, regulation, industry standards, or contractual obligations. Additionally, the continued occurrence of cyberattacks and data breaches against governments, businesses individuals, indicates that we operate in an external environment where cyberattacks and data breaches are increasingly common. If the global cybersecurity environment worsens, and there are increased instances of security breaches of third- party offerings where consumers' data and sensitive information is compromised, consumers may be less willing to use online offerings, particularly offerings like ours in which ~~customers~~ **clients** often share sensitive financial data. In addition, the increased availability of data unlawfully released as a result of breaches of third- party offerings could make our own products more vulnerable to fraudulent activity. Even if our products are not affected directly by such incidents, certain types of indents could damage our reputation and deter current and ~~Blucora~~ **potential clients from adopting our products and services or lead clients to cease using online and connected software products to transact financial business altogether. We capture and use user data for analytics as well as marketing purposes. In connection with our use of user data for these business efforts, concerns may be expressed about whether our products, services, or processes compromise the privacy expectations of users, clients and others. For example, the use by our former tax software business of the Meta Pixel has recently been the subject of media and policymaker scrutiny. Concerns about our practices with regard to the collection,**

use, disclosure or security of personal information or other privacy related matters, even if unfounded, could damage the reputation of our business and our brands and adversely affect our operating results. Avantax , Inc. | ~~2021~~ **2022** Form 10-K ~~33 potential~~ **26 We believe that our future success will depend in part on our ability to anticipate and adapt to technological advancements required to meet the changing demands of our financial professionals and their clients. We depend on highly specialized technology to support our business functions, including among others: • securities trading and custody; • portfolio management; • performance reporting; •** ~~customers~~ - **customer** ~~from~~ **service; • accounting and internal financial processes and controls; and • regulatory compliance and reporting. Our continued success depends on our ability to effectively** ~~adopting~~ --- **adopt new** ~~our~~ - **or** ~~products~~ **adapt existing technologies to meet changing client, industry** and **regulatory demands. The emergence of new industry standards and practices could render our existing systems obsolete or uncompetitive. There cannot be any assurance that another company will not design a similar or better platform that renders our technology less competitive. Maintaining competitive technology requires us to make significant capital expenditures, both in the near term and longer- term. There cannot be any assurance that we will have sufficient resources to adequately update and expand our information technology systems or capabilities, or offer our** services **on the personal and mobile computing devices that may be preferred by** ~~or~~ **our financial professionals and / or their clients, nor can there be any assurance that any upgrade or expansion efforts will be sufficiently timely, successful, secure and accepted by our current and prospective financial professionals or their clients. The process of upgrading and expanding our systems has at times caused, and may in the future cause, us to suffer system degradations, outages and failures. If our technology systems were to fail and we were unable to recover in a timely way, we would be unable to fulfill critical business functions, which could** lead ~~customers~~ to ~~cease using online~~ **a loss of advisors** and **could harm our reputation** ~~connected software products to transact financial business altogether~~ . ~~We~~ **A breakdown in advisors' systems could** have **similar** ~~begun, and currently plan to continue, increasing our volume of capture and scope of our use of user data for marketing purposes. In connection with our use of user data for marketing efforts, concerns may be expressed about whether our products, services, or processes compromise the privacy expectations of users, customers and others. Concerns about our practices with regard to the collection, use, disclosure or security of personal information or other privacy related matters, even if unfounded, could damage the reputation of our business and our brands and adversely affect~~ **effects** ~~our operating results~~ . **A technological breakdown** ~~Changes in state and federal tax laws and / or filing deadlines, including changes associated with the Economic Impact Payments, have required, and may in the future require updates to our tax preparation software used in our Tax Software business. Such updates are costly and may be time consuming to ensure that they accurately reflect the new laws that are adopted. In addition, further changes in the way