

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2022

OR

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

For the transition period from _____ to _____

Commission File Number 000-25131

Avantax[®]

Avantax, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

91-1718107

(IRS Employer
Identification No.)

3200 Olympus Blvd, Suite 100, Dallas, Texas 75019

(Address of principal executive offices) (Zip code)

(972) 870-6400

(Registrant's telephone number, including area code)

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

Title of each class
Common Stock, par value \$0.0001 per share

Trading Symbol(s)
AVTA

Name of each exchange on which registered
NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

☒

Non-accelerated filer

☐

Accelerated filer

☐

Smaller reporting company

☐

Emerging growth company

☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the Common Stock held by non-affiliates of the registrant outstanding as of June 30, 2022, based upon the closing price of Common Stock on June 30, 2022 as reported on the NASDAQ Global Select Market, was \$870.4 million. Common Stock held by each officer and director (or his or her affiliate) has been excluded because such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for any other purposes.

As of February 21, 2023, 47,861,156 shares of the registrant's Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the registrant's 2023 Annual Meeting of Stockholders (the "Proxy Statement"), to be filed within 120 days of the end of the fiscal year ended December 31, 2022, are incorporated by reference in Part III hereof. Except with respect to information specifically incorporated by reference in this Form 10-K, the Proxy Statement is not deemed to be filed as part hereof.

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TRADEMARKS, TRADE NAMES AND SERVICE MARKS

*This report includes some of the trademarks, trade names, and service marks of Avantax, Inc. (formerly known as Blucora, Inc. and referred to throughout this report as “**Avantax**,” the “**Company**,” “**we**,” “**us**,” or “**our**”), including Blucora, Avantax Wealth Management, Avantax Planning Partners, Avantax Retirement Plan Services, HD Vest, 1st Global, HKFS, and TaxAct. Each one of these trademarks, trade names, or service marks is either (i) our registered trademark, (ii) a trademark for which we have a pending application, (iii) a trade name or service mark for which we claim common law rights, or (iv) a registered trademark or application for registration that we have been authorized by a third party to use.*

Solely for convenience, the trademarks, service marks, and trade names included in this report are without the ®, ™, or other applicable symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, service marks, and trade names. This report may also include additional trademarks, service marks, and trade names of others, which are the property of their respective owners. All trademarks, service marks, and trade names included in this report are, to our knowledge, the property of their respective owners.

References to our or our subsidiaries’ website addresses or the website addresses of third parties in this report do not constitute incorporation by reference of the information contained on such websites and should not be considered part of this report.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K ("**Form 10-K**") contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Many of the forward-looking statements are located in Part II, Item 7 of this Form 10-K under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations." Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements can also be identified by words such as "anticipates," "believes," "plans," "expects," "future," "intends," "may," "will," "would," "could," "should," "estimates," "predicts," "potential," "continues," "target," "outlook," and similar terms and expressions, but the absence of these words does not mean that the statement is not forward-looking. Actual results may differ significantly from management's expectations due to various risks and uncertainties including, but not limited to:

- our ability to effectively compete within our industry;
- our ability to generate strong performance for our clients and the impact of the financial markets on our clients' portfolios;
- our expectations concerning the revenues we generate from fees associated with the financial products that we distribute;
- our ability to attract and retain financial professionals, employees, and clients, as well as our ability to provide strong client service;
- the impact of significant interest rate changes;
- our ability to maintain our relationships with third-party partners, providers, suppliers, vendors, distributors, contractors, financial institutions, industry associations, and licensing partners, and our expectations regarding and reliance on the products, tools, platforms, systems, and services provided by these third parties;
- political and economic conditions and events that directly or indirectly impact the wealth management industry;
- risks related to goodwill and acquired intangible asset impairment;
- our ability to respond to rapid technological changes, including our ability to successfully release new products and services or improve upon existing products and services;
- our future capital requirements and the availability of financing, if necessary;
- the impact of new or changing legislation and regulations (or interpretations thereof) on our business, including our ability to successfully address and comply with such legislation and regulations (or interpretations thereof) and increased costs, reductions of revenue, and potential fines, penalties, or disgorgement to which we may be subject as a result thereof;
- risks, burdens, and costs, including fines, penalties, or disgorgement, associated with our business being subjected to regulatory inquiries, investigations, or initiatives, including those of the Financial Industry Regulatory Authority, Inc. and the Securities and Exchange Commission (the "**SEC**");
- any compromise of confidentiality, availability, or integrity of information, including cyberattacks;
- risks associated with legal proceedings, including litigation and regulatory proceedings;
- our ability to close, finance, and realize all of the anticipated benefits of acquisitions, as well as our ability to integrate the operations of recently acquired businesses, and the potential impact of such acquisitions on our existing indebtedness and leverage;
- our ability to retain employees and acquired client assets following acquisitions;
- our ability to manage leadership and employee transitions, including costs and time burdens on management and our board of directors related thereto;
- our ability to develop, establish, and maintain strong brands;
- our ability to comply with laws and regulations regarding privacy and protection of user data;
- our assessments and estimates that determine our effective tax rate;

- our ability to protect our intellectual property and the impact of any claim that we infringed on the intellectual property rights of others;
- any downgrade of the Company's credit ratings;
- our failure to realize the expected benefits of the sale of our tax software business (the "**TaxAct Sale**");
- disruptions to our business and operations resulting from our compliance with the terms of the transition services agreement entered into in connection with the TaxAct Sale;
- our inability to return capital to stockholders in the amount anticipated; and
- the effects on our business of actions of activist stockholders.

Forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and other factors that may cause our results, levels of activity, performance, achievements, and prospects to be materially different from those expressed or implied by such forward-looking statements. These risks, uncertainties, and other factors include, among others, those identified under "Item 1A. Risk Factors" and elsewhere in this Form 10-K. All forward-looking statements speak only as of the date of this Form 10-K. We do not undertake any obligation and do not intend to update or revise any forward-looking statement to reflect new information, events, or circumstances after the date of this Form 10-K or to reflect the occurrence of unanticipated events, except as required by law.

ITEM 1. Business

General Overview

On January 26, 2023, we changed our corporate name from Blucora, Inc. to Avantax, Inc. We will not distinguish between our prior and current corporate name and will refer to our current corporate name throughout this Annual Report on Form 10-K.

Avantax, Inc., a Delaware corporation formerly known as Blucora, Inc. (the **“Company,” “Avantax,” “we,” “our,” or “us”**), is a leading provider of integrated tax-focused wealth management services and platforms, assisting consumers, small business owners, tax professionals, financial professionals, and certified public accounting (**“CPA”**) firms. Our mission is to enable financial success by changing the way individuals and families plan and achieve their goals through tax-advantaged solutions. Our common stock is listed on the NASDAQ Global Select Market under the symbol **“AVTA.”** Our integrated tax-focused wealth management services consist of the operations of Avantax Wealth Management and Avantax Planning Partners.

