

Risk Factors Comparison 2025-02-26 to 2024-02-29 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

Risks Relating to Our Business and Industry Our business primarily depends on business formations. ~~Our success significantly depends on business formations.~~ The majority of our transaction revenue is generated by providing business formation services to guide our customers through the transition from being aspiring business owners to launching their entities. In **2024 and 2023** ~~and 2022~~, business formations represented the largest share of our total transaction orders. The number of business formations on our platform is subject to unpredictable declines or fluctuations as a result of a number of factors, many of which are out of our control, including an overall decline in the number of U. S. business formations, an economic slowing or downturn, a public health pandemic or epidemic, increased competition, **regulatory obstacles, changes in law (including changes in tax laws and regulations), changes in the business environment from inflation, interest rates, government assistance, increased** ~~compliance or operating costs (including wage and benefit pressures) , regulatory obstacles, changes in law (including changes in tax laws and regulations), changes in the business environment from inflation, interest rates, government assistance or other factors,~~ and dissatisfaction with our services. Declines in the overall number of **U. S.** business formations or the number of business formations on our platform have adversely affected, and may in the future adversely affect, our business, results of operations, financial condition or future prospects. To the extent the growth rate of new business formations declines, these impacts can be expected to intensify. Our business depends substantially on our customers expanding their use of our platform, including converting our transactional customers to subscribers and our subscribers renewing their subscriptions with us For the past few years, a significant amount of our revenue has been derived from our subscriptions for small businesses and individuals. In **2023-2024**, approximately **62-64** % of our revenue came from subscriptions. Subscriptions have primarily originated from transactional customers who opted to become subscribers. For us to maintain or improve our operating results, **including our revenue growth rate,** it is important that we convert transactional customers into subscribers, retain our existing subscribers and that our **existing** subscribers ~~renew~~ **expand** their subscriptions with us **use of our platform** ~~when the existing subscription term expires~~. However, subscriptions may be terminated at any time, and the rate at which we retain our subscribers may decline or fluctuate as a result of a number of factors, including subscribers' satisfaction or dissatisfaction with our platform, the effectiveness of our customer support services, the quality and perceived quality of the services ~~we provided~~ **provide** by our tax professionals and the independent attorneys who participate in our legal plan network, our pricing and the pricing of competing products or services, the lifecycle of our customers' businesses and their evolving needs, and the effects of global economic conditions, regulatory changes and reductions in subscribers' discretionary income and spending levels. As a result, we cannot accurately predict subscription renewal rates or the number of our existing or new customers that will subscribe to our subscription services, including whether customers will continue to subscribe at the same rate as they have historically. **During 2024, we experienced a deceleration in our subscription revenue growth rate. If our subscription revenue growth rate does not improve or if** ~~we are unable to continue~~ to convert our transactional customers to subscribers, retain our existing subscribers or our existing subscribers do not expand the use of our platform, our business, results of operations, financial condition and future prospects would be adversely affected. If the growth of our subscription business, **including our subscription revenue growth rate,** falls below the expectations of the public market, securities analysts or investors, the price of our common stock could also be harmed. **Failure to effectively manage our growth could adversely impact our business In the past, we have experienced significant growth in both operations and headcount, which placed increased demands on our management team and our administrative, operational and financial infrastructure. Our management team** ~~recent growth may not be indicative of our future growth and,~~ **including our new Chief Executive Officer, has developed a strategy to** ~~continue to grow~~ **growing our business. In addition**, ~~we may not be able~~ **acquired Formation Nation in February 2025, which we are now in the process of integrating into our operations. Our ability** ~~to manage our~~ **this expected** ~~growth effectively~~ **We have experienced growth in and to integrate new employees,** ~~operations and headcount, which has placed, and~~ **technologies of Formation Nation into our existing business** ~~will~~ **require us to** ~~continue to~~ **expand** ~~place, significant demands on our management team and our administrative, operational and financial infrastructure .~~ We have also significantly increased the size of our customer base over the last several years. Our success will depend in part on our ability to manage this growth effectively. To manage the growth of our operations and personnel, we will need to continue to improve our ~~operational, financial and~~ **management controls and** ~~our reporting systems and procedures .~~ **As we grow, we must also effectively integrate, develop and** **to continue to retain, attract, train,** ~~motivate our and manage~~ **employees , and maintain the beneficial aspects of our corporate culture.** Failure to effectively manage our growth could result in declines in service quality or customer satisfaction, increased costs, difficulties or delays in introducing new products or services or other operational difficulties. Any of these difficulties could adversely impact our brand and reputation, business, results of operations, financial condition or future prospects. Our **ability to achieve our** ~~growth strategy~~ **also impacts our** ~~makes it~~ **difficult to evaluate future prospects.** Our ability to forecast our future operating results is subject to a number of uncertainties, ~~including our ability to plan for and model future growth~~. If the assumptions regarding these ~~the growth of~~ **uncertainties,** ~~which we use to plan~~ our business, are incorrect or change in reaction to changes in our markets, our results of operations and financial condition could differ materially from our expectations, our business could suffer and the trading price of our stock may decline. Our future quarterly results of operations may fluctuate significantly due to a wide range of factors, which makes our future results difficult to predict Our revenue and results of operations have historically varied from period to period, and we expect that they will continue to do so as a result of a number of factors, many of which are outside of our control, including, but

not limited to the risks and uncertainties discussed herein and the following: • **our ability to successfully implement our updated strategic execution priorities; • the ongoing integration of the operations of Formation Nation, which we acquired in February 2025;** • the number of business formations and the rate of failure of small businesses; • the level of demand for our services; • our ability to attract new customers and retain existing customers, including the rate of renewal of subscriptions by, and extent of sales of additional subscriptions to, existing customers; • the size, timing and terms of our subscription agreements with existing and new customers; • changes to our product offerings, including **any new or discontinued products,** pricing changes and, the **bundling of certain product offerings of free or even lower cost products,** and our testing of new product line-ups; • the mix of subscriptions and services **transactional products** sold during a period; • the introduction of new products and product enhancements by existing competitors or new entrants into our markets, and changes in pricing for solutions offered by us or our competitors; • seasonal variations, including those related to orders placed, sales and marketing and other activities or other seasonal fluctuations in our results of operations that are out of our control; • changes in stock-based compensation; • the application of new or changing financial accounting standards or practices; • our ability to increase, retain and incentivize the strategic partners that market and sell our platform; • our ability to control costs, including our operating expenses; • changes in governmental or other regulations affecting our business; • changes to government agency staffing and other practices and the functionality of their websites, which may cause delay or disruptions in our business, including the processing of business formations or Employer Identification Numbers, or EINs; • adverse global macroeconomic and market conditions **or uncertainty with respect thereto,** including economic conditions specifically affecting industries in which our customers operate; and • general geopolitical events and conditions, both domestically and internationally, ~~such as the war in Ukraine and the Israel-Hamas conflict.~~ Fluctuations in our quarterly operating results and the price of our common stock may be particularly pronounced in the current global macroeconomic environment, including due to uncertainty caused by recessionary fears, **elevated** inflation and ~~rising~~ interest rates and their respective impacts on consumer spending patterns, the success of existing small businesses and the formation of new small businesses. In addition, fluctuations in our quarterly operating results may cause those results to fall below our financial guidance or other projections, or the expectations of analysts or investors, which could cause the price of our common stock to decline. Fluctuations in our results could also cause a number of other problems. For example, analysts or investors may change their models for valuing our common stock, we could experience short-term liquidity issues, our ability to retain or attract key personnel may diminish, and other unanticipated issues may arise. Our quarterly operating results may vary in the future and period-to-period comparisons of our operating results may not be meaningful. In addition, the seasonality of our business may change or become more pronounced over time, which could also cause our operating results to fluctuate. You should not rely on the results of any given quarter as an indication of future performance. We have a history of net losses ~~we anticipate increasing expenses in the future,~~ and we may not be able to maintain profitability. Since inception, we have incurred an accumulated deficit and may incur net losses in the foreseeable future. At December 31, ~~2023~~ **2024**, we had an accumulated deficit of \$ ~~933.1~~ **069.3** million. We will need to generate and sustain increased revenue levels in future periods in order to maintain or increase our level of profitability ~~We expect our cost of revenue and operating expenses to increase as we continue to invest in enhancing our customer experience and in new product development, including expert-assisted offerings for our tax and attorney-assisted legal offerings.~~ If our revenue and gross profit do not grow at a greater rate than our operating expenses, we will not be able to maintain or increase profitability and our business may be harmed. We may incur significant losses in the future for a number of reasons, including due to the risks and uncertainties described herein. Even if we are profitable, we may not be able to sustain or increase profitability on a quarterly or annual basis. Our failure to achieve sustained profitability would depress the value of our company and could impair our ability to raise capital, expand our business, diversify our product offerings, market our current and planned products, or continue our operations. If we fail to provide high-quality products and services ~~customer care and customer experience and add new products and services~~ that meet our customers' expectations, we may not be able to attract and retain customers. In order to increase revenue and maintain profitability, we must attract new customers and retain existing customers. The quality and value of our services, customer care and customer experience, as well as the quality and accuracy of the services provided by ~~our accountants and~~ the independent attorneys who participate in our and our partner's networks, are critical to the success of our business and our ability to attract and retain customers. The failure or perceived failure of **our customer support and fulfillment services and / or** these independent attorneys ~~and accountants~~ to satisfy customer expectations could impede our ability to attract and retain customers. In addition, we intend to continue to add new **products and services** and enhance our existing ~~product~~ **products** and services, **both of** which will require us to devote significant resources before we know whether such products or services will be successful. For instance, in August 2023 we launched LZ Books, a simple online accounting solution, and in November 2023 we launched a new business license offering. The success of any new products or services or enhancements to existing products or services depends on several factors, including timely completion, competitive pricing, adequate quality testing, introduction, integration with existing products and services, and market **awareness and** acceptance. We have in the past invested resources and introduced new products and services that have failed to produce the customer interest **or results** that we expected. We may fail to attract new customers or lose existing customers if current or future development efforts or services fail to meet customer expectations on a timely basis if at all. If we are unable to continue offering innovative solutions or if new or enhanced solutions ~~including LZ Tax or LZ Books,~~ fail to engage our customers, we may be unable to attract additional customers or retain our current customers, which may adversely affect our business, results of operations, financial condition or future prospects. If we do not continue to innovate and provide a platform that is useful to our customers, we may not remain competitive, and our results of operations could suffer. Our success depends on continued innovation to provide features that make our platform useful for existing and prospective customers. We have invested and intend to continue to invest resources in technology and development in order to continue improving the simplicity and effectiveness of our platform. ~~In addition, we have introduced and intend to continue to introduce significant~~