that state and federal governments structure their taxation regimes~~ could also **interfere with our ability to comply with financial reporting and other regulatory requirements, exposing us to disciplinary action and to liability to our advisors and their clients. Security, stability and regulatory risks also exist** ~~cause~~ **because parts of our infrastructure and software are beyond their manufacturer' s stated end of life. We are working to mitigate such risks through additional controls and increased modernization spending, although we cannot provide assurance that our risk mitigation efforts will be effective, in whole or in part. Current and future litigation, regulatory proceedings, or adverse court interpretations of the laws and regulations under which we operate could have** a Material Adverse Effect ~~on~~ **. Many aspects of** our ~~Tax Software~~ business ~~. The introduction~~ **involve substantial risks** of ~~a simplified~~ **liability and regulatory oversight. We are currently subject to certain legal and regulatory proceedings and are likely to be subject to such proceedings in the future. In highly volatile markets, the volume of claims and amount of damages sought in litigation and regulatory proceedings against financial institutions have historically increased. Any proceedings to which we are subject, such as regulatory proceedings (including investigations or inquiries), purported class actions, shareholder derivative lawsuits, or claims by wealth management clients, as well as any claims brought against us by Buyer** ~~or~~ **for** ~~flattened~~ **losses arising from our pre- closing operations of TaxAct, could result in substantial expenditures, generate adverse publicity, and significantly impair our business, or force us to change our business practices. Involvement in any regulatory proceeding or the defense of any lawsuit, even if successful, could require substantial time and attention of our management and could require the expenditure of significant amounts for legal fees, insurance costs, and other related costs. In addition, litigation or regulatory proceedings (including those brought by state or** federal **agencies) relating to** ~~or~~ **our** ~~state taxation structure~~ **business practices, as well as our past business practices in operating TaxAct,** may ~~make~~ **result in additional costs, such as fines, penalties and disgorgement,** ~~our~~ - **or otherwise restrict or limit our business practices, including the offering of certain of our products or** services ~~less necessary or attractive to individual filers, which could reduce revenue and the number of units sold~~ . **To** ~~We also face risk from~~ the **extent** ~~possibility of increased complexity in taxation structures, which may encourage some of our customers to seek professional tax advice instead of using our software or services. In the event~~ that **any** such **additional costs** ~~changes to tax structures cause us to lose market share~~ -- **are incurred,** or ~~cause a decline in customers~~ **restrictions implemented that limit or restrict certain business practices** , it could ~~or restrict certain business practices,it could~~ result in a Material Adverse Effect.Further,as required by GAAP,we estimate loss contingencies and establish reserves based on our assessment of contingencies where liability is deemed probable and reasonably estimable in light of the facts and **Avantax,Inc.| 2022 Form 10- K 27** circumstances known to us at a particular point in time.Subsequent developments in legal or regulatory proceedings may affect our assessment and estimates of the loss contingency recorded as a liability or as a reserve against assets in our financial statements.See " Item 3.Legal Proceedings " along with " Item 8.Financial Statements and Supplementary Data — Note 10." ~~Because litigation, cause~~ **Because litigation, regulatory proceedings, and other disputes are inherently unpredictable, the results of any of these matters may have** a Material Adverse Effect. Companies and individuals with rights relating to the technology industry have frequently resorted to litigation regarding intellectual property rights. These parties have in the past made, and may in the future make, claims against us alleging infringement of patents, copyrights, trademarks, trade secrets, or other intellectual property or proprietary rights, or alleging unfair competition or violations of privacy or publicity rights. Responding to any such claims could be time- consuming, result in costly litigation, divert management' s attention, cause product or service release delays, or require removal or redesigning of our products or services, payment of damages for infringement, or entry into royalty or licensing agreements. Our technology, services, and products may not be able to withstand any third- party claims or rights against their use. In some cases, the ownership or scope of an entity' s or person' s rights is unclear. In addition, the ownership or scope of such rights may be altered by changes in the legal landscape, such as through developments in U. S. or international intellectual property laws or regulations or through