Avantax Wealth Management provides tax-focused wealth management solutions for financial professionals, tax professionals, CPA firms, and their clients. Avantax Wealth Management offers its services through its registered broker-dealer, registered investment advisor (**“RIA”**), and insurance agency subsidiaries and is a leading U.S. tax-focused independent broker-dealer. Avantax Wealth Management works with a nationwide network of financial professionals that operate as independent contractors. Avantax Wealth Management provides these financial professionals with an integrated platform of technical, practice, compliance, operations, sales, and product support tools that enable them to offer tax-advantaged planning, investing, and wealth management services to their clients.

Avantax Planning Partners is an in-house/employee-based RIA, insurance agency, and wealth management business that partners with CPA firms in order to provide their consumer and small business clients with holistic financial planning and advisory services, as well as retirement plan solutions through Avantax Retirement Plan Services. Avantax Planning Partners formerly operated as Honkamp Krueger Financial Services, Inc. (**“HKFS”**). We acquired HKFS in July 2020 (the **“HKFS Acquisition”**) and subsequently rebranded it in order to create tighter brand alignment through one common and recognizable brand. Any reference to Avantax Planning Partners in this Form 10-K is inclusive of HKFS.

As of December 31, 2022, we worked with a nationwide network of 3,109 financial professionals and supported \$76.9 billion of total client assets, including \$38.3 billion of advisory assets.

Divestiture of Tax Software Business

On October 31, 2022, we entered into a Stock Purchase Agreement (the **“Purchase Agreement”**) with TaxAct Holdings, Inc. (f/k/a Avantax Holdings, Inc.), a Delaware corporation and a direct subsidiary of Blucora, Inc., Franklin Cedar Bidco, LLC, a Delaware limited liability company (the **“Buyer”**), and, solely for purposes of certain provisions thereof, DS Admiral Bidco, LLC, a Delaware limited liability company, pursuant to which agreed to sell our tax software business to Buyer for an aggregate purchase price of \$720.0 million in cash, subject to customary purchase price adjustments set forth in the Purchase Agreement (the **“TaxAct Sale”**). This transaction subsequently closed on December 19, 2022. In connection with the TaxAct Sale, we entered into a Transition Services Agreement with Buyer pursuant to which each party will provide the other with certain transition services for an initial period ending on June 19, 2023 with optional subsequent renewal periods. This transaction allowed us to become a pure-play wealth management company.

Business Overview

We have one reportable segment, which consists of the operations of Avantax Wealth Management and Avantax Planning Partners. We believe these two models provide unique and complementary models through which tax and financial professionals can affiliate with us. These models include:

- an independent model where financial professionals can serve their clients' wealth management needs directly or where tax professionals and CPAs can partner or affiliate with one of our independent financial professionals to provide their clients tax-advantaged financial solutions; and
- an in-house/employee-based RIA model where CPAs and tax professionals can outsource their clients' wealth management needs to one of our employee financial professionals.

Flexible affiliation models are core to our value proposition to be the leader serving a community of CPAs, tax professionals, and tax-focused financial professionals by providing clients tax-advantaged investment solutions, innovative technologies, and tax-inclusive financial planning. These complementary affiliation models offer powerful ways for us to partner with CPAs and tax professionals of all sizes, from sole practitioners to multi-partner CPA firms.

Avantax Wealth Management. Through its registered broker-dealer, RIA, and insurance agency subsidiaries, Avantax Wealth Management provides tax-focused wealth management solutions to financial professionals, tax professionals, CPA firms, and their clients nationwide and operates a leading U.S. tax-focused independent broker-dealer.

Avantax Wealth Management works with a nationwide network of financial professionals that operate as independent contractors. Because Avantax Wealth Management primarily recruits and serves independent tax professionals, CPA firms, and financial professionals who partner with established tax practices, most Avantax Wealth Management financial professionals have long-standing tax advisory relationships that anchor their wealth management businesses. This contrasts with traditional independent broker-dealers and investment advisers who are typically limited to providing investment advice to their clients.

We believe that tax and accounting professionals, with their existing client relationships and in-depth knowledge of their clients' financial situations, are well positioned to grow their wealth management practices as their tax advisory relationships provide a large base of potential clients. This competitive advantage results in an experienced and stable network of financial professionals who are uniquely positioned to provide tailored and comprehensive financial solutions that enable clients to meet their financial goals, including their tax and wealth management goals. In turn, our financial professionals have multiple revenue-generating options to diversify their earnings sources.

To help tax and accounting professionals integrate wealth management services into their practices, we offer specialized training and support that introduces these financial professionals to the investment business and helps them build their practices. We administer comprehensive training curriculum through a multi-medium approach, including an annual national sales conference, numerous advisor- and home-office led training events, regional meetings, and on-demand learning resources.

Once financial professionals have integrated wealth management into their practices, Avantax Wealth Management provides an open-architecture investment platform and technology tools to help financial professionals identify investment opportunities for their clients. In addition, Avantax Wealth Management supports its financial professionals through its proprietary software tools that are designed to help financial professionals systematically capture tax-alpha (*i.e.*, the incremental performance an investor can achieve, relative to market returns, by taking advantage of available tax-saving strategies) for clients by identifying tax savings opportunities in a financial professional's client base and automating the capture of that opportunity. Our ongoing investments in technology and data analytics are designed to drive enhanced experiences for financial professionals and their clients, and in turn, grow client assets over time.

Avantax Wealth Management also has a highly experienced home office team that is focused on developing and delivering solutions tailored to each financial professional's practice. The home office team provides marketing, practice management, product support, investment management, planning, portfolio management, investment selection, retirement services, compliance, business consulting, succession planning, and other support to our financial professionals.

Avantax Planning Partners. As a tax-focused captive RIA, Avantax Planning Partners' financial professionals are our employees who partner with CPA firms across the country to provide tax-advantaged planning, investing, and financial solutions for their clients. Avantax Planning Partners recruits and builds relationships with CPA firms that desire to provide their clients with tax-advantaged wealth management solutions and financial plans but prefer to outsource that service to a trusted expert.

By the nature of the business, CPAs develop deep, long-lasting relationships with their clients and have insight into their tax and wealth management needs. The trust built in these long-standing relationships provides a solid foundation to recommend a client to a trusted Avantax Planning Partners in-house financial professional who can provide comprehensive wealth management services.

Holistic financial planning is the core offering of Avantax Planning Partners. In-house financial professionals provide guidance in asset management, retirement planning, advanced planning (including, among other things, business succession planning and estate planning), strategic tax and income planning, and insurance.

To assist affiliate CPA firms with integrating wealth management services into their practice, Avantax Planning Partners offers specialized training and support that introduces CPAs to the investment business and identifies the CPA firms' top potential clients. CPAs then work directly with in-house financial professionals to refer clients and provide wealth management solutions.

Avantax Wealth Management and Avantax Planning Partners primarily generate revenue through securities and insurance commissions, quarterly investment advisory fees based on advisory assets, product marketing service agreements, retirement plan servicing fees, and other agreements and fees. For additional information on the Wealth Management segment's revenues, see "Item 8. Financial Statements and Supplementary Data—Note 2."