changes to our platform and to our product offerings, including the offering of free or even lower cost products. We have also developed and introduced new and unproven services, including using technologies with which we have little or no prior development or operating experience, such as generative artificial intelligence, or AI. There is no assurance that our past or future investments in any of the foregoing changes, or developments to our platform new product introductions will provide us with the benefits we expect. In addition, because our platform is available over the internet or and on mobile networks, we need to regularly modify and enhance our platform to keep pace with changes in internet- related hardware, software, communications and database technologies and standards. **We expect the number of people who access our platform through mobile devices, including smartphones and handheld tablets or computers, to increase. If we are not able to provide customers with the experience, solutions and functionality they want on mobile devices, we may not be able to attract or retain customers or convert our website traffic into customers and our business may be harmed.** If we are unable to respond in a timely and cost- effective manner to these rapid technological developments and changes in standards, our platform may become less marketable, less competitive or obsolete, and our business, results of operations, financial condition and future prospects would be harmed. If new technologies emerge that are able to deliver competitive services at lower prices, more efficiently, more conveniently or more securely than LegalZoom, such technologies could adversely impact our ability to compete. Our platform must also integrate with a variety of network, hardware, mobile, and software platforms and technologies, and we need to frequently modify and enhance our services to adapt to changes and innovation in these technologies. Any failure of our platform to operate effectively with current or future infrastructure platforms and technologies could reduce the demand for our platform. If we are unable to respond to these changes in a cost- effective manner, our platform may become less marketable, less competitive or obsolete, and our business, results of operations, financial condition and future prospects may be adversely affected. The legal solutions market is highly competitive and our failure to effectively compete successfully could materially and adversely affect our business, results of operations, financial condition and future prospects. We operate in a very competitive industry. We face intense competition from law firms and, solo attorneys, online legal document services, legal plans, secretaries of state, tax preparation companies and other service providers. The online legal solutions market is evolving rapidly and is becoming increasingly competitive. New market entrants that provide technologies that improve the delivery of legal solutions, such as generative AI and machine learning, could also increase the level of competition in the market. Other companies that focus on the online legal document services market or business formations, including law firms that may elect to pursue the online legal document services market, can and do directly compete with us. Law firms and solo attorneys, who provide in- person consultations and are able to provide direct legal advice that we generally cannot offer due to laws and regulations regarding the unauthorized practice of law, or UPL, compete with us offline and have developed and may continue to develop competing online legal services. We also compete in the registered agent services business with several companies that target small businesses, and these competitors have extensive experience in this market. In addition, if some U. S. state or and federal agencies have increase increased their offerings to our target customers or if otherwise made their offerings become more attractive to our target customers, including through free and easy- to- use business formation services or other document filing portals. **To the extent U. S. states and federal agencies continue to increase or enhance their offerings to our target customers,** it could have a significant adverse effect on our business, financial condition or results of operations. For example, certain U. S. states offer online portals where consumers may file their articles of organization for free, other than filing fees. We also compete in the tax advisory and preparation services business with several companies, many of which are larger and more experienced. To the extent we are unable to compete, our business, results of operations, financial condition or future prospects may be harmed. Any of our existing competitors, or other potential competitors that have not yet entered the market, have developed and may also continue to develop innovative and cost- effective services, including automated corporate formation document processing, that target our existing and potential customers. Some of our competitors and potential competitors are larger and have greater name recognition, longer operating histories, more established customer relationships, larger budgets, and significantly greater resources than we do. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, or customer requirements. We expect to face increasing competition from offline and online legal services providers in our market, including through their use of generative AI, and our failure to effectively compete with these providers could result in revenue reductions, reduced margins, or loss of market share, any of which could have a materially material and adversely adverse affect effect on our business, results of operations, financial condition and future prospects. Our business depends on our brand and reputation, which could be adversely affected by numerous factors. We believe our brand has contributed to the success of our business and we have made substantial investments to build and strengthen our brand and reputation. Maintaining and enhancing the LegalZoom brand and our reputation is critical to growing and retaining our customer base. Regulatory proceedings, consumer claims, false and misleading advertising claims, litigation, customer complaints or negative publicity through word- of- mouth, social media outlets, blogs, the Better Business Bureau and other third party sources related to our business practices, as well as customer care, data privacy or security issues, irrespective of their validity, could diminish confidence in our services and adversely affect our brand and reputation and our ability to attract and retain customers. In addition, our brand and reputation could be impacted by any damage or reputational harm to our newly acquired Inc. Authority and Nevada Corporate Headquarters brands. Our services, as well as those of our competitors, are regularly reviewed and commented upon by online and social media sources. Negative reviews, or reviews in which our competitors' services are rated more highly than ours, irrespective of their accuracy, could negatively affect our brand and reputation. We have in the past received negative reviews wherein our customers expressed dissatisfaction with our services, including dissatisfaction with our customer support, our billing policies and the way our subscriptions operate, and we expect to receive similar reviews in the future. If we do not handle customer complaints effectively, our brand and reputation may suffer. We may lose our customers' confidence, they may choose not to renew their subscriptions or purchase additional services from

us, and we may fail to attract new customers. In addition, maintaining and enhancing our brand and reputation may require us to incur significant expenses and make substantial investments, which may not be successful. If we fail to successfully promote and maintain our brand and reputation, or if we incur excessive expenses in doing so, our business, results of operations, financial condition and future prospects may be adversely affected. Furthermore, our brand and reputation are in part reliant on third- parties, including the independent attorneys and accountants who participate in our **network** and **our the partners' networks to which we refer our customers for business insurance, tax solutions or banking services, among others**. The failure or perceived failure of these **third parties attorneys and accountants** to satisfy customer expectations could negatively impact our brand and reputation. We are incorporating generative AI into some of our **products offerings**, which may present both compliance risks and reputational risks. We have incorporated and intend to continue incorporating a number of generative AI features into our **products offerings**. For instance, in September 2023 we announced the **beta** launch of Doc Assist, a document summarization product that uses generative AI to help small businesses review documents. This technology, which is a new and emerging technology that is in its early stages of commercialization, presents a number of risks inherent in its use. Generative AI technologies, **including the third- party large language models incorporated into our generative AI offerings**, can create accuracy issues, unintended biases and discriminatory outcomes. If the recommendations, **forecasts**, content, or analyses that AI applications, including Doc Assist, assist in producing are or are alleged to be deficient or inaccurate **or if they are determined to constitute UPL**, we could be subjected to competitive harm, potential legal liability, and brand or reputational harm. Some AI scenarios may also present ethical issues. **If** ~~Though measures have been taken to address~~ **algorithmic bias**, if we enable or offer AI solutions that are controversial because of their perceived or real impact on human rights, privacy, employment, or other social issues, we may experience brand or reputational harm. Additionally, **potential present and future** government regulation related to AI use and / or related ethics issues may expose us to legal liability and / or increase the burden and cost of research and development in this area, and failure to properly remediate AI usage or ethics issues may cause public confidence in AI to be undermined, which could slow adoption of AI in our **solution solutions**. **Governments have passed and are likely to continue to pass additional laws regulating generative AI. Our use of this technology could result in additional compliance costs, regulatory investigations and actions, and lawsuits. Our employees and personnel use generative AI technologies to perform certain functions of their work, and the disclosure and use of personal data in generative AI technologies is subject to various privacy laws and other privacy obligations. If we are unable to use generative AI, it could make our business less efficient and result in competitive disadvantages. Additionally, sensitive information of the Company or our customers could be leaked, disclosed, or revealed as a result of or in connection with our employees', personnel' s, or vendors' use of generative AI technologies**. If our marketing efforts are unsuccessful, our business, results of operations, financial condition and future prospects may be adversely affected. Our ability to attract new customers and retain existing customers depends in large part on the success of our marketing channels. The primary marketing channels that generate traffic for our websites include search engine marketing, social media and other digital channels, television and our sales team. Our ability to maintain or increase customer traffic to our websites from internet search engines is not entirely within our control. We rely on both algorithmic and paid listing internet search results to drive customer traffic to our websites. Algorithmic listings are determined and displayed solely by a set of formulas designed by internet search engine companies. Internet search engines periodically revise their algorithms, methodologies and displays or incorporate AI into their platforms in ways that we cannot predict. Such changes have adversely affected, and may continue to adversely affect, the placement of our search result page ranking, which could reduce traffic to our websites. In addition, we can purchase paid listings, which are displayed if particular words or terms are included in a customer' s internet search. We bid for paid listings against our competitors and third parties that may outbid us for preferred placement, which could adversely impact advertising efficiency and customer acquisition efforts. ~~If~~ **To the extent** competition for paid listings increases or if paid listings prohibit the use of particular words or terms, we **have in the past, and may again in the future**, be required to increase our marketing expenses or reduce the number or prominence of these paid listings. If we reduce our internet search engine advertising, the number of customers who visit our websites could decline significantly. Additionally, changes in regulations or the business practices of third parties **have in the past and could in the future** limit our ability and the ability of search engines and social media platforms, including Google and Meta Platforms, to collect data from users and engage in targeted advertising, making them less effective in disseminating our advertisements to our target customers. The regulation of the use of cookies and other current online tracking and advertising practices or a loss in our ability to make effective use of services that employ such practices could adversely affect our business. ~~A~~ **The introduction of new technology or changes in the way in which customers consume information on the internet, such as shifting preferences for AI chat platforms, may diminish the effectiveness of our current marketing practices. We have in the past and may in the future be required to adopt new approaches to marketing to respond to these shifts. Any inability to respond to these changes effectively and in a cost-effective manner, or any** reduction or loss of any of our **current** advertising channels ~~may~~, **could** adversely affect our ability to attract new customers, which could adversely affect our business, results of operations, financial condition and future prospects. We depend on top talent, including our senior management team, to grow and operate our business, and if we are unable to hire, retain or motivate our employees, we may not be able to grow or operate effectively, which may adversely affect our business and future prospects. Our future success will depend upon our continued ability to identify, hire, develop, motivate and retain top talent. Competition for such talent is intense, particularly within the technology industry. To attract top talent, we have had to offer, and believe we will need to continue to offer, highly competitive compensation and benefit packages before we can validate the productivity of those employees, a practice which may not be sustainable and, even if sustainable, can be costly. **Further, integration of employees and operations as a result of our acquisition of Formation Nation may present challenges, which could negatively affect our ability to retain and recruit personnel who are essential to our future success.** We have from time to time experienced, and we expect to continue to experience, difficulty in hiring and retaining