court, agency, or regulatory board decisions. If a successful claim of infringement were made against us and we could not develop non- infringing technology or content or license the infringed or similar technology or content on a timely and cost- effective basis, we could experience a Material Adverse Effect. We rely heavily on our technology and intellectual property, but we may be unable to adequately or cost- effectively protect or enforce our intellectual property rights, thereby weakening our competitive position and negatively impacting our business and financial results. We may have to litigate to enforce our intellectual property rights, which can be time consuming, expensive, and difficult to predict. To protect our rights related to our services and technology, we rely on a combination of copyright and trademark laws, trade secrets, confidentiality agreements with employees and third parties, and protective contractual provisions. We also rely on laws pertaining to trademarks and domain names to protect the value of our corporate brands and reputation. Despite our efforts to protect our proprietary rights, unauthorized parties may copy aspects of our services or technology, obtain and use information, marks, or technology that we regard as proprietary, or otherwise violate or infringe our intellectual property rights. In addition, it is possible that others could independently develop substantially equivalent intellectual property. Effectively policing the unauthorized use of our services and technology is time- consuming and costly, and the steps taken by us may not prevent misappropriation of our technology or other proprietary assets. If we do not effectively protect our intellectual property, or if others independently develop substantially equivalent intellectual property, our competitive position could be materially weakened. ~~Blucora~~ **The TaxAct Sale transformed the Company into a pure- play wealth management company. In connection with the TaxAct Sale, we have begun streamlining our business, including the departure of certain senior leaders, to adjust to being a smaller, less complex enterprise. Such loss of certain senior leadership could cause a disruption in how we operate and have a negative effect on our business. In addition, we plan to return a significant amount of the proceeds from the TaxAct Sale to our stockholders. However, there is no guarantee that we will be able to return all of such proceeds to our stockholders on a timely basis or at all. If we are unable to return a significant amount of capital to stockholders, our stock price could be adversely affected. Any operational challenges or disruptions faced by the Company as a result of the TaxAct Sale or the inability to return a significant amount of capital to stockholders could result in a Material Adverse Effect. Avantax** , Inc. | ~~2021~~ **2022** Form 10- K ~~34~~ **28 In connection with the TaxAct Sale, we have certain ongoing indemnification obligations, and we and the Buyer have agreed to provide certain transitional services to each other for an initial period ending on June 19, 2023. Moreover, notwithstanding the TaxAct Sale, we have incurred, and expect to continue to incur, costs in connection with our former tax software business' s use of the Meta Pixel.** We **may incur unanticipated costs** ~~completed the acquisitions of 1st Global in 2019~~ and ~~HKFS~~ **liabilities** in ~~2020~~ **connection with our indemnification obligations or our provision of transition services to the Buyer. In addition, providing transition services may divert our management' s and employees' attention and may adversely affect our continuing business operations. There may also be disputes with the Buyer over costs associated with transition services** . We may ~~fail~~ **seek** to **acquire companies** ~~realize all of the anticipated benefits of these acquisitions, including the expected operational, revenue, and cost synergies with our~~ - **or** ~~Wealth Management~~ **assets that complement our** business ~~and the level of revenue and profitability growth that we are expecting, or these benefits may not be achieved within the anticipated timeframe~~ . Additionally, as part of our business plan, we ~~also~~ have entered, and may in the future enter, into agreements with Avantax Wealth Management financial professionals whereby we acquire their financial services ~~business~~ **businesses** and, following the consummation of the ~~transaction~~ **acquisition** , we serve their clients through our in- house financial professionals. We might not be successful in consummating **acquisitions** ~~these transactions~~ ; we may not realize the anticipated benefits from the ~~transactions~~ **acquisitions** that we do consummate; and we could lose clients who may be unhappy with these acquisitions following their completion. We may **also** face ~~certain~~ integration challenges associated with ~~these~~ acquisitions, which could divert management' s attention from ongoing operations and opportunities. ~~We~~ **In addition, we** may ~~also~~ face difficulties in managing the expanded operations of a significantly larger and more complex