Our History

We were formed in 1996 as a Delaware corporation. Significant recent events in our history include:

- In January 2012, we acquired TaxAct, a provider of digital tax preparation solutions.
- In December 2015, we acquired HDV Holdings, Inc. and its subsidiaries ("**HD Vest**"), a provider of wealth management and advisory solutions specifically for tax professionals, and announced our plans to focus on the technology-enabled financial solutions market.
- On May 6, 2019, we closed the acquisition of all of the issued and outstanding common stock of 1st Global, Inc. and 1st Global Insurance Services, Inc. (together, "**1st Global**"), a tax-focused wealth management company (the "**1st Global Acquisition**"). The 1st Global Acquisition was strategically important as it expanded our presence as a leading tax-focused independent broker-dealer while also providing the scale to compete more broadly in the wealth management market.
- On July 1, 2020, we acquired all of the issued and outstanding common stock of HKFS. The HKFS Acquisition enabled us to expand the ways we can work with CPA firms and tax professionals to deliver wealth management services to clients, increase our addressable market, and enhance our growth opportunities. Since this acquisition, we have significantly expanded our RIA model into the West Coast, the Northeast, the Southeast, and Texas, completing a total of 20 acquisitions.
- On January 4, 2021, we announced the rebranding of HKFS to Avantax Planning Partners. This rebranding was designed to create tighter brand alignment, bringing our business under one common and recognizable brand.
- On December 19, 2022, we closed the sale of our tax software business, TaxAct, for an aggregate purchase price of \$720 million in cash, subject to customary purchase price adjustments. This transaction allows us to become a pure-play wealth management company, focusing on providing tax-focused wealth management through our independent broker dealer, Avantax Wealth Management, and our employee-based registered investment advisor, Avantax Planning Partners.
- On January 26, 2023, we changed our corporate name from Blucora, Inc. to Avantax, Inc.

Industry Trends

In the wealth management industry, we believe that we are benefiting and will continue to benefit from several positive industry trends, including growth of investable assets, a continued migration to independent financial professional channels, and a continued shift toward household use of fee-based financial professionals. In addition, the captive or employee-based RIA market segment, in which Avantax Planning Partners belongs, is the fastest-growing market segment within the wealth management industry.

Growth Strategy

Our growth strategy begins with our purpose to enable clients to achieve their goals by providing holistic financial services through a uniquely tax-focused lens. Historically, the wealth management industry has largely failed to focus on the impacts of taxes, or only executed tax-advantaged strategies for the wealthiest segment of clients, ignoring the tax ramifications for a broad range of clients. We seek to execute holistic, long-term tax minimization strategies for our clients' tax situations, while expanding access to those strategies to a broader group

of individuals and families. We are confident this approach will drive better outcomes for our financial professionals, leading to higher client acquisition, greater client lifetime value, and better client retention.

Our primary growth strategy focuses on accelerating organic growth in the tax-focused wealth management space by:

- enhancing our financial professional experience with continued investment in service quality and team training to deliver superior capabilities;
- driving client acquisition by targeted recruiting of newly licensed tax professionals, established tax-focused financial professionals, and CPA accounting firms looking to serve their clients with wealth management;
- continuing to develop compelling options for financial professionals interested in succession planning for their firms;
- when in the clients' best interest, improving asset retention and monetization through the continued shift of assets into advisory accounts through appropriate coaching, tools, training, and programs;
- continuing to invest in our technology, products, and value-added services to create positive experiences for our financial professionals and their clients;
- leveraging software development capabilities to improve the service and performance of products offered to our financial professionals;
- expanding our product and service offerings for our financial professionals utilizing best practices. This includes expanding our turn-key retirement planning solutions business to a nationwide footprint through Avantax Planning Partners; and
- improving the tools needed to make our financial professionals more productive by leveraging product and technology resources

Competition

The wealth management industry is a highly competitive and fragmented global industry. We and the financial professionals with whom we partner compete directly with a variety of financial institutions, including traditional wirehouses, independent broker-dealers, registered investment advisers (including CPA firms that have their own in-house registered investment advisers), asset managers, banks and insurance companies, direct distributors, larger broker-dealers, and robo-advisors. These competitors may have greater financial, technological, and marketing resources, broader infrastructure and distribution networks, greater brand recognition, and broader product and service offerings than us and may offer services at a lower fee than we do. We compete directly with these financial institutions for the provision of products and services to clients, as well as for recruitment and retention of financial professionals.

We believe that our competitive position in the wealth management industry is a function of providing effective, differentiated service and tools to tax professionals, while understanding the needs of these tax professionals with respect to wealth management, in order to maximize the opportunity to provide tax-advantaged financial planning and advice to clients. We believe that our competitive advantage is centered on the following differentiators:

- We design our financial planning and advisory service for all taxpayers, not just ultra-high net worth taxpayers.
- We target tax professionals interested in wealth management and tax-advantaged financial professionals with two different affiliation models, which include:
 - an independent model where financial professionals can serve their clients' wealth management needs directly or where tax professionals and CPAs can partner or affiliate with one of our independent financial professionals to provide their clients tax-advantaged financial solutions; and
 - an in-house/employee-based RIA model where CPAs and tax professionals can outsource their clients' wealth management needs to one of our employee financial professionals.
- We support, nurture, and grow the largest community of tax professionals in the wealth management industry through training, growth communities, coaching programs, and purpose driven events.
- We provide best in class and personalized services and support to our tax-focused financial professionals through operations, service, and relationship management teams.

- We offer and continuously develop investment solutions, growth strategies, practice management, and digital product capabilities to deliver tax advantaged opportunities to our community of financial professionals.

Governmental Regulation

Avantax is a publicly traded company that is subject to SEC and NASDAQ Global Select Market rules and regulations regarding public disclosure, financial reporting, internal controls, and corporate governance. We are subject to federal and state government requirements, including regulations related to broker-dealers, securities, investment advisers, asset management, insurance, taxation, intellectual property, labor, advertising, listing standards, product and services quality, consumer protection, user privacy, security, and pricing.

We are subject to enhanced regulatory scrutiny and are heavily regulated by multiple agencies, including the SEC, FINRA, state securities and insurance regulators, and other regulatory authorities. Our subsidiary, Avantax Investment Services, Inc., is a broker-dealer registered with the SEC, a member of FINRA, and a member of the Securities Investor Protection Corporation and the Depository Trust & Clearing Corporation. Broker-dealers and their representatives are subject to laws, rules, and regulations covering all aspects of the securities business, such as sales and trading practices, use and safekeeping of clients' funds and securities, capital adequacy, supervision, recordkeeping and reporting, the conduct of directors, officers, and employees, general anti-fraud provisions, and Regulation Best Interest (which requires a broker-dealer to make recommendations without putting its financial interests ahead of the interests of a retail client). Broker-dealers and their representatives are also regulated by state securities administrators in those jurisdictions where they do business. Compliance with many of the laws, rules, and regulations applicable to us involves a number of risks, because laws, rules, and regulations frequently change and are subject to varying interpretations, among other reasons. Regulators make periodic examinations of our broker-dealer operations and review annual, monthly, and other reports and filings on our operations and financial condition. Violations of laws, rules, and regulations governing a broker-dealer's actions could result in censure, penalties and fines, disgorgement of certain profits, the issuance of cease-and-desist orders, the restriction, suspension, or expulsion from the securities industry of such broker-dealer, its representatives or its officers or employees, or other similar adverse consequences.