highly skilled employees with appropriate qualifications which may, among other things, impede our ability to execute our growth strategies or continue to operate our business in a satisfactory manner. In addition, our remote first work policy, which results in a predominantly remote workforce, has made it difficult to orient, train, develop, motivate, and engage with our employees and embed them into the LegalZoom culture. If we are not able to effectively attract or retain quality employees and manage **both our domestic and international** workforce, including, ~~for example, if employee relations deteriorate or a portion of our employees were to become unionized,~~ disruptions to the business will occur, our costs will increase, our ability to achieve our strategic objectives will be adversely impacted, our brand or reputation could suffer, and our business may be adversely affected. In addition, we have in the past, and may in the future, conduct reduction in workforce actions, which can lead to the elimination of roles causing unexpected adverse impacts on our business. These adverse impacts can include attrition beyond the intended reduction in workforce, delays in the development of new products or services due to gaps in knowledge transfer and new employee ramp up time, an increased risk of litigation, the distraction of employees, and reduced employee morale, any of which could also adversely affect our reputation as an employer and make it more difficult for us to hire new employees in the future. **Further, in July 2024, we announced the appointment of Jeff Stibel as our new Chief Executive Officer. If we are unable to manage this leadership transition successfully, our ability to operate our business effectively may be impaired.** In addition, if we cannot attract additional, qualified independent attorneys to participate in our legal plan network to service the needs of our legal plan subscribers, ~~and attorneys to support our attorney assisted legal offerings, and qualified certified public accountants, enrolled agents, and tax professionals to service the needs of our subscribers,~~ or if these attorneys, ~~accountants and tax professionals~~ encounter regulatory issues that prevent them from being able to service the needs of our customers, we may not be able to grow and maintain our legal plan subscription business, ~~or other assisted legal solutions or tax offerings~~ and, as a result, our business, revenue, results of operations and future prospects may be adversely affected. Our business and success depend in part on our strategic relationships with third parties, including our partner ecosystem, and our business may be harmed if we fail to maintain or expand these relationships. We depend on, and anticipate we will continue to depend on, various third-party relationships to sustain and grow our business. For example, we currently partner with a variety of third-parties to provide **our customers with tax solutions,** website development, credit card and banking services, productivity tools and business insurance, among others. Our sales and ~~our customers' customer~~ ^{customer} user-experience depend on our ability to connect and integrate easily to such third party solutions. We have in the past and may in the future determine to exit certain partnership relationships. ~~We, and we~~ may also fail to retain and expand partnership relationships for many reasons, including third parties' failure to maintain, support, or secure their technology platforms in general, restrictions imposed by regulatory compliance, and our integrations in particular. ~~Any such termination~~ **Terminations** of a partnership ~~relationship~~ **relationships**, whether voluntary or involuntary, **have in the past and** could **again in the future result in disputes or litigation or** harm our relationship with our customers, our reputation and brand, our business and results of operations, and our future prospects. As we seek to add different types of partners to our partner ecosystem, it is uncertain whether these third parties will be successful in building integrations, co-marketing our solutions to provide a significant volume and quality of lead referrals and orders, or continuing to work with us as their own products evolve. Identifying and negotiating new and expanded partner relationships requires significant resources and we cannot guarantee that the parties with which we have relationships can ~~and or~~ will continue to devote the resources necessary to operate and expand our platform. In addition, integrating third party technology can be complex, costly and time-consuming. Third parties may be unwilling to build integrations, and we may be required to devote additional resources to develop integrations for business applications on our own. The contracts applicable to third party development tools may be unfavorable and add costs or risks to our business or may require us to push additional contract terms to our customers that affect our relationship with our customers. Third parties we partner with, including providers of business applications with which we have integrations, may decide to compete with us or enter into arrangements with our competitors, resulting in such providers withdrawing support for our integrations. If we are unsuccessful in establishing or maintaining our relationships with third-parties, our ability to compete or our revenue, results of operations and future prospects may be adversely affected. Even if we are successful in establishing and maintaining these relationships with third parties, we cannot ensure that these relationships will result in increased usage of our platform or increased revenue. In addition, any failure of our solutions to operate effectively with these business applications could reduce the demand for our solutions and harm to our business and we may also be held responsible for obligations that arise from the actions or omissions of third parties. If we are unable to respond to these failures in a cost-effective manner, our solutions may become less marketable, less competitive or obsolete, and our results of operations may be negatively impacted. Our reliance on third party providers could adversely affect our business. We rely on third parties to fulfill portions of the services we offer and to support our operations. For example, we rely on government agencies, including secretary of state offices, the U. S. Internal Revenue Service and the U. S. Patent and Trademark Office, to process business formation documents, ~~tax and related~~ filings and intellectual property applications. These agencies have in the past and may in the future be unable or refuse to process submissions in a timely manner, including as a result of any government shutdowns, slowdowns or staffing shortages. To the extent we are unable to process submissions or filings in a timely manner, our brand and reputation may be adversely affected, or our customers may seek other avenues for their business formation, ~~tax~~ or intellectual property needs. We also utilize third parties in connection with the fulfillment and distribution of our services, including the independent attorneys in our legal plan network, ~~the accountants and tax professionals through our subscription plans, and a third party~~ to support our registered agent **and virtual mail** subscription services. We also outsource certain operational **functions, including certain sales and customer service** functions. As a result, we rely on third parties to ensure that our and our customers' needs are sufficiently met. While we select third party providers carefully, we have limited control over their actions. If these third party providers encounter difficulties, or if we have difficulty communicating with them, our business operations could be adversely affected. This reliance on third party providers also subjects us to risks arising from the loss of control over processes, and potentially, termination of these services

by the third parties. A failure of our third party providers to perform services in a satisfactory manner may have a significant adverse effect on our business. In addition, our platform interoperates with certain third party sites. As a result, our results may be affected by the performance of those parties and the interoperability of our platform with other sites. If certain third parties limit certain integration functionality, change their treatment of our services at any time, or experience quality issues, such as bugs and defects, our revenue, results of operations and future prospects may be adversely affected. We also utilize various types of data, technology, intellectual property and services licensed or otherwise obtained from unaffiliated third parties in order to provide certain elements of our solutions. For example, we rely on cloud computing infrastructure, particularly from Amazon Web Services, or AWS, to host our platform and support our operations. We exercise limited, if any, control over these third parties, including AWS, which increases our vulnerability to problems with the services they provide for us and to security incidents or breaches affecting the data and information they hold or process on our behalf. Any errors, defects, bugs or other vulnerabilities in any third party data or other technology could result in errors in our solutions that could harm our business, damage our reputation and result in losses in revenue, and we could be required to undertake substantial additional research and expend significant development resources to fix any problems that arise. In addition, licensed data, technology, intellectual property and services may not continue to be available on commercially reasonable terms, or at all. Any loss of the right to use any of these services on commercially reasonable terms, or at all, could result in delays in producing or delivering our solutions until equivalent data, technology, intellectual property or services are identified and integrated, which delays could harm our business. In this situation we would be required to either redesign our solutions to function with such equivalent data, technology, intellectual property or services available from other parties or to develop these components or services ourselves, which would result in increased costs and potential delays in service. Furthermore, we might be forced to limit the features available in our current or future solutions. If we fail to maintain or renegotiate any of these data, technology or intellectual property licenses or services, we could face significant delays and diversion of resources in attempting to develop similar or replacement technology, or to license and integrate a functional equivalent of the relevant data, technology, intellectual property or service. The occurrence of any of these events may have an adverse effect on our business, financial condition, results of operations and future prospects.

~~Our failure to successfully address the evolving market for transactions on mobile devices and to build mobile products could harm our business.~~ The number **acquisition of Formation Nation** people who access our platform through mobile devices, including smartphones and **any** handheld tablets or computers, has increased significantly in the past few years and is expected to continue to increase. If we are not able to provide customers with the experience, solutions and functionality they want on mobile devices, we may not be able to attract or retain customers or convert our website traffic into customers and our business may be harmed. In addition, we face different fraud risks and regulatory risks from transactions sent from mobile devices than we do from personal computers. If we are unable to effectively anticipate and manage these risks, **our business, results of operations, financial condition and future acquisitions prospects may be harmed.** We may acquire or **investments** invest in companies, which may divert our management's attention and, result in additional dilution to our stockholders **or adversely affect our operating results**. We have in the past acquired or invested in businesses, products or technologies that we believed could complement or expand our current platform, enhance our technical capabilities or otherwise offer growth opportunities. **In February 2025** As part of our business strategy, **we acquired Formation Nation, and** we may in the future ~~continue to seek to acquire or invest in~~ **additional** businesses, products or technologies ~~that we believe could complement or expand our services, enhance our technical capabilities or otherwise offer growth opportunities.~~ The risks **and uncertainties** we face in connection with ~~such~~ **the recent acquisition of Formation Nation or any future** acquisitions or investments, whether or not they are consummated, include, but are not limited to: • an acquisition may ~~negatively affect our results of operations because it may~~ require us to incur charges or assume substantial debt or other liabilities, ~~may~~ cause adverse tax consequences, ~~may~~ expose us to claims and disputes by stockholders and third parties, including intellectual property claims and disputes, or may not generate sufficient financial return to offset additional costs and expenses related to the acquisition; • ~~we may encounter~~ **encountering** difficulties or unforeseen expenditures in integrating the business, technologies, products, personnel or operations of any **acquired** company ~~that we acquire,~~ particularly if key personnel of the acquired company decide not to work for us; • ~~we may not be able~~ **inability to retain personnel, key customers, distributors, vendors and other business partners of the acquired business;** • **our inability to realize the financial and strategic goals or anticipated synergies of the acquisition or investment** on a timely basis, if at all; • **incurring higher than anticipated costs to effectively integrate an acquired business, to bring an acquired company into compliance with applicable laws and regulations or due to additional compensation issued or assumed in connection with** an acquisition; • ~~or investment may disrupt~~ **disruption to** our ongoing business, ~~divert~~ **diversion of** resources, ~~increase our expenses and distract~~ **distraction of** our management; • ~~an acquisition or investment may result in a delay~~ **delays** or ~~reduction~~ **reductions of in** customer purchases for both us and the company acquired due to customer uncertainty about continuity and effectiveness of service from either company; • ~~we may encounter~~ **challenges integrating the employees of the acquired company into our company culture;** • **exposure to litigation or other claims in connection with, or inheritance of claims or litigation risk as a result of, an acquisition;** • **potential identified or unknown security vulnerabilities in acquired products or technologies that expose us to additional security risks or delay our ability to integrate the products or technologies into our offerings;** • **difficulty in maintaining controls, procedures and policies during the transition and integration and inability to conclude that our internal controls over financial reporting are effective**; • our use of cash to pay for acquisitions or other investments would limit other potential uses for our cash; • if we incur debt to fund any acquisitions, such debt may subject us to material restrictions on our ability to conduct our business due to new financial maintenance and other covenants; and • ~~the~~ **if we issue** **issuance of** a significant amount of equity securities in connection with any future acquisitions, existing stockholders may be diluted and earnings per share may decrease. We have in the past faced difficulties in connection with integrating some of our acquisitions and expect to face similar difficulties in the future. These difficulties can range from lost productivity to legal