company ~~. Furthermore, we have incurred significant transaction costs in connection with the HKFS Acquisition, including payment of certain fees and expenses incurred in connection with the HKFS Acquisition and the financing of the HKFS Acquisition, and our future financial results could be impacted if goodwill or other intangible assets we acquired in the HKFS Acquisition become impaired. The failure to realize the anticipated benefits of these acquisitions could cause an interruption of, or a loss of momentum in, our operations and could result in a Material Adverse Effect. We may seek to acquire companies or assets that complement our Wealth Management and Tax Software businesses. There can be no guarantee that any of the opportunities that we evaluate will result in the purchase by us of any business or asset being evaluated, that we will be able to successfully integrate businesses that we have acquired or may in the future acquire, or that these acquisitions will yield all of the positive benefits and synergies anticipated~~ . If we are successful in our pursuit of any complementary acquisition opportunities, ~~we intend to use available cash, debt and / or~~ **our source (s) of** ~~equity financing, and / or other~~ capital ~~or ownership structures designed to diversify our capital sources and attract a competitive cost of capital, all of which~~ may change our leverage profile. There are a number of factors that impact our ability to succeed in acquiring the companies and assets we identify, including competition for these companies and assets, sometimes from larger or better- funded competitors. As a result, our success in completing acquisitions is not guaranteed. Our expectation is that, to the extent we are successful, any acquisitions will be additive to our ~~businesses~~ -- **business** , taking into account potential benefits of operational synergies. However, ~~these~~ new business additions and acquisitions, if any, involve a number of risks and may not achieve our expectations, and, therefore, we could be materially and adversely impacted by any such new business additions or acquisitions. ~~There~~ -- **The failure to realize the anticipated benefits of acquisitions could cause** ~~can~~ - **an** ~~be no assurance that the short~~ **interruption of, or a loss of momentum in,** ~~or~~ **our operations** ~~long- term value of any business or technology that we develop or acquire will be equal to the value of the cash~~ and **could result in a Material Adverse Effect** ~~other consideration that we pay or expenses we incur~~. We are party to a senior secured credit facility, which consists of a **delayed draw** term loan **facility up to a maximum principal amount of $ 270. 0 million (the " Delayed Draw Term Loan Facility ") and a revolving credit facility with a commitment amount of $ 50. 0 million (the " Revolving Credit Facility "). We may borrow term loans under the Delayed Draw Term Loan Facility** (the " Term ~~Loan~~ **Loans** ") **until January 24, 2024. On February 24, 2023, we borrowed $ 170. 0 million under the Delayed Draw Term Loan Facility. The stated maturity date of the Delayed Draw Term Loan Facility** and **the** ~~revolving~~ **Revolving** ~~line of credit~~ **Credit** ~~(the " Revolver ")~~ **Facility is January 24, 2028. The proceeds of any Term Loans may be used to fund shareholder distributions and** for ~~future~~ **general corporate purposes. The proceeds of any loans under the Revolving Credit Facility may be used to finance** working capital **needs** ~~, capital expenditures~~ and **for** general ~~business~~ **corporate** purposes. ~~As of December 31, 2021, we had $ 561. 3 million in principal amount of outstanding indebtedness under the Term Loan and no amounts outstanding under the Revolver. The final maturity date of the Term Loan and Revolver is May 22, 2024 and February 21, 2024, respectively. Under the terms of the Revolver, we may borrow up to $ 90. 0 million, subject to customary terms and conditions. Blucora, Inc. | 2021 Form 10- K 35~~ Our level of indebtedness may materially and adversely impact our financial condition and future financial results by, among other things: • increasing our vulnerability to downturns in our business, to competitive pressures, and to adverse economic and industry conditions; • requiring the dedication of a portion of our expected cash from operations to service the indebtedness, thereby reducing the amount of expected cash flow available for other purposes, including capital expenditures and complementary acquisitions; • increasing our interest payment obligations in the event that interest rates rise; and **Avantax, Inc. | 2022 Form 10- K 29** • limiting our flexibility in planning for, or reacting to, changes in our businesses and our industries. Our senior secured credit facility imposes certain restrictions on us, including restrictions on our ability to create liens, incur indebtedness and make investments. In addition, our senior secured credit facility includes certain financial covenants, the breach of which may cause the outstanding indebtedness to be declared immediately due and payable. If we fail to comply with our financial