Our subsidiaries, Avantax Advisory Services, Inc. and Avantax Planning Partners, Inc., are registered with the SEC as investment advisers and are subject to the requirements of the Investment Advisers Act of 1940, as amended (the **"Advisers Act"**), and the rules and regulations promulgated thereunder. Such requirements relate to, among other things, fiduciary duties to clients, advisory fees, maintaining an effective compliance program, solicitation arrangements, conflicts of interest, advertising, limitations on agency cross and principal transactions between the adviser and advisory clients, recordkeeping and reporting requirements, disclosure requirements, and general anti-fraud provisions. The SEC periodically examines our investment adviser operations and reviews annual and other reports and filings on our operations and disclosures. The SEC is authorized to institute proceedings and impose sanctions for violations of the Advisers Act and other federal securities laws, ranging from fines, penalties, and censure to disgorgement of certain profits and suspension or termination of an investment adviser's registration. Investment adviser representatives also are subject to certain state securities laws and regulations. Failure to comply with the Advisers Act or other federal and state securities laws and regulations could result in investigations, sanctions, profit disgorgement, issuance of cease-and-desist orders and bars, fines, or other similar adverse consequences.

Our subsidiaries offer certain products and services subject to the Employee Retirement Income Security Act of 1974, as amended (**"ERISA"**), and Section 4975 of the Internal Revenue Code of 1986, as amended (the **"Code"**), and to regulations promulgated under ERISA or the Code, insofar as they provide services with respect to plan clients, or otherwise deal with plan clients that are subject to ERISA or the Code. ERISA imposes certain duties on persons who are "fiduciaries" (as defined in Section 3(21) of ERISA) and prohibits certain transactions involving plans subject to ERISA and fiduciaries or other service providers to such plans. Non-compliance with these provisions may expose an ERISA fiduciary or other service provider to liability under ERISA, which may include monetary penalties as well as equitable remedies for the affected plan. Section 4975 of the Code prohibits certain transactions involving plans (as defined in Section 4975(e)(1) of the Code, which includes individual retirement accounts and Keogh plans) and service providers, including fiduciaries, to such plans. Section 4975 of the Code imposes excise taxes for violations of these prohibitions.

Our subsidiaries, Avantax Insurance Agency LLC, Avantax Insurance Services, Inc., and Avantax Planning Partners, Inc., are insurance agencies licensed with the state licensing authority in the jurisdictions where they do business. Insurance agencies and their agents are subject to laws, rules, and regulations covering all aspects of the

insurance business, including sales practices, use and safekeeping of clients' funds, recordkeeping and reporting, the conduct of directors, officers, and employees, and general anti-fraud provisions. Insurance agencies and their agents are regulated by state insurance administrators in those jurisdictions where they do business. Compliance with many of the laws, rules, and regulations applicable to us involves a number of risks, because laws, rules, and regulations frequently change and are subject to varying interpretations, among other reasons. Violations of laws, rules, and regulations governing an insurance agency's actions could result in censure, penalties, and fines, the issuance of cease-and-desist orders, the restriction, suspension, or expulsion of the agency or its agent or its officers or employees, from the insurance industry of a jurisdiction where they do business, or other similar adverse consequences.

We are subject to federal and state laws and government regulations concerning employee safety and health and environmental matters. The Occupational Safety and Health Administration, the Environmental Protection Agency, and other federal and state agencies have the authority to promulgate regulations that may have an impact on our operations.

See the section entitled "*Legal and Regulatory Risks*" in Part I, Item 1A of this Form 10-K for additional information regarding governmental regulation of our business and risks related to such regulation.

Privacy and Security of Client Information and Transactions

Regulatory activity in the areas of privacy and data protection continues to grow worldwide, driven in part by the growth of technology and related concerns about the rapid and widespread dissemination and use of information. To the extent they are applicable to us, we must comply with various federal, state, and international laws and regulations and to financial institution and healthcare provider regulatory requirements relating to the privacy and security of the personal information of our clients and employees. In the United States, these include rules and regulations promulgated under the authority of the Federal Trade Commission, the Health Insurance Portability and Accountability Act of 1996, federal and state labor and employment laws, state data breach notification laws, state privacy laws such as the California Consumer Privacy Act of 2018, the California Privacy Rights Act of 2020, the Colorado Privacy Act, the Virginia Consumer Data Privacy Act, the New York Stop Hacks and Improve Electronic Data Security (SHIELD) Act, the Gramm-Leach-Bliley Act of 1999, SEC Regulation S-P, the Fair Credit Reporting Act, as amended, and Regulation S-ID, and further potential federal and state requirements.

Many of these laws and regulations provide consumers and employees with a private right of action if a covered company suffers a data breach related to a failure to implement reasonable data security measures. In addition, we are subject to other privacy laws and regulations that apply to internet advertising, online behavioral tracking, mobile applications, SMS messaging, telemarketing, email communication, data hosting, data retention, financial and health information, and credit reporting. The legal framework around privacy issues is rapidly evolving, as various federal and state government bodies are considering adopting new privacy laws and regulations, which could result in significant limitations on or changes to the ways in which we can collect, use, host, store, or transmit the personal information and other data of our clients or employees. These laws could also affect the ways we communicate with our clients and deliver products and services and could significantly increase our compliance costs. As our business expands to new industry segments or otherwise becomes subject to rules and regulations of jurisdictions outside the United States with stricter data protection regimes, such as the E.U. General Data Protection Regulation, our compliance requirements and costs will increase.

Through a privacy policy framework designed to be consistent with the principles of individual consent, data subject access, and privacy-by-design, we strive to help ensure that clients and employees are aware of, and can control, how we use personal information about them. We also use privacy statements to provide notice to clients of our privacy practices, as well as provide them the opportunity to furnish instructions with respect to use of their personal information. We participate in industry groups whose purpose is to develop or shape industry best practices, and to influence public policy, for privacy and security of data.

To address data security concerns, we use industry-standard data security safeguards to help protect our computer systems and the information clients give to us from loss, misuse, and unauthorized alteration. We work to protect our computer systems from unauthorized internal or external access using commercially-available computer security products as well as internally-developed security procedures and practices.

See the section entitled "*Risks Related to Our Business*" in Part I, Item 1A of this Form 10-K for additional information regarding risks related to privacy and security of client information and transactions.

Intellectual Property

Our success is bolstered by our technology and intellectual property rights. We seek to protect such rights and the value of our corporate brands and reputation through a variety of measures, including: domain name registrations, confidentiality and intellectual property assignment agreements with employees and third parties, protective contractual provisions, and laws regarding copyrights, trademarks, and trade secrets. We hold multiple registered trademarks in the United States and in various foreign countries, and we may apply for additional trademarks as business needs require. See the section entitled “*Risks Related to Our Business*” in Part I, Item 1A of this Form 10-K for additional information regarding protecting and enforcing intellectual property rights and defending third-party infringement claims.