proceedings, and we cannot know in advance the extent of the issues that may be involved with a particular acquisition or investment. We may also decide to restructure, divest or sell businesses, products or technologies that we have acquired or invested in previously. The occurrence of any of the foregoing risks could have an adverse effect on our business, results of operations, financial condition and future prospects and could adversely affect the market price of our common stock. ~~If we are unable to sustain our revenue growth rate, we may not maintain profitability in the future. Our revenue growth rate may decline despite our increased revenue growth rate in certain recent periods, even if our revenue increases in the future to higher levels on an absolute basis. As we grow our business, our revenue growth rate may slow in future periods due to a number of reasons. Any success that we may experience in the future will depend in large part on our ability to, among other things: • maintain and expand our customer base; • increase revenue from existing customers through increased or broader use of our platform, including through maintaining and /or increasing the rate at which customers purchase our subscriptions; • provide high-quality services to customers; • improve the performance and capabilities of our services through research and development; • develop new services; • identify and acquire or invest in new businesses, products or technologies that we believe could complement or expand our platform; and • successfully compete with other companies. If we are unable to maintain consistent revenue or revenue growth, our stock price could be volatile, and it may be difficult to maintain profitability. You should not rely on our revenue for any prior quarterly or annual periods as any indication of our future revenue or revenue growth.~~ Our focus on the long- term best interests of our company and our consideration of our stakeholders, more broadly, including our stockholders, customers, employees, and other stakeholders that we may identify from time to time, may conflict with short- or medium- term financial interests and business performance, which may negatively impact the value of our common stock. We believe that focusing on the long- term best interests of our company and our consideration of our stakeholders more broadly, including our stockholders, customers, employees, partners, the communities in which we operate, and other stakeholders we may identify from time to time, is essential to the long- term success of our company and to long- term stockholder value. Therefore, we have made decisions, and may in the future make decisions, that we believe are in the long- term best interests of our company and our stockholders, even if such decisions may negatively impact the short- or medium- term performance of our business, results of operations, and financial condition or the short- or medium- term performance of our common stock. **For example, our strategic execution priorities, which we believe will increase the predictability of our business, improve operational efficiencies and margins, and help us accelerate and sustain growth at scale, may result in short- term adverse impacts to our business and financial results.** Our commitment to pursuing long- term value for our company and our stockholders, potentially at the expense of short- or medium- term performance, may materially adversely affect the trading price of our common stock, including by making owning our common stock less appealing to investors who are focused on returns over a shorter time horizon. Our decisions and actions in pursuit of long- term success and long- term stockholder value, which may include changes to our platform to enhance the experience of our customers, partners and the communities in which we operate, enabling equitable access to legal and compliance services, investing in our relationships with our customers, partners, and employees, investing in and introducing new services, or changing our approach to working with local or national jurisdictions on laws and regulations governing our business, may not result in the long- term benefits that we expect, in which case our business, results of operations, financial condition and the trading price of our common stock could be materially adversely affected. Further, the independent attorneys who participate in our legal plans and attorneys who fulfill our attorney assisted legal offerings have duties both to the courts and their clients. These duties, including the associated responsibilities, such as confidentiality and the rules relating to the attorney- client and attorney work product privileges, are paramount. There could be circumstances in which the attorneys who participate in our network and fulfill the attorney assisted legal offerings believe that in order to comply with these duties they may have to act against the interests of our stockholders and the short- term profitability of our business. We may not effectively ensure that online services and physical locations are protected from significant outages, denial or degradation of service attacks, natural disasters, including adverse weather conditions, and other disruptions, any of which could adversely affect our brand and reputation, business, results of operations, financial condition and future prospects. A key element of our business operations and continued growth is the ability of our customers to access our websites and mobile applications and our ability to fulfill orders placed through such platforms. Our systems may not be adequately designed with the necessary reliability to avoid performance delays, disruptions or outages that could be harmful to our business. We have experienced, and may in the future experience, website and service disruptions, outages and other performance problems due to a variety of factors, including infrastructure maintenance, natural disasters, human or software errors, ransomware attacks, capacity constraints, denial or degradation of service, fraud, climate change and extreme weather-related events, terrorism, war, telecommunications and electrical failures, cyberattacks or other security- related incidents. In some instances, the steps we have taken to try to prevent these attacks and disruptions and mitigate their potential impact on our systems and operations may be expensive and may not be successful. In addition, dependence upon information systems (including automated systems) may further increase the risk that operational system flaws, personnel error or malfeasance (including of service providers upon which we rely), or manipulation of those systems will result in defects or efforts that are difficult to detect. We may not be able to identify the cause or causes of any website or mobile application performance problems within an acceptable period of time. It may become increasingly difficult to maintain and improve our website or mobile application performance, especially during peak usage times, if the number of online services we offer increases, our services become more complex, or our customer traffic grows. If our websites or mobile applications are unavailable when customers attempt to access them, our customers may seek other solutions to address their needs and may not return to our websites or mobile applications in the future. ~~In addition, if our customers are unable to access the information they store on our platform for even limited periods of time or we otherwise experience a compromise in customer information, we may have obligations (under laws, contracts, privacy notices or other commitments) to notify relevant stakeholders (such as regulators and affected individuals), which may increase the likelihood of regulatory investigations into our data protection practices.~~ Any

failure to maintain performance, reliability, security or availability of our legal document services and online technology platform to the satisfaction of our customers may harm our brand and reputation, as well as our ability to retain existing customers and attract new customers, which could adversely affect our business, results of operations, financial condition and future prospects. In addition, to the extent that we do not effectively address future capacity constraints, upgrade and protect our systems, and continually develop our online legal platform to accommodate actual and anticipated technology changes, our brand and reputation, business, results of operations, financial condition and future prospects could be adversely affected. Our operations and online services also rely on the continued functioning and accessibility of certain physical locations, including product fulfillment locations and data centers operated by AWS or other service providers. These physical locations are vulnerable to damage or interruption from natural disasters, adverse weather conditions, power losses, telecommunication failures, terrorist attacks, human errors or malfeasance, lockdown orders resulting from a public health pandemic or epidemic, break-ins and similar events. The occurrence of any of the foregoing events or other unanticipated problems at our facilities could result in lengthy interruptions in our services. We may not be able to efficiently relocate our fulfillment and delivery operations due to disruptions in service if one of these events occurs, and our insurance coverage may be insufficient to compensate us for such losses. Because the Los Angeles area, where **a large portion of our employees are corporate and executive headquarters is** located, is in an earthquake fault zone and because both the Los Angeles area and **Austin-Frisco**, Texas, where **a lot of our registered agent and virtual mail operational-operations are** headquarters is currently located, are subject to the increased risk of wildfires, tornadoes and power outages, we are particularly sensitive to the risk of damage to, or total destruction of, our **primary** offices and two key fulfillment and delivery centers. Our insurance limits against any certain losses or expenses that may result from a disruption to our business due to earthquakes or wildfires may not be sufficient to cover all such losses or expenses, and the occurrence of either of these events could adversely affect our business, results of operations, financial condition and future prospects. We may from time to time become involved in litigation, arbitration or government investigation matters that are expensive and time consuming and, if resolved adversely, could harm our brand and reputation, business, results of operations, financial condition or future prospects. We are susceptible to various legal claims, lawsuits, arbitration, regulatory action or other proceedings, including those related to **UPL, the unauthorized practice of law**, patent, trademark, trade secret and other intellectual property matters, taxes, labor and employment, competition and antitrust, privacy, data use, data protection, data security, network security, wiretapping, consumer protection and product liability, unfair business practices, breach of contract and other matters. We have been and may in the future become subject to various claims which, if resolved adversely, could have a material adverse effect on our financial position, results of operations, or cash flows. We anticipate that we will continue to be a target for such lawsuits in the future. The plaintiffs in these actions generally seek monetary damages, penalties, and / or injunctive relief. We cannot predict the outcome of such proceedings or the amount of time and expense that will be required to resolve such proceedings. If such claims are made against us, there can be no assurances that favorable final outcomes will be obtained; if such claims were to be determined adversely to our interests, or if we were forced to settle such matters for a significant amount, such resolutions or settlements may result in changes to or discontinuance of some of our services, potential liabilities or additional costs. Defending these claims is also costly and can impose a significant burden on management and employees, and we may receive unfavorable preliminary or interim rulings in the course of litigation. Any litigation to which we are currently or may in the future be a party may result in an onerous or unfavorable judgment that may not be reversed upon appeal, or we may decide to settle lawsuits on unfavorable terms. Any such negative outcome could result in payments of substantial monetary damages or fines, injunctive relief, adverse effects on the market price of our common stock or changes to our products or business practices, and accordingly, our brand and reputation, business, results of operations, financial condition or future prospects could be materially and adversely affected. We also may encounter future claims. For example, our **United Kingdom, or U. K. S. subsidiary previously operated, LZ Legal Services, LLC, is licensed** as an alternative business structure, **or ABS**, which allows corporate entities to become licensed providers of reserved legal activities in **Arizona** that jurisdiction. **As a result** Similarly, our U. S. subsidiary, LZ Legal Services, LLC, **was licensed in September 2021 as an Arizona ABS and became operational in July 2022. As a result, these subsidiaries** may be susceptible to potential claims from clients, such as breach of contract, product liability, negligence or other claims. Any such claims could result in reputational damage or an adverse effect on our results of operations. The professional liability insurance held by **these subsidiaries LZ Legal Services, LLC** and limiting **its their respective** liability in accordance with engagement letters with clients may not insure or protect against all potential claims or sufficiently indemnify us or **either the** subsidiary for all liability that may be incurred. Any such liability, inclusive of the costs and expenses that may be incurred in defending any such claims, that exceeds the insurance coverage could have a material adverse effect on our business, results of operations, financial condition, or future prospects. We are subject to risks related to accepting credit and debit card payments that may harm our business or expose us to additional costs and liabilities. We accept payments from our customers primarily through credit and debit card transactions. Our customers generally pay for transactions in advance by credit or debit card except for certain services provided under installment plans where we allow customers to pay for their order in two or three equal payments. Acceptance and processing of credit and debit cards requires that we pay interchange and other fees. In addition, we rely on third parties to provide payment processing services, including the processing of our credit and debit card transactions, and to provide payment collection services. To the extent there are increases in payment processing fees, material changes in the payment ecosystem, such as large re-issuances of payment cards, delays in receiving payments from payment processors, loss of payment partners and / or disruptions or failures in our payment processing systems, including products we use to update payment information, our revenue, operating expenses and results of operation could be adversely impacted. For example, if our processing vendors have problems with our billing software or the billing software malfunctions, we could lose customers who subscribe to our legal plans, registered agent services and other subscription services, which could decrease our revenue. In addition, if our billing software fails to work properly and, as a result, we do not automatically charge our subscribers' credit