and other restrictive covenants contained in the agreements governing our indebtedness, we may be required to refinance all or part of our debt, sell important strategic assets at unfavorable prices or borrow more money. Our borrowings under the senior secured credit facility, and our ability to repay such borrowings, may also negatively impact our ability to obtain additional financing in the future and may affect the terms of any such financing. In addition, we or our subsidiaries ~~,~~ may incur additional debt in the future. Any additional debt may result in risks similar to those discussed above or in other risks specific to the credit agreements entered into for those debts. ~~Although~~ **Liquidity, or ready access to funds, is essential to our business. We expend significant resources investing in our business, particularly with respect to our technology and service platforms. In addition,** we **must maintain certain levels of required capital. As a result, reduced levels of liquidity could have a significant negative effect on us. We** believe that existing cash and cash equivalents **, proceeds from amounts borrowed under our Term Loans,** and cash generated from operations will be sufficient to meet our anticipated cash needs for **our anticipated share repurchases, working capital, capital expenditures, and** servicing debt ~~, working capital, acquisition earn- out payments, and capital expenditures~~ for at least the next 12 months, **but** the underlying levels of revenues and expenses that we project may not prove to be accurate. **On February 24** ~~As of December 31~~ , ~~2021~~ **2023** , we ~~had~~ **borrowed** $ ~~561~~ **170** . ~~3~~ **0** million ~~in principal amount of outstanding indebtedness~~ under the **Delayed Draw** Term Loan ~~and no~~ **Facility. We intend to use a substantial** ~~amounts~~ - **amount** ~~outstanding~~ **of the proceeds received in the TaxAct Sale to fund share repurchases** under the ~~Revolver. Servicing this debt~~ **Tender Offer and our stock repurchase authorization, which** will ~~require~~ **reduce** the ~~dedication~~ **amount** of ~~a portion of~~ our ~~expected~~ cash flow ~~from operations, thereby reducing the amount of our cash flow available~~ for other purposes **, and after which we will be reliant on our business operations to generate sufficient cash to support our ongoing cash needs** . In addition, **we no longer have access to the cash historically generated (** ~~our~~ - **or that may be generated in** ~~ability to make scheduled payments of~~ the ~~principal of, to pay interest on, or to refinance our indebtedness depends on our~~ future **) from** ~~performance, which is subject to~~ the ~~seasonality~~ **operations** of our ~~Tax~~ **tax** ~~Software~~ **software** ~~segment, as well as other economic, financial, competitive, and other factors beyond our control. Our~~ business **, and our pure- play wealth management business** may not ~~continue to~~ generate cash flow from operations sufficient to ~~service~~ **meet** our ~~debt~~ **anticipated cash needs** and make necessary capital expenditures **, including servicing any debt** . If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt, or obtaining additional equity capital on terms that may be onerous or highly dilutive. Changes in the debt and capital markets, including market disruptions, limited liquidity, an increase in interest rates, changes in our credit rating, and our financial condition and results at such time, among other potential factors, may limit our ability to obtain or increase the cost of financing, as well as the risks of refinancing maturing debt. This may affect our ability to raise needed financing and reduce the amount of cash available to fund our operations, acquisitions, or other growth initiatives. In addition, we may evaluate complementary acquisitions of businesses, products, or technologies from time to time. Any such transactions, if completed, may use a significant portion of our cash and cash equivalents. If we are unable to liquidate our investments when we need liquidity for complementary acquisitions or for other business purposes, we may need to change or postpone such acquisitions or find alternative financing for them. We may seek additional funding through public or private financings, through sales of equity, or through other arrangements. Our ability to raise funds may be materially and adversely impacted by a number of factors, including factors beyond our control, such as economic conditions in the markets in which we operate and increased uncertainty in the financial, capital, and credit markets. Adequate funds may not be available when needed or may not be available on favorable terms. If we raise additional funds by issuing equity securities, dilution to existing stockholders may result. Any sale of a substantial amount of our common stock in the public market, either in the initial issuance or in a subsequent resale, could have a Material Adverse Effect on the market price of our common stock. If funding is insufficient at any time in the future, we may be unable, or delayed in our ability, to develop or enhance our products or services, take