Human Capital

We are intensely focused on our financial professionals and their clients, as well as our people, who are our most valuable resource. We strive to attract, develop, and retain the most talented employees by providing programs and services that engage employees, help them to learn and develop, and empower them to enable our business strategies. We believe that a key component of our future success will leverage our continued ability to attract and retain qualified personnel.

- As of December 31, 2022, we had 727 full-time employees.
- We offer competitive compensation and benefits that support our employees' health and financial and emotional well-being.
- Our employee engagement, which is the percentage of employees who respond to the Company's culture survey with a positive response to certain satisfaction metrics, continued to climb, increasing 9.8% from 2021 to 2022.
- In 2022, more than 96% of our employees participated in development training through Udemy for Business, a digital learning platform, with an average of 4.5 training hours per participating employee.

Diversity, Equity, and Inclusion. Diversity serves as an integral component of our human capital objectives, and we seek to promote an inclusive work environment that represents a broad spectrum of backgrounds and cultures. As of December 31, 2022, 46% of our employee base, including 35% of our senior leadership team, was female, and 31% of our employee base was comprised of individuals with ethnically or racially diverse backgrounds. Furthermore, as of December 31, 2022, 45% of the members of our Board of Directors were female, and 27% were ethnically and racially diverse. Our Diversity, Equity, and Inclusion Council (“**DE&I Council**”), established in 2020, continues to actively contribute to our diversity, equity, and inclusion strategy and initiatives. The DE&I Council is sponsored by two members of our executive leadership team and provides regular updates on diversity, equity, and inclusion initiatives to the Compensation Committee. The DE&I Council has rolled out several internal initiatives, including: a mentoring program, educational and inclusivity newsletters, round table discussions with special guests, cultural focused celebrations, and diversity and inclusion focused engagements.

Utilization of Independent Contractors and Referring Representatives. We distributed our products and services and generated a substantial portion of our revenues through a nationwide network of 3,109 financial professionals as of December 31, 2022. Of these 3,109 financial professionals, 3,073 either: (1) partner with Avantax Wealth Management and operate as independent contractors or (2) partner with Avantax Planning Partners and operate as licensed referring representatives. We believe that our ability to attract, retain, support, and compensate these independent financial professionals and licensed referring representatives will continue to contribute to the growth and success of the Company overall.

We believe that retaining our strong employee team and the continued evolution of our culture will accelerate our business transformation as a stand-alone pure-play wealth management company.

Company Internet Site and Availability of SEC Filings

Our corporate website is located at corporate.avantax.com. We make available on our website, as soon as reasonably practicable, our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, proxy statements, Current Reports on Form 8-K, other reports filed with or furnished to the SEC, as well as any amendments to those filings. Our SEC filings, as well as our Code of Ethics and Conduct and other corporate governance documents, can be found in the “Investors” section of our website and are available free of charge. Amendments to our Code of Ethics and Conduct and any grant of a waiver from a provision of the Code of Ethics and Conduct requiring disclosure under applicable SEC rules will be disclosed on our website. In addition, the SEC maintains a website at

www.sec.gov that contains reports, proxy and information statements, and other information regarding us and other issuers that file electronically with the SEC. Furthermore, on our site, we post important information, including press releases, investor presentations, and notices of upcoming events and utilize our site as a channel of distribution to reach public investors and as a means of disclosing material non-public information for complying with disclosure obligations under Regulation FD. Investors may be notified of posting to the website by signing up for email alerts on the "Investors" page of our site.

ITEM 1A. Risk Factors

Our business and future results may be affected by a number of risks and uncertainties that should be considered carefully. In addition, this Form 10-K also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in such forward-looking statements as a result of certain factors, including the risks described below. The occurrence of one or more of the events listed below could also have a material adverse effect on the Company's business, prospects, results of operations, reputation, financial condition, cash flows or ability to continue current operations without any direct or indirect impairment or disruption, which is referred to throughout these Risk Factors as a "Material Adverse Effect."

Risk Factor Summary

Below is a summary of the principal factors that make an investment in our securities speculative or risky. A more detailed discussion of the material factors that make an investment in our securities speculative or risky follows this summary.

Risks Related to Our Business

- The wealth management industry is very competitive, and failure to effectively compete could result in a Material Adverse Effect.
- Deficiencies in service or performance of the financial or software products we offer, competitive pressures on pricing of such services or products, or other market declines may cause our business to decline.
- Our business depends on fees generated from the distribution of financial products and fees earned from management of advisory accounts, and changes in market values or in the fee structure of such products or accounts could result in a Material Adverse Effect.
- If we are unable to attract and retain productive financial professionals, including our in-house financial professionals and our independent contractor financial professionals, it could result in a Material Adverse Effect.
- If we are unable to hire, retain, and motivate highly qualified employees, including our key employees, we may not be able to successfully manage our business.
- Significant interest rate changes could affect our profitability and financial condition.
- If we are unable to develop, manage, and maintain critical third-party business relationships for our business, it could result in a Material Adverse Effect.
- The products and services we offer are reliant on products, tools, platforms, systems, and services provided by key vendors and partners, which, if they do not operate as anticipated, could result in a Material Adverse Effect.
- Changes in economic, political, and other factors could have a Material Adverse Effect on our business.
- If our goodwill or acquired intangible assets become impaired, we have been, and in the future may be, required to record a significant impairment charge, which could result in a Material Adverse Effect.
- Future growth of our business and revenue growth depends upon our ability to adapt to technological change and successfully introduce new and enhanced products and services.
- If our enterprise risk management and compliance frameworks, including our policies and procedures, are not effective at mitigating risk and loss to us, we could be exposed to unidentified or unanticipated risks and suffer unexpected claims or losses, we could experience reputational harm, and a Material Adverse Effect could result.
- Climate change may adversely impact our operations and financial results.

Legal and Regulatory Risks

- We are subject to extensive regulation, and increased regulation or the failure to comply with these regulations or interpretations thereof could have a Material Adverse Effect.
- Our operating systems and network infrastructure could fail, become unavailable, or otherwise be inadequate and are subject to significant and constantly evolving cybersecurity and other technological risks, and the security measures that we have implemented to secure confidential and personal information may be breached, which could result in a Material Adverse Effect.
- Complex and evolving U.S. and international laws and regulations regarding privacy and data protection could result in claims, changes to our business practices, penalties, increased cost of operations or otherwise harm our business, and concerns about the current privacy and cybersecurity environment, generally, could deter current and potential clients from adopting our products and services and damage our reputation.
- Failure to maintain technological capabilities, flaws in existing technology, difficulties in upgrading our technology platform, or the introduction of a competitive platform could have a Material Adverse Effect.
- Current and future litigation, regulatory proceedings or adverse court interpretations of the laws and regulations under which we operate could have a Material Adverse Effect.
- If third parties claim that our services or products infringe upon their intellectual property rights, we may be forced to seek expensive licenses, reengineer our services, engage in expensive and time-consuming litigation, or stop marketing and licensing our services or products.

Risks Related to Our Acquisitions and Dispositions

- We may face operational challenges and disruptions as a result of the TaxAct Sale and may not be able to return the proceeds of the TaxAct Sale to our stockholders on a timely basis or at all.
- We have ongoing obligations in connection with the TaxAct Sale, which may cause us to incur unanticipated costs and liabilities and adversely affect our business and results of operations.
- We may fail to realize all of the anticipated benefits of acquisitions.