cards on a timely basis or at all, our revenue could be adversely affected. We are also subject to payment card industry rules, certification requirements and rules governing electronic funds transfer, any of which could change or be reinterpreted to make it more difficult for us to comply. Our failure to comply fully with these rules or requirements may subject us to fines, higher transaction fees, penalties, damages, and civil liability and may result in the loss of our ability to accept credit and debit card payments, which could have a material adverse effect on our business, results of operations, financial condition and future prospects. Risks Relating to Our Financial Condition, Indebtedness and Capital Requirements Our results of operations may not immediately reflect downturns or upturns in sales because we recognize revenue from our customers over the term of their paid subscriptions with us. We recognize revenue from paid subscriptions to our services over the respective term of the subscription period. For example, after a short introductory trial period, if any, subscribers can make a subscription commitment, with the upcoming subscription fee paid upon subscribing. As a result, much of our revenue is generated from the recognition of deferred revenue relating to subscriptions entered into during previous quarters. Consequently, ~~a shortfall~~ **shortfalls** in demand for our services or ~~a decline~~ **declines** in new or renewed subscriptions in any one quarter ~~may have~~ **in the past had, and may again in the future have,** a small impact on the revenue that we recognize for that quarter but could negatively affect our revenue in future quarters. Accordingly, the effect of significant downturns in sales and potential changes in our pricing policies or rate of customer expansion or retention may not be fully reflected in our results of operations until future periods. In addition, a significant majority of our costs are expensed as incurred, while revenue is recognized over the life of the subscription agreement. As a result, growth in the number of customers could continue to result in our recognition of higher costs and lower revenue in the earlier periods of our subscription agreements. Finally, our subscription- based revenue model also makes it difficult for us to rapidly increase our revenue through additional sales in any period, as revenue from new customers and significant increases in the size of subscriptions with existing customers must be recognized over the applicable subscription term. We track certain financial and operating metrics with internal systems and tools and do not independently verify such metrics. Certain of our financial and operating metrics are subject to inherent challenges in measurement, and real or perceived inaccuracies in such metrics may harm our reputation and negatively affect our business. We track certain financial and operating metrics, including key business metrics such as number of transactions, number of subscription units and average revenue per subscription unit, with internal company data, systems and tools that are not independently verified by any third- party. Our internal systems and tools have a number of limitations, and our methodologies for tracking these metrics may change over time, which could result in unexpected changes to our metrics, including the metrics we publicly disclose. If the internal systems and tools we use to track these metrics under ~~- count or over -~~ count performance or contain algorithmic or other technical errors, the data we report may not be accurate **and we may be required to revise or cease reporting such metrics or figures**. While ~~these--~~ **the** numbers **we report** are based on what we believe to be reasonable estimates of our metrics for the applicable period of measurement, there are inherent challenges in measuring how our services are used across large populations globally. For example, there are customers who have multiple subscriptions, which we treat as multiple subscription units for purposes of calculating our subscription units. In addition, limitations or errors with respect to how we measure data or with respect to the data that we measure may affect our understanding of certain details of our business, which could affect our long- term strategies. If our financial and operating metrics are not accurate representations of our business, or if **investors do not perceive our operating metrics to be accurate, or if** we discover material inaccuracies in our metrics, our reputation may be harmed, and our business, results of operations, financial condition and future prospects could be adversely affected. ~~We are in the process of implementing a new revenue recognition accounting software system and challenges with the implementation of the system may impact our business and operations. We are in the process of implementing a new revenue recognition accounting software system, which we expect to complete in the first quarter of 2024. The implementation efforts of the revenue recognition accounting software may prove to be more difficult, costly, or time consuming than expected, and it is possible that the system will not yield the benefits anticipated. Any disruptions, delays or deficiencies in the design and implementation of our new revenue accounting software program could materially impact our operations, cause operational difficulties or lead to errors within our financial reporting.~~ We have in the past identified material weaknesses in our internal control over financial reporting, and if we are unable to maintain effective internal control over financial reporting **in the future**, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock may decline. We are required to maintain internal control over financial reporting and to report any material weaknesses in such internal control. On an annual basis, we are required to furnish a report by management on the effectiveness of our internal control over financial reporting pursuant to Section 404 of the Sarbanes- Oxley Act and our independent registered public accounting firm is required to attest to the effectiveness of our internal control over financial reporting. Compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404 is costly and challenging. Our compliance with Section 404 requires that we incur substantial accounting expense and expend significant management efforts. We have hired and may need to continue to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge and compile the system and process documentation necessary to maintain effective internal control over financial reporting. We have found material weaknesses in our internal control over financial reporting in the past and our prior material weakness related to our income tax provision resulted in the restatement of our unaudited condensed consolidated financial statements for the quarters and year- to- date periods ended March 31, 2022, June 30, 2022 and September 30, 2022. Although we remediated our material weaknesses and management concluded that our internal control over financial reporting was effective as of December 31, **2023-2024**, we cannot assure you that there will not be additional material weaknesses in our internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition or results of operations. In addition, any future material weaknesses could result in the loss of investor confidence in the accuracy and completeness of our financial reports, the market price of our common stock could be negatively affected, and we could be subject to sanctions or investigations by the stock

exchange on which our securities are listed, the SEC or other regulatory authorities, which would also require additional financial and management resources. Failure to maintain effective control systems required of public companies could also restrict our future access to the capital markets. The agreement governing our revolving credit facility requires us to meet certain operating and financial covenants and places restrictions on our operating and financial flexibility. If we raise additional capital through debt financing, the terms of any new debt could further restrict our ability to operate our business. The revolving facility that we entered into ~~in-on~~ July 2, 2021, or the 2021 Revolving Facility, contains affirmative and negative covenants, indemnification provisions and events of default. The affirmative covenants include, among others, administrative, reporting and legal covenants, in each case subject to certain exceptions. The negative covenants include, among others, limitations on our and certain of our subsidiaries' abilities to carry out the following, in each case subject to certain exceptions: • incur additional indebtedness and guarantee indebtedness; • create or incur liens; • pay dividends and ~~distributions~~ **distribute** or repurchase capital stock; • merge, liquidate and make asset sales; • change lines of business; • change our fiscal year; • incur restrictions on our subsidiaries' ability to make distributions and create liens; • modify our organizational documents; • make investments, loans and advances; and • enter into certain transactions with affiliates. The 2021 Revolving Facility also contains a financial covenant that requires us to maintain a total net first lien leverage ratio ~~of not to exceed~~ **4.50:1.00** on the last day of any fiscal quarter during which our 2021 Revolving Facility usage exceeds 35 % of the 2021 Revolving Facility capacity. As a result of the restrictions described above, we ~~will~~ **may** be limited as to how we conduct our business and we may be unable to raise additional debt or equity financing to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include more restrictive covenants. We cannot assure you that we will be able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the lenders or amend the covenants. Our ability to comply with the covenants and restrictions contained in the 2021 Revolving Facility may be affected by economic, financial and industry conditions beyond our control. The restrictions in the 2021 Revolving Facility may prevent us from taking actions that we believe would be in the best interests of our business and may make it difficult for us to execute our business strategy successfully or effectively compete with companies that are not similarly restricted. Our failure to comply with the restrictive covenants and other terms of our indebtedness could result in an event of default, which, if not cured or waived, could result in the lenders declaring all obligations, together with accrued and unpaid interest, immediately due and payable and take control of the collateral, potentially requiring us to renegotiate the 2021 Revolving Facility on terms less favorable to us and could also trigger cross- default provisions in other contracts, potentially resulting in serious consequences to our business, results of operations, financial condition and future prospects, including bankruptcy or insolvency. Even if the 2021 Revolving Facility is terminated, any additional debt that we incur in the future could subject us to similar or additional covenants. In addition, the 2021 Revolving Facility also permits borrowings denominated in Euros, British pound sterling and other alternative currencies that may be approved by the administrative agent and revolving lenders. Such non- U. S. dollar-denominated debt may not necessarily correspond to the cash flow we generate in such currencies. We are subject to fluctuations in interest rates. Any borrowings under the 2021 Revolving Facility will be subject to variable rates of interest and expose us to interest rate risk. Sharp changes in interest rates, ~~such as the current rising interest rate environment, including the U. S. Federal Reserve's recent increases in interest rates,~~ could adversely affect us if amounts are outstanding under the 2021 Revolving Facility. Further, if future rates based upon SOFR are higher or more volatile than USD LIBOR rates as historically determined, we may experience potential increases in interest rates on any variable rate debt, which could adversely impact our interest expense, results of operations and cash flows. In the future, we may enter into contractual arrangements designed to hedge our exposure to changes in interest rates. If we enter into derivative financial instruments to mitigate interest rate risk in the future, we may not maintain interest rate swaps, caps or other applicable financial instruments with respect to all of our indebtedness, and any financial instrument we enter into may not fully mitigate our interest rate risk, may prove disadvantageous or may create additional risks. If these hedging arrangements are unsuccessful, we may experience an adverse effect on our business, results of operations, financial condition and future prospects. Our ability to use our NOL carryforwards may be limited. ~~We have incurred substantial losses during our history and may not be able to maintain profitability.~~ Unused U. S. federal net operating losses, or NOLs, for taxable years beginning before January 1, 2018, may be carried forward for 20 years to offset future taxable income, if any, until such unused NOLs expire. Under the 2017 Tax Cuts and Jobs Act, or the Tax Act, as modified by the Coronavirus Aid, Relief, and Economic Security Act, or the CARES Act, U. S. federal NOLs incurred in taxable years beginning after December 31, 2017, can be carried forward indefinitely and are limited to 80 % of taxable income. In addition, under Section 382 of the Internal Revenue Code of 1986, as amended, and corresponding provisions of state law, if a corporation undergoes an "ownership change," which is generally defined as a greater than 50 percentage point change (by value) in its equity ownership over a three- year period, the corporation' s ability to use its pre- change NOL carryforwards to offset its post- change income or taxes may be limited. We have completed a Section 382 study and have determined that none of our NOLs will expire solely due to Section 382 limitations. However, we may experience ownership changes in the future as a result of shifts in our stock ownership, some of which may be outside of our control. This could limit the amount of NOLs that we can utilize annually to offset future taxable income or tax liabilities. Subsequent ownership changes and changes to the U. S. tax rules in respect of the utilization of NOLs may further affect the limitation in future years. In addition, at the state level, there may be periods during which the use of NOLs is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed. **For example, California imposed limits on the usability of California NOLs to offset taxable income and certain business credits to offset California tax liabilities in tax years beginning after 2023 and before 2027.** Changes in our effective tax rate or tax liability may have an adverse effect on our results of operations. We are subject to income taxes in the U. S. and various foreign jurisdictions. The determination of our worldwide provision for income taxes and other tax liabilities requires significant judgment by management, and there are many transactions where the ultimate tax determination is uncertain. We believe that our provision for income taxes is reasonable, but the ultimate tax outcome may