advantage of business opportunities, or respond to competitive pressures, any of which could materially harm our business. ~~Blucora, Inc. | 2021 Form 10- K 36~~ The trading price of our common stock has been highly volatile, and such volatility does not always correspond to fluctuations in the market. Between January 1, ~~2020~~ **2021** and December 31, ~~2021~~ **2022** , our closing stock price ranged from **Avantax, Inc. | 2022 Form 10- K 30** $ ~~8~~ **14** . ~~82~~ **30** to $ ~~26~~ **25** . ~~00~~ **59** . On February ~~18~~ **21** , ~~2022~~ **2023** , the closing price of our common stock was $ ~~19~~ **29** . ~~53~~ **69** . Our stock price could decline or fluctuate significantly in response to many factors, including the other risks discussed in this Form 10- K and the following: • actual or anticipated variations in quarterly and annual results of operations; • impairment charges, changes in or loss of material contracts and relationships, dispositions or announcements of complementary acquisitions, or other business developments by us, our partners, or our competitors; • changes in executive officers; • conditions or trends in the ~~tax preparation or~~ wealth management **industry** ~~markets or changes in market share~~ ; • changes in general conditions in the United States and global economies or financial markets ~~; • effects of the COVID- 19 pandemic on economies, markets, the tax season, IRS operations, trends in wealth management, and changes to interest rates~~ ; • announcements of technological innovations or new services by us or our competitors; • changes in financial estimates or recommendations by securities analysts; • disclosures of any accounting issues, such as restatements or material weaknesses in internal control over financial reporting; • equity issuances resulting in the dilution of stockholders; • the adoption of new regulations or accounting standards; • adverse publicity (whether justified or not) with respect to our business; and • announcements or publicity relating to litigation or governmental enforcement actions. In addition, the equities market has experienced extreme price and volume fluctuations, and our stock has been particularly susceptible to such fluctuations. Often, class action litigation has been instituted against companies after periods of volatility in the price of such companies' stock. We have been defendants in such class action litigation in prior periods and could be subject to future litigation, potentially resulting in substantial cost and diversion of management' s attention and resources. Our financial results have varied on a quarterly basis and are likely to continue to fluctuate in the future. These fluctuations could cause our stock price to be volatile or decline. Many factors could cause our quarterly results to fluctuate materially, including but not limited to: • ~~the~~ **our** inability ~~of any of our businesses~~ to implement business plans and to meet our expectations ~~; • the seasonality of our Tax Software business and the resulting large quarterly fluctuations in our revenues~~ ; • variable demand for our services, rapidly evolving technologies and markets, and consumer preferences; • the level and mix of total client assets and advisory assets, which are subject to fluctuation based on market conditions and client activity; • the mix of revenues generated by existing businesses or other businesses that we develop or acquire; • changes in interest rates or reductions in our cash sweep revenue; • volatility in stock markets impacting the value of our advisory assets ~~; • effects of the COVID- 19 pandemic~~ ; • gains or losses driven by fair value accounting; ~~Blucora, Inc. | 2021 Form 10- K 37~~ • litigation expenses and settlement costs; • misconduct by employees, contractors and / or financial professionals, which is difficult to detect and deter; • expenses incurred in finding, evaluating, negotiating, consummating, and integrating acquisitions; • impairment or negative performance of the many different industries and counterparties we rely on and are exposed to; • any restructuring charges we may incur; • any economic downturn, which could result in lower acceptance rates on premium products and services offered by our ~~Wealth Management~~ business and impact the commissions and fee revenues of our financial advisory services; **Avantax, Inc. | 2022 Form 10- K 31** • new court rulings, or the adoption of new or interpretation of existing laws, rules, or regulations, that adversely affect our business or that otherwise increase our potential liability or compliance costs; • impairment in the value of long- lived assets or the value of acquired assets, including goodwill, technology, and acquired contracts and relationships; and • the effect of changes in accounting principles or standards or in our accounting treatment of revenues or expenses. For these reasons, among others, you should not rely on period- to- period comparisons of our financial results to forecast our future performance. Furthermore, our fluctuating operating results may fall below the expectations of securities analysts or investors and financial results volatility