Risks Related to Our Financing Arrangements

- We have incurred, and may continue to incur, a significant amount of indebtedness, which may materially and adversely impact our financial condition and future financial results.
- Existing cash and cash equivalents and cash generated from operations may not be sufficient to meet our anticipated cash needs for our anticipated share repurchases, working capital, and capital expenditures, including servicing any debt.

Risks Related to Our Common Stock

- Our stock price has been highly volatile, and such volatility may continue.
- Our financial results may fluctuate, which could cause our stock price to be volatile or decline.
- Actions of activist stockholders could adversely affect our business and stock price and cause us to incur significant expenses.
- We cannot assure you we will continue to repurchase shares of our common stock pursuant to our stock repurchase authorization.
- Delaware law and our organizational documents may impede or discourage a takeover that would be beneficial to our stockholders.

Risks Related to Our Business

The wealth management industry is very competitive, and failure to effectively compete could result in a Material Adverse Effect.

The wealth management industry in which we operate is highly competitive, and we may not be able to maintain our clients, financial professionals, employees (including our in-house financial professionals), distribution network, or the terms on which we provide our products and services. Our business competes based on a number

of factors, including name recognition, service, the quality of investment advice, performance, technology, product offerings and features, price, and perceived financial strength. We and the financial professionals with whom we work compete directly with a variety of financial institutions, including traditional wirehouses, independent broker-dealers, registered investment advisers (including CPA firms that have their own in-house registered investment advisor), asset managers, banks and insurance companies, direct distributors, larger broker-dealers, and robo-advisors. Many of these competitors have greater market share, offer a broader range of products, and have greater financial resources. We have faced significant competition in recent years from firms offering lower fees, which could have a material adverse impact on our business. There has also been a trend toward online internet wealth management services and wealth management services that are based on mobile applications or automated processes as clients increasingly seek to manage their investment portfolios digitally. This is leading to increased utilization of “robo” advisor platforms. In addition, over time, certain sectors of the wealth management industry have become considerably more concentrated, as financial institutions involved in a broad range of financial services have been acquired by or merged into other firms. This consolidation could result in our competitors gaining greater resources, and we may experience pressures on our pricing and market share as a result of these factors and as some of our competitors seek to increase market share by reducing prices. In addition, we seek to differentiate our business on the basis of offering tax-focused investing advice and solutions. There is no guarantee that this differentiation will be meaningful to our clients and potential clients, or that another competitor will not adopt a similar strategy more effectively. In either case, our ability to compete effectively in the wealth management industry could be damaged, which could result in a Material Adverse Effect.

Deficiencies in service or performance of the financial or software products we offer, competitive pressures on pricing of such services or products, or other market declines may cause our business to decline.

Client service and performance are important factors in the success of our business. Strong client service and product performance help increase client retention and generate sales of products and services. In contrast, poor service or poor performance of our financial or software products could impair our revenues and earnings, as well as our prospects for growth. Clients can terminate their relationships with us or our financial professionals at will, and deficiencies in our service or product performance could lead clients to choose a competitor’s product or services. A decline or perceived decline in performance, on an absolute or relative basis, could cause a decline in sales of mutual funds and other investment products, an increase in redemptions, and the termination of asset management relationships. Such actions may reduce our aggregate amount of advisory assets and reduce management fees. Poor performance could also adversely affect our ability to expand the distribution of our products through independent financial professionals.

In addition, the emergence of new financial or software products or services from others, or competitive pressures on pricing of such services or products, may result in the loss of clients or accounts. We must also monitor the pricing of our services and financial and software products in relation to competitors and periodically may need to adjust costs and fee structures to remain competitive.

Competition from other financial services firms, such as reduced commissions to attract clients or trading volume, direct-to-investor online financial services, or higher deposit interest rates to attract client cash balances, or increased recruiting bonuses to attract financial professionals, could adversely impact our business. Our clients could also reduce the aggregate amount of their assets managed by us or shift their funds to other types of accounts with different rate structures for any number of reasons, including performance, changes in prevailing interest rates, changes in investment preferences, changes in our (or our financial professionals’) reputation in the marketplace, changes in client management or ownership, loss of key investment management personnel and financial market performance. Our clients (or clients of our financial professionals) can withdraw the assets we manage on short notice, making our future client and revenue base unpredictable. A reduction in assets and the resulting decrease in revenues and earnings could have a Material Adverse Effect. Moreover, investors in the mutual funds and some other pooled investment vehicles that we advise may redeem their investments in those funds at any time without prior notice, and investors in other types of pooled vehicles we advise may typically redeem their investments with fairly limited or no prior notice, thereby reducing our advisory assets. These investors may redeem their investments for any number of reasons, including general financial market conditions, the absolute or relative performance we have achieved, or their own financial condition and requirements. In a declining stock market, the pace of redemptions could accelerate. Poor performance relative to other funds tends to result in decreased purchases and increased redemptions of fund shares. In a declining stock market, the pace of redemptions could accelerate, resulting in a decline in our advisory assets, which could negatively impact our fee revenues and result in a Material Adverse Effect.

Our business depends on fees generated from the distribution of financial products and fees earned from management of advisory accounts, and changes in market values or in the fee structure of such products or accounts could result in a Material Adverse Effect.

A large portion of our revenues are derived from fees generated from the distribution of financial products, such as mutual funds and variable annuities. Changes in the structure or amount of the fees paid by the sponsors of these products could directly affect our revenues, business, and financial condition. In addition, if these products experience losses or increased investor redemptions, we may receive lower fee revenue from the investment management and distribution services we provide on behalf of the mutual funds and annuities. Should issuers of these products leave the market or discontinue offering or paying trail compensation on some or all of their products, our revenues could be negatively impacted. The investment management fees we are paid may also decline over time due to factors such as increased competition, renegotiation of contracts, and the introduction of new, lower-priced investment products and services. Changes in market values or in the fee structure of asset management accounts could adversely affect our revenues, business, and financial condition.

Asset management fees often are primarily comprised of base management and incentive fees, and investment advisers generally are experiencing advisory fee compression due to intense competition. Management fees are primarily based on advisory assets, which are impacted by net inflow/outflow of client assets and market values. Below-market performance by our funds and portfolio managers could result in a loss of managed accounts and could result in reputational damage that might make it more difficult to attract new clients and thus further adversely impact our business and financial condition. If we were to experience the loss of managed accounts, our fee revenue would decline. In addition, as the total amount of our advisory assets increases as a percentage of our total client assets, our results of operations may become substantially more dependent on revenue generated from management fees. In periods of declining market values, our advisory assets may also decline, which would negatively impact our fee revenues. This risk would become further exacerbated the more dependent our business becomes on revenues from management fees, and our ability to effectively offset declining management fee revenue through commission-based revenues may be limited. In addition, because advisory fees are based on advisory assets on the last day of each quarter, our revenues may be negatively impacted by the timing of market movements relative to when clients are billed. Any of the foregoing could result in a Material Adverse Effect.