differ from the amounts recorded in our consolidated financial statements and may affect our financial results in the period or periods in which such outcome is determined. Our effective tax rate could increase due to several factors, including: • changes in the relative amounts of income before taxes in the various jurisdictions in which we operate that have differing statutory tax rates; • changes in tax laws, tax treaties, and regulations or the interpretation of them, including the Inflation Reduction Act of 2022, or the IRA, **and the Tax Act and the CARES Act**; • changes to our assessment about our ability to realize our deferred tax assets that are based on estimates of our future results, the prudence and feasibility of possible tax planning strategies, and the economic and political environments in which we do business; • the outcome of current and future tax audits, examinations, or administrative appeals; and • the effects of acquisitions. Any of these developments could adversely affect our results of operations. Changes in tax laws or regulations that are applied adversely to us or our customers may have a material adverse effect on our business, cash flow, financial condition or results of operations. New tax laws, statutes, rules, regulations or ordinances could be enacted at any time. **Tax reform remains a legislative priority for the U. S. government and certain legislation has already been enacted. While there is current uncertainty regarding what changes will eventually be enacted, such new laws may affect our operating results and financial conditions**. Further, existing tax laws, statutes, rules, regulations or ordinances could be interpreted differently, changed, modified, or repealed at any time. Any such enactment, interpretation, change, modification, or repeal could adversely affect us, possibly with retroactive effect. For example, the IRA imposes, among other rules, a 15 % minimum tax on the book income of certain large corporations and a 1 % excise tax on certain corporate stock repurchases. The imposition of the excise tax could increase the cost to us of making repurchases of our stock and cause us to reduce the number of our shares repurchased pursuant to our stock repurchase program. In addition, for certain research and experimental expenses incurred in taxable years beginning after December 31, 2021, the Tax Act requires the capitalization and amortization of such expenses over five years if incurred in the U. S. and fifteen years if incurred outside the U. S., rather than deducting such expenses currently. ~~Although there have been legislative proposals to repeal or defer such requirement, there can be no assurance that such requirement will be repealed, deferred, or otherwise modified.~~ In addition, changes in the tax laws of foreign jurisdictions could arise as a result of the global implementation of the Inclusive Framework on Base Erosion and Profit Shifting and Pillar Two Model Rules, announced by The Organization for Economic Cooperation and Development (OECD). This change, or any other changes in foreign tax laws, if enacted, could increase our tax obligations in the countries where we do business or require us to change the manner in which we operate our business. Changes in corporate tax rates, the realization of net deferred tax assets, the taxation of foreign earnings ~~or any future reform legislation and the deductibility of expenses~~, could potentially have a material impact on the value of our deferred tax assets, could result in significant one- time charges, and could increase our future tax expense. Risks Relating to Legal, Compliance and Regulatory Matters Our business and services subject us to complex and evolving U. S. and foreign laws and regulations. Our business involves providing services that meet the legal and ~~accounting~~ other needs of our customers and, as a result, **including those imposed by the U.S. Postal Service, are new and evolving, are generally untested in U.S. courts, and may be interpreted, applied, created or amended by both federal and state agencies in a manner that could harm** our business. ~~• models, we may become subject to additional government regulation. Regulation of or our increased legal plans varies considerably among the insurance departments, bar associations, Supreme Courts and attorneys general of each U.S. state. In addition, some U.S. states and federal agencies may seek to regulate our legal plans or other subscription plans.~~ The scope of the ~~state and federal, state and local~~ laws and regulations to which we are subject ~~is~~ **are** often vague and broad, and their applications and interpretations are often uncertain and conflicting. Compliance with these disparate laws and regulations requires us to structure our business and services differently in certain jurisdictions. Additionally, these laws and regulations are frequently evolving, and ~~challenges to, changes in, or new interpretations of, such laws and regulations could restrict the types of products and services that we can offer or the prices we can charge or require us to significantly change the ways we currently structure our business and services.~~ For instance, as of the date of this filing, the nationwide preliminary injunction against enforcement of the Corporate Transparency Act's beneficial ownership information report rule is paused and the deadline for compliance is extended. However, the reporting rule remains subject to legal challenges and the future of the CTA and its mandate to file beneficial ownership information with the Financial Crimes Enforcement Network, as well as our Beneficial Ownership Information Report offering, remains uncertain. These laws and regulations ~~to which we are subject~~ could also make it more difficult for us to convert our transactional customers to subscribers or attract new subscribers to grow our subscription services. We dedicate significant management time and expense to dealing with these issues and we expect that these issues will continue to be a significant focus as we expand into other services and jurisdictions. ~~Any~~ **In addition, any** failure or perceived failure by us to comply with applicable laws and regulations may subject us to regulatory inquiries, claims, suits and prosecutions. We have also incurred in the past, and expect to incur in the future, costs associated with responding to, defending, resolving, and / or settling proceedings, particularly those related to UPL, competitor claims and the provision of our services more generally. We can give no assurance that we will prevail in such regulatory inquiries, claims, suits and prosecutions on commercially reasonable terms or at all. Responding to, defending and / or settling regulatory inquiries, claims, suits and prosecutions may be time- consuming and divert management and financial resources or have other adverse effects on our business. A negative outcome in any of these proceedings may result in claims, changes to or discontinuance of some of our services, potential liabilities or additional costs that could have a material adverse effect on our business, results of operations, financial condition, future prospects and brand. Our Arizona subsidiary, which is licensed as an ABS, **may not insulate us from claims of the unauthorized practice of law and is subject to restrictions under Arizona Code of Judicial Administration** ~~is subject to a variety of restrictions under Arizona Code of Judicial Administration~~ complex and evolving U. S. and foreign laws and regulations, including the following: • Our business model includes the provision of services that represent an alternative to traditional legal services, which subjects us to allegations of UPL. UPL generally refers to an entity or person giving legal advice that is not licensed to practice law or advertising their

services as the practice of law. However, laws and regulations defining UPL, and the governing bodies that enforce UPL rules, differ among the various jurisdictions in which we operate and are often vague. ~~In~~ **Further, in** the U. S., we are generally unable to hire attorneys as employees to provide legal advice directly to our ~~customers~~ **customer**, because we do not meet certain regulatory requirements, such as being exclusively owned by licensed attorneys. ~~We~~ **In addition, we** are currently unable to acquire a license to practice law in most U. S. states, **and** laws, regulations and professional responsibility rules impose limitations on business transactions between attorneys and persons who are not licensed attorneys, including those related to the ethics of attorney fee- splitting and ~~the corporate practice of law, or CPL.~~ **However** ~~Regulation of legal document processing services and registered agent services varies among the jurisdictions in which we conduct business.~~ ~~Regulations regarding virtual mail, including those imposed by the U..... restrictions under Arizona Code of Judicial Administration~~ Arizona currently permits non- lawyers to co- own law firms and other legal service operations. In September 2021, we received our license to operate our Arizona ABS, which employs and contracts with licensed attorneys to provide limited scope legal services to U. S.- based consumers who purchase such services on our websites. Our U. S. subsidiary, LZ Legal Services, LLC, which holds the license to operate the Arizona ABS, may be susceptible to potential claims from clients, such as breach of contract, product liability, negligence or other claims. Any such claims could result in reputational damage or an adverse effect on our results of operations. In addition, this structure is generally untested in U. S. courts and we cannot assure you that it will insulate us from claims of CPL or UPL. The professional liability insurance held by our U. S. subsidiary and limiting its liability in accordance with its engagement letters with clients, may not insure or protect against all potential claims or sufficiently indemnify us or our U. S. subsidiary for all liability that may be incurred. Any liability, inclusive of the costs and expenses that may be incurred in defending any such claims, that exceeds our insurance coverage could have a material adverse effect on our business, results of operations, financial condition, or future prospects. In addition, under Section 7- 209 of the Arizona Code of Judicial Administration, or ACJA, there are restrictions on holding an interest of 10 % or more in the issued share capital of a licensed ABS or the parent company of a licensed ABS. As our U. S. subsidiary is a licensed ABS for the purposes of the ACJA, these restrictions apply to any holder (s) of 10 % or more of our common stock. Each “ authorized person ”, as defined in ACJA 702- 9, including the members of our board of directors, could be required to file an ABS Authorized Person application with the Arizona Supreme Court when determined to be seeking a restricted interest. The Arizona Supreme Court may attach conditions to any authorization granted in respect to holding of a restricted interest. The Arizona Supreme Court can force any person who acquires a restricted interest in contravention of the applicable rules, whether knowingly or unknowingly, to divest its share ownership in the licensed ABS or its parent company. The Arizona Supreme Court also has the ability to suspend or revoke our U. S. subsidiary’ s licensed ABS status in the event any such contravention occurs. Any suspension or revocation of our U. S. subsidiary’ s licensed ABS status would have a serious detrimental impact on our business, and, in such circumstances, we would seek to collaborate with the Arizona Supreme Court to minimize any resultant business disruption. If the independent professionals who participate in our or our partners' networks, or otherwise work with LegalZoom as a consultant or contractor, are characterized as employees, we would be subject to employment and withholding liabilities and regulatory risks We structure our relationships with the independent attorneys and independent accountants who participate in our and our partners' networks in a manner that we believe results in an independent contractor relationship, not an employee relationship. On the other hand, some of our ~~tax~~ ~~LZ Tax~~ offerings and our intellectual property offerings are **currently** fulfilled by our or our subsidiaries’ own employee accountants, tax professionals, lawyers and fulfillment staff. We also use contractors, temporary employees and / or consultants as part of our operations. An independent contractor is generally distinguished from an employee by his or her degree of autonomy and independence in providing services. A high degree of autonomy and independence is generally indicative of a contractor relationship, while a high degree of control is generally indicative of an employment relationship. Tax or other regulatory authorities may in the future challenge our characterization of the independent attorneys and accountants who participate in our and our partners' networks of these relationships, or the other contractors and consultants used by us. If such regulatory authorities or state, federal or foreign courts were to determine that these attorneys, accountants or other contractors and consultants are employees, and not independent contractors, we would be required to withhold income taxes, to withhold and pay social security, Medicare and similar taxes, to pay unemployment and other related payroll taxes and could face allegations of UPL or CPL. We would also be liable for unpaid past taxes and subject to penalties. As a result, any determination that these individuals are our employees could have a material adverse effect on our business, results of operations, financial condition and future prospects. It is also possible that we could face claims of joint employment from the independent professionals who participate in our partner networks or from individuals working as a consultant, temporary employee, or contractor, if they were to pursue employment claims against LegalZoom. If a joint employment relationship is found to exist, joint liability for any successful claims would also likely exist. Compliance with U. S. and foreign privacy and data security requirements could result in additional costs and liabilities to us or inhibit our ability to collect and store data, and the failure to comply with such requirements could subject us to significant fines and penalties, which could adversely affect our business, financial condition and reputation In the ordinary course of business, we collect and otherwise process information from and about our customers and others, which ~~may~~ include personal information and other data. As a result, aspects of our business are subject to laws, rules, regulations and other obligations (such as contracts and privacy notices) relating to privacy and the collection, use and security of personal information. In the United States, federal, state and local governments have enacted or introduced comprehensive data privacy laws and regulations, including the California Consumer Privacy Act of 2018 ~~, or CCPA.~~ **Many Other other** U. S. states ~~, such as Virginia, Colorado, Connecticut, and Utah,~~ have ~~similarly~~ **enacted, or have proposed enacting, similar** comprehensive privacy laws that impose certain obligations on covered businesses, including providing specific disclosures in privacy notices **, obtaining consumer consent** and affording residents with certain rights concerning their personal data. The exercise of these rights may impact our business and ability to provide our products and services. **These state laws allow for statutory fines for noncompliance.** Outside the U. S., an increasing number of laws,