could make us less attractive to investors, either of which could cause the trading price of our stock to decline. **We** ~~Although we~~ strive to maintain constructive, ongoing communications with all our stockholders, and welcome their views and opinions with the goal of enhancing value for all our stockholders, **but** certain activist stockholders may from time to time engage in proxy solicitations, advance stockholder proposals, or otherwise attempt to effect changes or acquire control over the Company. We ~~have been~~ **are currently** the target of a proxy contest initiated by **Engine Capital LP,** an activist stockholder **(“ Engine ”) for a seat on our board of directors, and were the target of a proxy contest initiated by Engine** in ~~both 2021~~ **2022** and **another activist stockholder in** 2022. Campaigns by stockholders to effect changes at publicly traded companies are sometimes led by investors seeking to increase short- term stockholder value through actions such as return of capital to stockholders or sales of assets or the entire company. Responding to proxy contests, proposals, and other actions by activist stockholders ~~has required~~ **requires** , and may in the future require, us to incur significant legal and consulting costs, proxy solicitation expenses, and administrative and associated costs. In addition, responding to proxy contests, proposals, and other actions by activist stockholders may divert the attention of our board of directors, management team and employees and disrupt our business and operations, as has occurred in the past. Perceived uncertainties as to our future direction, our ability to execute on our strategy, or changes to the composition of our board of directors or senior management team could arise from proposals by activist stockholders or a proxy contest. Such perceived uncertainties could interfere with our ability to execute our strategic plans, be exploited by our competitors and / or other activist stockholders, result in the loss of potential business opportunities, make it more difficult to attract and retain financial professionals and qualified employees, and adversely impact our relationship with existing and potential business partners, any of which could have a ~~material~~ **Material** ~~adverse~~ **Adverse** ~~effect~~ **Effect** ~~on our business, financial condition, and operating results~~ . Further, actual or perceived actions of activist stockholders may cause significant fluctuations in our stock price based upon temporary or speculative market perceptions or other factors that do not necessarily reflect the Company' s underlying fundamentals and prospects. Additionally, we have, and may in the future, become party to litigation as a result of matters arising in connection with a proxy contest or other activist stockholder actions, which could serve as a distraction to our board of directors and management and could require us to incur significant additional costs. ~~Blucora~~ **On December 9, 2021, we announced that our board of directors authorized the Company to repurchase an additional $ 28. 3 million of our common stock under our stock repurchase plan (the " December 2021 repurchase plan "), bringing the total authorized repurchases under the December 2021 repurchase plan back to $ 100. 0 million as of December 31, 2021. In November 2022, our board of directors replaced the December 2021 repurchase plan with an authorization to repurchase up to $ 200. 0 million of our common stock. Pursuant to the December 2021 repurchase plan, share repurchases were made through a variety of methods, including open market or privately negotiated transactions. The timing and number of shares repurchased depended on a variety of factors, including price, general business and market conditions, our capital allocation policy, and alternative investment opportunities. Avantax**, Inc. | ~~2021~~ **2022** Form 10- K **32 The current** ~~38 On March 19, 2019, we announced that our board of directors authorized a~~ stock repurchase ~~plan~~ **authorization does not obligate us to repurchase any specific number of shares, may be suspended or discontinued at any time, and does not have a specified expiration date. Any repurchases of our stock** pursuant to **the stock** ~~which we may~~ repurchase **authorization may materially reduce the amount** ~~up to $ 100. 0 million~~ of **cash we have available and may not materially enhance the long- term value of our business** ~~our~~ - **or** ~~common~~ **our** stock. For the year ended December 31, ~~2019~~ **2022**, we repurchased **approximately** 1. ~~3~~ **9** million shares of our common stock under the ~~stock~~ **December 2021** repurchase plan for an aggregate purchase price of **approximately** $ ~~28~~ **35**. ~~3~~ **0** million. **The** ~~On December 9, 2021, we announced that our board of directors~~ authorized **amount** ~~the Company to repurchase an additional $ 28. 3 million of our common stock~~ under the **November 2022** stock repurchase ~~plan~~ **authorization as of December 31**, **2022 was** ~~bringing the total authorized repurchases under the stock repurchase plan back to~~ $ ~~100~~ **200**. 