If we are unable to attract and retain productive financial professionals, including our in-house financial professionals and our independent contractor financial professionals, it could result in a Material Adverse Effect.

We derive a large portion of our revenues from commissions and fees generated by our financial professionals, including our in-house financial professionals. Our ability to attract and retain productive independent contractor and in-house financial professionals has contributed significantly to our growth and success. If we fail to attract new financial professionals or to retain and motivate our financial professionals, our business may suffer.

The market for productive financial professionals is highly competitive, and we devote significant resources to attracting and retaining the most qualified financial professionals. In attracting and retaining financial professionals, we compete directly with a variety of financial institutions such as wirehouses, regional broker-dealers, banks, insurance companies, other independent broker-dealers, and robo-advisors. Certain of these competitors have hired, and may hire in the future, our former employees that have deep relationships with our financial professionals. Financial industry competitors are increasingly offering guaranteed contracts, upfront payments, and greater compensation to attract successful financial professionals. These can be important factors in a current financial professional's decision to leave us as well as in a prospective financial professional's decision to join us, and we may not be able to offer competing packages to successfully recruit financial professionals. We also have experienced and may continue to experience difficulty retaining financial professionals following a material acquisition or as a result of pricing or product changes.

We have faced, and may in the future face, difficulties in attracting and retaining key in-house financial professionals. If any of our in-house financial professionals leave us, clients that worked with such in-house financial professionals may be unhappy and terminate their relationships with us. Departures of our in-house financial professionals have in the past resulted, and could in the future result, in lost relationships with CPA firms and clients, which has led, and could in the future lead, to a reduction in client asset levels and a corresponding reduction in advisory revenue, as well as the loss of referrals.

Moreover, the costs associated with successfully attracting and retaining financial professionals could be significant, and we may not generate sufficient revenues from those financial professionals' business to offset such

costs. Designing and implementing new or modified compensation arrangements and equity structures to successfully attract and retain financial professionals is complicated. Changes to these arrangements could themselves cause instability within our existing investment teams and negatively impact our financial results and ability to grow. In addition, our compensation arrangements with our financial professionals are primarily based on client transaction and/or client asset levels, which we believe incentivizes appropriate financial professional performance and assists in attracting and retaining successful financial professionals. Our cost of revenue (which includes commissions and advisory fees paid to financial professionals) may fluctuate from quarter-to-quarter depending on the amount of commissions we are required to pay to our financial professionals, and if the amounts we are required to pay are different than our expectations, our operating results may be adversely impacted.

We have in the past issued and may in the future issue shares of common stock or other securities convertible into or exchangeable for shares of common stock to our financial professionals in order to attract and retain such individuals, including in connection with acquisitions. The issuance of additional shares of our common stock upon vesting or conversion of these awards may substantially dilute the ownership interests of our existing stockholders and reduce the number of shares of common stock available for issuance under our equity incentive plans.

In addition, the wealth management industry in general is experiencing a decline in the number of younger financial professionals entering the industry. We are not immune to that industry trend. If we are unable to replace financial professionals as they retire, or to assist retiring financial professionals with transitioning their practices to existing financial professionals, we could experience a decline in revenue and earnings.

In addition, as some of our financial professionals grow their advisory assets, they may decide to disassociate from us to establish their own RIAs and take clients and associated assets into those businesses. We seek to deter financial professionals from taking this route by continuously evaluating our technology, product offerings, and service, as well as our financial professional compensation, fees, forgivable financial professional loans, and pay-out policies, to ensure that we are competitive in the market and attractive to successful financial professionals. We may not be successful in dissuading such financial professionals from forming their own RIAs, which could cause a material volume of client assets to leave our platform, which would reduce our revenues and could cause a Material Adverse Effect. We also have entered, and may in the future enter, into agreements with Avantax Wealth Management financial professionals to induce them to join our Avantax Planning Partners' in-house team of financial professionals. We might not be successful in consummating these transactions, and we may not realize the anticipated benefits from the transactions that we do consummate.

If we are unable to hire, retain, and motivate highly qualified employees, including our key employees, we may not be able to successfully manage our business.

Our business and operations are substantially dependent on the performance of our key employees and our future success depends on our ability to identify, attract, hire, retain, and motivate highly skilled management, technical, sales and marketing, and corporate development personnel, including personnel with experience and expertise in the wealth management, and technology industries. Qualified personnel with experience relevant to our business are scarce, and competition to recruit them is intense. Changes of management or key employees may disrupt operations, and if we lose the services of one or more key employees, including potential losses of key employees due to illness or death, and are unable to recruit and retain a suitable successor with relevant experience or if we fail to successfully hire, retain, and manage a sufficient number of highly qualified employees, we may have difficulties in timely managing, supporting, or expanding our business, which could cause a Material Adverse Effect. Realignment of resources, reductions in workforce, or other operational decisions have created and could continue to create an unstable work environment and may have a negative effect on our ability to hire, retain, and motivate employees.

We use stock options, restricted stock units, and other equity-based awards, along with cash-based bonus programs, to recruit and retain senior-level employees and financial professionals. With respect to those employees or financial professionals to whom we issue such equity-based awards, we face a significant challenge in retaining them if the value of equity-based awards in the aggregate or individually is either not deemed by the employee or financial professional to be substantial enough or deemed so substantial that the employee or financial professional leaves after their equity-based awards vest. If the value of equity-based awards granted to our key employees declines, we may be unsuccessful in retaining our key employees and financial professionals. We may undertake or seek stockholder approval to undertake other equity-based programs to retain key personnel, which may be viewed as dilutive to our existing stockholders or may increase our compensation costs.

Significant interest rate changes could affect our profitability and financial condition.

Our revenue is exposed to interest rate risk primarily from changes in fees payable to us from banks participating in our cash sweep programs, which are generally based on prevailing interest rates. Our cash sweep revenue has declined in the past as a result of a low interest rate environment, and our cash sweep revenue may decline in the future due to decreases in interest rates, decreases in client cash balances, or mix shifts among the current or future bank sweep vehicles and money market programs that we offer. The Federal Reserve's federal funds rate was near zero throughout 2021 and gradually increased throughout 2022, however, there is no assurance that it will not maintain a relatively low-interest rate environment for a significant period of time. Our cash sweep revenue also depends on our success in offering competitive products, program fees, and interest rates payable to clients, which may be less favorable for our cash sweep revenue in periods of increasing interest rates. The expiration of contracts with our third-party clearing and custody firm with favorable pricing terms or less favorable terms in future contracts could result in declines in our cash sweep revenue. A sustained low interest rate environment may also have a negative impact upon our ability to renegotiate our existing contracts on comparable terms with our third-party clearing and custody firm. If interest rates decline, or if balances or yields in our cash sweep programs decrease, future cash sweep revenue may be lower than expected.

If we are unable to develop, manage, and maintain critical third-party business relationships for our business, it could result in a Material Adverse Effect.