regulations and industry standards govern data privacy and security. For example, we are also subject to the European Union's General Data Protection Regulation, or GDPR, **with respect to some portions of activities**. In addition, we are subject to the terms of our privacy policies and obligations to third-parties related to privacy, data protection and information security. **We publish privacy policies, marketing materials and other statements regarding data privacy and security. Regulators in the United States are increasingly scrutinizing these statements, and if these policies, materials or statements are found to be deficient, lacking in transparency, deceptive, unfair, misleading, or misrepresentative of our practices, we may be subject to investigation, enforcement actions by regulators or other adverse consequences.** Any actual or perceived failure by us or third-parties working on our behalf to comply with applicable privacy and data security laws, rules and regulations ~~including the GDPR and the CCPA~~ or related contractual or other obligations, or any perceived privacy rights violation, could lead to investigations, claims, and proceedings by governmental entities and private parties, damages for contract breaches, additional reporting obligations and other significant costs, penalties, and other liabilities, as well as harm to our reputation and market position. In addition, the global regulatory framework for privacy and data security issues is rapidly evolving and privacy and data security laws have been and may in the future be enacted by other U. S. states and countries in which we do business. As a result, interpretation of applicable privacy and data security laws, rules and regulations is ongoing, may not be fully determined at this time and may conflict across jurisdictions. In our efforts to meet the various data privacy obligations that apply to us, we have made and continue to make certain operational changes to our products and business practices. Preparing for and complying with these obligations requires significant time and resources and may necessitate further changes to our information technologies, systems, and practices and to those of our customers, and of any third-parties that process personal information on our behalf. In addition, these obligations may require us to change our business model ~~. In addition, a growing number of legislative and regulatory bodies have adopted consumer notification and other requirements in the event that consumer information (such as personal information) is actually or reasonably believed to be compromised, and additional regulations regarding the use, access, accuracy, and security of such data are possible. In the U. S., state laws provide for disparate data breach notification regimes. If our practices are deemed to be a violation of applicable data privacy or security obligations, whether or not consistent with current or future regulations and industry practices, we may be subject to public criticism, private class actions, reputational harm, or claims by regulators, which could disrupt our business and expose us to increased liability. Our failure to comply with these obligations, or any future obligations of a similar nature, could result in substantial regulatory penalties, litigation expense, and loss of revenue.~~ Further, certain jurisdictions have enacted data localization laws and cross-border personal data transfer laws, which may make it more difficult for us to transfer personal data across jurisdictions (such as transferring or receiving personal data that originates in the EU or in other foreign jurisdictions). Existing mechanisms that facilitate cross-border personal data transfers may change or be invalidated. For example, the GDPR generally prohibits the transfer of personal information to countries outside of the European Economic Area that the European Commission does not consider to provide an adequate level of privacy and data security, such as the U. S., absent appropriate safeguards. In addition, certain countries outside Europe have also passed or are considering laws requiring local data residency or otherwise impeding the transfer of personal data across borders, any of which could increase the cost and complexity of doing business. If we cannot implement a valid compliance mechanism for cross-border data transfers, we may face increased exposure to regulatory actions, substantial fines, and injunctions against processing personal data from Europe or other foreign jurisdictions. The inability to import personal data to the U. S. could significantly and negatively impact our business operations, limit our ability to collaborate with parties that are subject to cross-border data transfer or localization laws, or require us to increase our data processing capabilities and infrastructure in foreign jurisdictions at significant expense. Breaches and other types of security incidents of our **data**, networks or systems, or those of ~~our service providers~~ **the third parties with whom we work**, could negatively impact our ability to conduct our business, our brand and reputation, our ability to retain existing customers and attract new customers, and may cause us to incur significant liabilities and adversely affect our business, results of operations, financial condition and future prospects We collect, use, store, transmit and otherwise process data and information about our customers, employees and others, some of which ~~are~~ **may be** sensitive, personal and / or confidential. Any actual or perceived breach of our security measures or those of ~~our service providers~~ **the third parties with whom we work** could adversely affect our business, operations and future prospects. Circumvention of our security measures or those of our service providers may result in access, misappropriation, deletion, alteration, publication, modification or other compromise of our information **or information security systems**, which could cause interruptions in our business and operations, fraud or loss to third-parties, regulatory enforcement actions, litigation, indemnity obligations and other possible liabilities, as well as negative publicity. Widespread negative publicity may also result from real, threatened or perceived security compromises affecting our industry, competitors and customers. Concerns regarding data privacy and security could cause some of our customers to stop using our services and fail to renew their subscriptions. This discontinuance in use and failure to renew could harm our business, results of operations, financial condition and future prospects. Our internal information systems, cloud-based computing services, and those of our current and any future service providers **and third parties with whom we work** are vulnerable to a variety of evolving threats. Cyberattacks and other malicious internet-based activity, such as computer malware, hacking and phishing attempts, continue to increase. In addition to traditional computer "hackers," sophisticated nation-state and nation-state supported actors now engage in similar attacks (including advanced persistent threat intrusions). Other threats include malicious code (such as viruses, worms and ransomware), social engineering attacks (such as through deep fakes and phishing attacks, cyber extortion, personnel error or malfeasance (including theft and misuse), malware, denial-of-service attacks, supply-chain attacks, software bugs, information systems malfunctions and failures, data loss, and other similar threats are evolving. In particular, severe ransomware attacks are becoming increasingly prevalent and can lead to significant interruptions in our operations, ability to provide our products and services, loss of sensitive data and income, reputational harm, and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling

or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments. We have adopted a remote-first policy, which permits personnel to work remotely or virtually indefinitely unless the nature of the personnel's job requires their in-office presence. This policy, which results in a predominantly remote workforce, poses additional data security risks to our information technology systems and data, as ~~more of~~ our personnel work from home and utilize network connections outside our premises. Additionally, future or past business transactions, ~~(such as acquisitions or integrations)~~, **including our recent acquisition of Formation Nation**, could expose us to additional cybersecurity risks and vulnerabilities, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies. Any of the previously identified or similar threats could cause a security breach or other interruption. A security breach or other interruption could result in unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure of, or access to our sensitive information. We **have in the past and may in the future** expend significant resources or modify our business activities to try to protect against security breaches. In addition, certain data privacy and security obligations have required and may in the future require us to implement and maintain specific security measures, industry-standard or reasonable security measures to protect our information technology systems and sensitive information, including contractually. We cannot guarantee that our security measures to protect customer information and prevent data loss and other security breaches will be sufficient to protect against unauthorized access to, or other compromise of, personal information, or confidential, proprietary or otherwise sensitive information. The techniques used to sabotage or to obtain unauthorized access to our platform, systems, networks and / or physical facilities in which data is stored or through which data is transmitted change frequently, and we have not always been able in the past and may be unable in the future to anticipate such techniques or implement adequate preventative measures or stop security breaches that may arise from such techniques. As a result, our safeguards and preventive measures may not be adequate to prevent past, current or future cyberattacks and security breaches, including security breaches that may remain undetected for extended periods of time, which can substantially increase the potential for a material adverse impact resulting from the breach. ~~Further, we may experience delays in developing and deploying remedial measures designed to address any such identified vulnerabilities.~~ Like many companies, we rely on service providers to operate critical business systems to process sensitive information in a variety of contexts, including, without limitation, providers of cloud-based infrastructure, employee email, customer service and other functions. We may share or receive sensitive information with or from third parties. Our ability to monitor these third parties' information security practices is limited, and these third parties may not have adequate information security measures in place, which could lead to a breach in our information. If we, or third parties ~~upon which~~ **with whom** we **rely work**, experience or are perceived to have experienced (in the past or future) a security breach, we may experience adverse consequences. While we may be entitled to damages if our service providers fail to satisfy their privacy or security-related obligations to us, any award or other recovery may be insufficient to cover our damages. We implement and maintain security measures designed to protect against security breaches and other compromise. However, there can be no assurance these measures will be effective. For example, we take steps designed to detect, mitigate and remediate vulnerabilities in our information systems (such as our hardware and software, including of third parties upon which we rely). We may not, however, detect and remediate all such vulnerabilities on a timely and effective basis. We may **experience delays in developing and deploying remedial measures designed to address any such identified vulnerabilities. Vulnerabilities could be exploited and result in a security incident. We may** expend significant resources or modify our business activities to try to protect against security incidents. Certain data privacy and security obligations may require us to implement and maintain specific security measures or industry-standard or reasonable security measures designed to protect our information technology systems and information. Applicable data privacy and security obligations may require us to notify relevant stakeholders, which may include affected individuals, regulatory authorities, or customers of security breaches. We operate in an industry that is prone to cyberattacks. We have experienced security breaches (such as unauthorized access to customer information) for which we may have been or were legally required to notify individuals, customers, regulators, the media and others. Data breach notification disclosures are costly, time consuming, and could lead to adverse consequences. In addition, the costs to respond to a cybersecurity event or to mitigate any security vulnerabilities that may be identified could be significant, including costs for remediating the effects of such an event, paying a ransom, restoring data from backups and conducting data analysis to determine what data may have been affected by the breach. In addition, our efforts to contain or remediate a security breach or any vulnerability exploited to cause a breach may be unsuccessful, and efforts and any related failures to contain or remediate them could result in interruptions, delays, loss in customer trust, harm to our reputation and increases to our insurance coverage. Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations, ~~including under the recently expanded private right of action in the CCPA~~. We may not have adequate insurance coverage for security incidents or breaches, including fines, judgments, settlements, penalties, costs, attorney fees and other impacts that arise out of such breaches. We cannot assure you that our cyber liability insurance coverage will be adequate to cover liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms, or at all. The successful assertion of one or more large claims against us that exceeds our available insurance coverage, or results in changes to our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have an adverse effect on our business. Our risks are likely to increase as we continue to expand, grow our customer base, and process, increasingly large amounts of sensitive information. In addition to experiencing a security incident, third parties may gather, collect, or infer sensitive information about us from public sources, data brokers, or other means that reveals competitively sensitive details about our organization and could be used to undermine our competitive advantage or market position. ~~Increasing and changing government regulation of our business may harm our operating results. We are subject to federal, state, local and international laws and regulations that affect our and our customers' activities, including, without~~

limitation, labor, advertising, sales and marketing, deceptive trade practices, tax, financial services, electronic funds transfer, consumer protection, real estate, e-commerce, promotions, intellectual property ownership and infringement, import and export requirements, anti-bribery and anti-corruption, insurance, foreign exchange controls and cash repatriation restrictions, anti-competition, environmental, health and safety, and other regulated activities. There have been significant new regulations and heightened focus by the government on many of these areas. As we expand our products and services and evolve our business models, we may become subject to additional government regulation or increased regulatory scrutiny. Further, regulators (both in the U. S. and in other jurisdictions in which we operate) may adopt new laws or regulations, change existing regulations, or their interpretation of existing laws or regulations may differ from ours. In addition, new legislation, regulation, public policy considerations, litigation by the government or private entities, and changes to or new interpretations of existing laws may result in greater oversight of our industry, restrict the types of products and services that we can offer or the prices we can charge, or otherwise cause us to change the way we operate our businesses or offer our products and services. We may not be able to respond quickly to such regulatory, legislative and other developments, and these changes may in turn increase our cost of doing business and limit our revenue opportunities. In addition, if our practices are not consistent with new interpretations of existing laws, we may become subject to lawsuits, penalties, and other liabilities, any of which could have a negative effect on our business, results of operations, financial condition and future prospects. Changes in state-imposed requirements by one or more states may also significantly increase the costs of providing services to our customers and may prevent us from delivering a quality product to our customers in a timely manner.