0 million. ~~Pursuant to the stock repurchase plan, share repurchases may be made through a variety of methods, including open market or privately negotiated transactions. The timing and number of shares repurchased will depend on a variety of factors, including price, general business and market conditions, our capital allocation policy, and alternative investment opportunities. Our repurchase program does not obligate us to repurchase any specific number of shares and may be suspended or discontinued at any time. Any repurchases of our stock pursuant to the stock repurchase plan may materially reduce the amount of cash we have available and may not materially enhance the long- term value of our business or our stock.~~ For the ~~years~~ - **year** ended December 31, 2021 ~~and 2020~~, we did not repurchase any shares of our common stock under the ~~stock~~ **December 2021** repurchase plan ~~; however, between January 1, 2022 and February 23, 2022, we repurchased approximately 0. 6 million shares of our common stock under the stock repurchase plan for an aggregate purchase price of approximately $ 11. 0 million. The remaining authorized amount under the stock repurchase plan as of February 23, 2022 was approximately $ 89. 0 million. Our utilization of our federal NOLs may be severely limited or potentially eliminated. As of December 31, 2021, we had federal NOLs of $ 105. 2 million that will expire primarily between 2022 and 2037, with the majority of them expiring between 2022 and 2024. In 2021, we did not generate sufficient taxable income to utilize all of our federal NOLs that expired in 2021, and we may not generate sufficient taxable income in future years to utilize all of our federal NOLs prior to their expiration. If our federal NOLs expire unused, their full benefit will not be realized. In addition, in years where our taxable income exceeds our federal NOLs, we will be required to make federal cash income tax payments. In addition, if we were to have a change of ownership within the meaning of Section 382 of the Code (defined as a cumulative change of 50 percentage points or more in the ownership positions of certain stockholders owning five percent or more of a company' s common stock over a three- year rolling period), then under certain conditions, the amount of NOLs we could use in any one year could be limited. Our certificate of incorporation imposes certain limited transfer restrictions on our common stock that we expect would assist us in preventing a change of ownership and preserving our NOLs, but there can be no assurance that these restrictions will be sufficient. In addition, other restrictions on our ability to use the NOLs may be triggered by a merger or acquisition, depending on the structure of such a transaction. It is our intention to limit the potential impact of these restrictions, but there can be no guarantee that such efforts will be successful~~. We are a Delaware corporation, and the anti- takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire us, even if a change of control would be beneficial to our existing stockholders. For example, Section 203 of the Delaware General Corporation Law may discourage, delay, or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder. In addition, our certificate of incorporation and bylaws contain provisions that may discourage, delay, or prevent a third party from acquiring us without the consent of our board of directors, even if doing so would be beneficial to our stockholders. Provisions of our organizational documents that could have an anti- takeover effect or limit the activities of stockholders include: • the requirement for supermajority approval by stockholders for certain business combinations; • the ability of our board of directors to authorize the issuance of shares of undesignated preferred stock without a vote by stockholders; • the ability of our board of directors to amend or repeal our bylaws; ~~Blucora, Inc. | 2021 Form 10- K 39~~ • limitations on the removal of directors; • limitations on stockholders' ability to call special stockholder meetings; and • advance notice requirements for nominating candidates for election to our board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings. ~~Our certificate of incorporation also restricts any person or entity from attempting to transfer our stock, without prior permission from our board of directors, to the extent that such transfer would (i) create or result in an individual or entity becoming a five- percent stockholder of our stock, or (ii) increase the stock ownership percentage of any existing five- percent stockholder. Pursuant to our certificate of incorporation, any transfer that violates this provision shall be null and void and would require the purported transferee to, upon our demand, transfer the shares that exceed the five percent limit to an agent designated by us for the purpose of conducting a sale of such excess shares. This provision in our certificate of incorporation may make acquiring~~

~~Blucora more expensive to the acquirer and could significantly delay, discourage, or prevent third parties from acquiring us without the approval of our board of directors.~~