Risks Relating to Intellectual Property Our use of open source software could negatively affect our proprietary technologies and our ability to offer and sell subscriptions to our products and could subject us to possible litigation. Certain of the technologies we currently use incorporate open source software, or OSS, and we expect to continue to utilize OSS in the future. OSS is licensed by its authors under a variety of license types. Some of these licenses (often called “hereditary” or “viral” licenses) contain requirements that could cause us to make available the source code of the modifications or derivative works that we create based upon the licensed OSS, and that we license such modifications or derivative works under the terms of a particular open source license granting third-parties certain rights of further use. By the terms of such open source licenses, we also could be required to release the source code of our proprietary (closed-source) software, and to make our proprietary software available under open source licenses, if we combine and / or distribute our proprietary software with such open source software in a manner that triggers the obligation of the license. We cannot be sure that all OSS and their associated licenses are reviewed prior to use in our proprietary software, that our programmers have not incorporated open source software into our proprietary software in a manner triggering such adverse licensing obligations, or that they will not do so in the future. Additionally, the terms of many open source licenses have not been interpreted by U. S. or other courts, and these licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to commercialize our products. We may face claims from others claiming ownership of open source software or patents reading on that software, rights to our intellectual property or breach of open source license terms, including a demand for release of material portions of our source code or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation, which could be costly to defend, require us to purchase a costly license (such as a commercial version of an open source license), require us to establish additional specific open source compliance procedures or require us to devote additional research and development resources to remove open source elements from or otherwise change our solutions, any of which would have a negative effect on our business, results of operations, financial condition and future prospects. Any of the foregoing could disrupt and harm our business, results of operations, financial condition and future prospects. If we are unable to adequately protect our intellectual property to prevent unauthorized use or appropriation, the value of our brand and other intangible assets, as well as our business, results of operations, financial condition and future prospects may be adversely affected. We rely and expect to continue to rely on confidentiality and license agreements with our employees, consultants and third-parties, and **on protection and enforcement of our intellectual property rights, including in our trademark trademarks, copyright copyrights, trade secret secrets and domain name names protection laws, to protect our proprietary rights.** Third-parties may knowingly or unknowingly infringe on or challenge our proprietary rights, and pending and future trademark or other intellectual property applications may not be approved **and if approved, may be inadequate to prevent third parties from circumventing such intellectual property rights.** In addition, effective intellectual property protection may not be available in every country in which we operate or intend to operate our business. In these cases, we may expend significant time and expense to prevent infringement and enforce our rights. We cannot assure you that others will not offer services or concepts that are substantially similar to ours and compete with our business. If the protection of our proprietary rights is inadequate to prevent unauthorized use or appropriation, the value of our brand and other intangible assets may be diminished and competitors may be able to more effectively mimic our services, business practices or operations, which may have an adverse effect on our business, results of operations, financial condition and future prospects.

Risks Relating to Ownership of Our Common Stock The market price of our common stock may be volatile or may decline regardless of our operating performance, resulting in substantial losses for our investors. The market price of our common stock may fluctuate significantly in response to numerous factors, many of which are beyond our control, including: • actual or anticipated fluctuations in our revenue and results of operations; • **our ability to effectively and successfully integrate the operations of Formation Nation into our existing business; our ability to successfully implement our strategic execution priorities;** • the operating and financial projections we may provide to the public, any changes in these projections or our failure to meet these projections; • an increase or loss of customers; • fluctuations in product sales mix; • changes in our pricing strategy or those of our competitors; • developments in new legislation and pending lawsuits or regulatory actions, including interim or final rulings by judicial or regulatory bodies; • our involvement in any litigation; • actual or anticipated changes in our growth rate relative to those of our competitors; • announcements of technological innovations or new services offered by us or our competitors; • announcements by us or our competitors of significant acquisitions, strategic partnerships,

joint ventures or capital- raising activities or commitments; • additions or departures of key personnel; • actions of securities analysts who initiate or maintain coverage of us, changes in financial estimates by any securities analysts who follow our company, or our failure to meet these estimates or investor expectations; • fluctuations in the valuation of companies perceived by investors to be comparable to us; • technical factors in the public trading market for our common stock that may produce price movements that may or may not comport with macro, industry or company- specific fundamentals, including, without limitation, the sentiment of retail investors (including as may be expressed on financial trading and other social media sites), the amount and status of short interest in our common stock, access to margin debt, and trading in options and other derivatives on our common stock; • additional shares of our common stock or other securities being sold into the market by us or our existing stockholders or the anticipation of such sales; • price and volume fluctuations in the overall stock market, including as a result of trends in the economy as a whole; • **general macroeconomic, political, regulatory and market conditions, such as those related to recessionary fears, tariffs, inflation and / or elevated interest rates; and** • other events or factors, including those resulting from war, incidents of terrorism, a public health pandemic or epidemic, bank failures, or responses to these events; ~~and • general macroeconomic, political, regulatory and market conditions, such as those related to recessionary fears, inflation and the rising interest rate environment.~~ In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management’ s attention from other business concerns, which could adversely affect our business, results of operations, financial condition and future prospects. A significant portion of our total outstanding shares may be sold into the market in the near future, which could cause the market price of our common stock to drop significantly, even if our business is performing well Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the effect that such sales may have on the prevailing market price of our common stock. At December 31, **2023-2024**, holders of approximately 65 million shares of our common stock, are entitled to rights pursuant to an investors’ rights agreement, subject to some conditions, to require us to file registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. If one or more of these holders of our common stock sells a large number of shares by exercising their registration rights, it has in the past and may in the future adversely affect the market price for our common stock. In addition, if we file a registration statement for the purposes of selling additional shares to raise capital and are required to include shares held by these holders pursuant to the exercise of their registration rights, our ability to raise capital may be impaired. Concentration of ownership of our common stock among our existing executive officers, directors and **other affiliated affiliates stockholders** may prevent new investors from influencing significant corporate decisions Based upon shares of our common stock outstanding as of December 31, **2023-2024**, our executive officers, directors and **other affiliated affiliates stockholders**, in the aggregate, ~~beneficially~~ own shares, **directly or indirectly**, representing approximately ~~28-21~~ % of our outstanding common stock. If our executive officers, directors and **affiliated affiliates stockholders** acted together, they may be able to significantly influence ~~all~~ matters requiring stockholder approval, including the election and removal of directors and approval of any merger, consolidation or sale of all or substantially all of our assets. The concentration of voting power and transfer restrictions could delay or prevent an acquisition of our company on terms that other stockholders may desire or result in the management of our company in ways with which other stockholders disagree. In addition, FPLZ I, L. P., FPLZ II, L. P. and their affiliated investment entities, or FP, may have influence over management and control over matters requiring stockholder approval, including the annual election of directors and significant corporate transactions. Pursuant to a director nomination agreement previously entered into with FP, we will have the obligation to support the nomination of, and to cause our board of directors to include in the slate of nominees recommended to our stockholders for election, a number of designees equal to at least: (i) two individuals for so long as FP continuously beneficially owns shares of common stock representing at least 50 % of the shares of common stock owned by FP immediately following our IPO and (ii) one individual for so long as FP continuously beneficially owns shares of common stock representing at least 25 %, but less than 50 % of the shares of common stock, owned by FP immediately following the completion of our IPO ~~-LucasZoom, LLC ceased to own any shares of our common stock in November 2023 and, as a result, lost its right to nominate a director to our board of directors under the director nomination agreement.~~ Provisions in our corporate charter documents and provisions under Delaware law could make an acquisition of us, which may be beneficial to our stockholders, more difficult and may prevent attempts by our stockholders to replace or remove our current management Provisions in our corporate charter and our bylaws may discourage, delay or prevent a merger, acquisition or other change in control of us that stockholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares. These provisions also could limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. In addition, because our board of directors is responsible for appointing the members of our management team, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors. Among other things, these provisions: • establish a classified board of directors such that not all members of the board are elected at one time; • allow the authorized number of our directors to be changed only by resolution of our board of directors; • limit the manner in which stockholders can remove directors from the board; • establish advance notice requirements for stockholder proposals that can be acted on at stockholder meetings and nominations to our board of directors; • require that stockholder actions must be effected at a duly called stockholder meeting and prohibit actions by our stockholders by written consent; • limit who may call stockholder meetings; • authorize our board of directors to issue preferred stock without stockholder approval, which could be used to institute a stockholder rights plan, or so- called “ poison pill, ” that would work to dilute the stock ownership of a potential hostile acquirer, effectively preventing acquisitions that have not been approved by our board of directors; and • require the approval of

the holders of at least 66 2 / 3 % of the votes that all our stockholders would be entitled to cast to amend or repeal certain provisions of our charter or bylaws. Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which prohibits a person who owns 15 % or more of our outstanding voting stock from merging or combining with us for a period of three years after the date of the transaction in which the person acquired 15 % or more of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner. These provisions could discourage potential acquisition proposals and could delay or prevent a change in control transaction. They could also have the effect of discouraging others from making tender offers for our common stock, including transactions that may be in your best interests. These provisions may also prevent changes in our management or limit the price that investors are willing to pay for our stock. Our amended and restated certificate of incorporation provides that the doctrine of “ corporate opportunity ” will not apply with respect to certain stockholders. The doctrine of corporate opportunity generally provides that a corporate fiduciary may not develop an opportunity using corporate resources, acquire an interest adverse to that of the corporation or acquire property that is reasonably incident to the present or prospective business of the corporation or in which the corporation has a present or expectancy interest, unless that opportunity is first presented to the corporation and the corporation chooses not to pursue that opportunity. The doctrine of corporate opportunity is intended to preclude officers or directors or other fiduciaries from personally benefiting from opportunities that belong to the corporation. Our amended and restated certificate of incorporation provides that the doctrine of “ corporate opportunity ” will not apply with respect to certain parties to our investors’ rights agreement, in each case together with their respective affiliates, and its and their affiliates’ directors, partners, principals, officers, members, managers and / or employees. LucasZoom, LLC, Permira Advisers LLC, FPLZ I, L. P., FPLZ II, L. P., GPI Capital Gemini Holdco, LP, TCV IX, L. P., TCV IX (A), L. P., TCV IX (B), L. P., TCV Member Fund, L. P., TCV IX (A) Opportunities, L. P., Bryant Stibel Growth, LLC and Bryant- Stibel Fund, I LLC or their affiliates will, therefore, have no duty to communicate or present corporate opportunities to us, and will have the right to either hold any corporate opportunity for their (and their affiliates’) own account and benefit or to recommend, assign or otherwise transfer such corporate opportunity to persons other than us. As a result, certain of our stockholders, directors and their respective affiliates will not be prohibited from operating or investing in competing businesses. We, therefore, may find ourselves in competition with certain of our stockholders, directors or their respective affiliates, and we may not have knowledge of, or be able to pursue, transactions that could potentially be beneficial to us. Accordingly, we may lose a corporate opportunity or suffer competitive harm, which could negatively impact our business, operating results, financial condition and future prospects. Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States of America will be the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders’ ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees. Our amended and restated certificate of incorporation, provides that unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if and only if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, any state court located within the State of Delaware or, if and only if all such state courts lack subject matter jurisdiction, the federal district court for the District of Delaware) and any appellate court thereof shall be the exclusive forum for certain claims or causes of actions under Delaware statutory or common law. The provisions would not apply to suits brought to enforce a duty or liability created by the Securities Exchange Act of 1934, as amended, ~~or the Exchange Act~~. Furthermore, Section 22 of the Securities Act of 1933, as amended, ~~or the Securities Act~~, creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated certificate of incorporation further provides that the federal district courts of the U. S. will be the exclusive forum for resolving any complaint asserting a cause or causes of action arising under the Securities Act, including all causes of action asserted against any defendant to such complaint. While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such an instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our amended and restated certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions. These exclusive forum provisions may limit a stockholder’ s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees. If a court were to find either exclusive- forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could seriously harm our business.