Our business is dependent on the strength of our business relationships and our ability to continue to develop, maintain, and leverage new and existing relationships. We rely on various third-party partners, including software and service providers, suppliers, vendors, distributors, contractors, financial institutions, and licensing partners, among others, in many areas of these businesses to deliver our services and products. In certain instances, the products or services provided through these third-party relationships may be difficult to replace or substitute, depending on the level of integration of the third party's products or services into, or with, our offerings and/or the general availability of such third party's products and services. In addition, there may be few or no alternative third-party providers or vendors in the market. The failure of third parties to provide acceptable and high-quality products, services, and technologies or to update their products, services, and technologies may result in a disruption to our business operations, which may materially reduce our revenues and profits, cause us to lose clients, and damage our reputation. Alternative arrangements and services may not be available to us on commercially reasonable terms or we may experience business interruptions upon a transition to an alternative partner.

Our business does not offer any proprietary financial products. Instead, it provides wealth, investment, and insurance products through distribution agreements with third-party financial institutions, including banks, mutual funds, and insurance companies. These products are sold by our financial professionals, most of whom are independent contractors. Maintaining and deepening relationships with these unaffiliated distributors and financial professionals is an important part of our growth strategy because strong third-party distribution arrangements enhance our ability to market our products and increase our advisory assets, revenues, and profitability. Our distribution partners and financial professionals may cease to operate, consolidate, institute cost-cutting efforts, discontinue product sales or compensation streams, or otherwise terminate their relationship with us. Any such reduction in access to third-party distributors and financial professionals may have a Material Adverse Effect on our ability to market our products and to generate revenue. In addition, there are risks associated with our third-party clearing and custody firm that we rely on to provide clearing and custody services for our business, including the potential adverse effects to our business if it is unable to provide timely service to us (or not provide service at all), or if they are unable to adapt to industry and technological changes.

Access to investment and insurance product distribution channels is subject to intense competition due to the large number of competitors and products in the broker-dealer, investment advisory, and insurance industries. Relationships with distributors are subject to periodic negotiation that may result in increased distribution costs and/or reductions in the amount of revenue we realize based on sales of particular products or client assets. In addition, regulatory changes may negatively impact our revenues and profits related to particular products or services. Any increase in the costs to distribute our products or reduction in the type or amount of products made available for sale, or revenue associated with those products, could have a Material Adverse Effect.

The products and services we offer are reliant on products, tools, platforms, systems, and services provided by key vendors and partners, including third-party CPA firms and financial professionals. If these third-party products, tools, platforms, systems, and services do not operate as anticipated, our ability to conduct and grow our operations and execute our business strategy could be materially harmed and we could incur harm to our business and reputation, as well as potentially significant costs to improve or replace such products and services.

Our business is reliant upon various providers of financial, accounting, technology, marketing, and business products, tools, platforms, systems, and services that we use to conduct operations. These key relationships include, among others, our network of financial professionals and CPA partner firms, the provider of our clearing platform, and the provider of our investment advisory platform, each of which we rely on to conduct many business activities and transactions with clients, financial professionals, vendors, and other third parties.

The products, tools, platforms, systems and services provided by key vendors and partners have required, and may continue to require, significant operational, technological, and logistical efforts from our financial professionals, employees and contractors in order to effectively implement and integrate into our operations. We expect to continue to acclimate our current and future employees, financial professionals and clients to these third parties' technology, product offerings, processes, procedures, workflows, and capabilities from time to time. The technology, service and product offerings of other key vendors and partners may not be accepted by key stakeholders, financial professionals or clients at the levels we anticipate, and may not provide the level of benefits that we expect even if accepted.

If a significant number of our key stakeholders, including financial professionals and clients, are or become dissatisfied with the different products, tools, platforms, systems, and services, including related technology, processes, policies and products, that our key vendors and partners offer and they leave, use a competitor's product or services, or seek contractual terms with us that are less favorable to our business, it could have a Material Adverse Effect.

Changes in economic, political, and other factors could have a Material Adverse Effect on our business.

We operate in the United States with broad exposure to the global financial markets. Accordingly, we are affected by United States and global economic and political conditions that directly and indirectly impact a number of factors in the domestic and global financial markets and economies, which may be detrimental to our operating results. In addition, all of our revenue is now earned within the United States, and therefore, economic conditions in the United States have an even greater impact on us than companies with an international presence.

Domestic and international factors that could affect our business include, but are not limited to, trading levels, investing, origination activity in the securities markets, security and underlying asset valuations, the absolute and relative level and volatility of interest and currency rates, real estate values, the actual and perceived quality of issuers and borrowers, the supply of and demand for loans and deposits, United States and foreign government fiscal and tax policies, United States and foreign government ability, real or perceived, to avoid defaulting on government securities, inflation, decline and stress or recession in the United States and global economies generally, terrorism, war and armed conflicts, economic sanctions, trade wars and their collateral impacts, the impact of the United Kingdom's exit from the European Union, climate change, natural disasters such as weather catastrophes, and widespread health emergencies, such as the COVID-19 pandemic. Furthermore, changes in consumer economic variables, such as the number and size of personal bankruptcy filings, the rate of unemployment, decreases in property values, certain life events, and the level of consumer confidence and consumer debt may substantially affect consumer loan levels and credit quality.

A period of sustained downturns and/or volatility in the securities markets, a return to increased credit market dislocations, reductions in the value of real estate, and other negative market factors could have a Material Adverse Effect on our business. We could experience a decline in commission revenue from lower trading volumes, a decline in fees from reduced portfolio values of securities managed on behalf of our clients, a reduction in revenue from capital markets and advisory transactions due to reduced activity, increased credit provisions and charge-offs, losses sustained from our clients' and market participants' failure to fulfill their settlement obligations, reduced net interest earnings, and other losses. Periods of reduced revenue and other losses could be accompanied by periods of reduced profitability because certain of our expenses, including, but not limited to, our interest expense on debt, rent, facilities and salary expenses are fixed and, our ability to reduce them over short time periods is limited.

Other more specific trends may also affect our financial condition and results of operations, including, for example, changes in the mix of products preferred by investors that may cause increases or decreases in our fee

revenues associated with such products, depending on whether investors gravitate towards or away from such products. The timing of such trends, if any, and their potential impact on our financial condition and results of operations are beyond our control.

Each of these factors could impact client activity in our business and have a Material Adverse Effect. In addition, these factors may have an impact on our ability to achieve our strategic objectives and to grow our business.

If our goodwill or acquired intangible assets become impaired, we have been, and in the future may be, required to record a significant impairment charge, which could result in a Material Adverse Effect.

We are required to evaluate goodwill and acquired intangible assets for impairment at least annually or more frequently if there are indicators that the carrying amount of our goodwill and acquired intangible assets, which consist primarily of our financial professional, client, and sponsor relationships, our technology and our trade names, exceed their fair value. For these impairment tests, we use various qualitative or quantitative methods to estimate the fair value of our goodwill and acquired intangible assets. If the fair value of an asset is less than its carrying value, we would recognize an impairment charge for the difference. As of December 31, 2022, we had \$266.3 million of goodwill and \$266.0 million of acquired intangible assets on our consolidated balance sheets. For the year ended December 31, 2020, in connection with the Wealth Management reporting unit, we recorded a non-cash impairment charge of \$270.6 million, as discussed further in "Item 8. Financial Statements and Supplementary Data—Note 6."

It is possible that we could have additional impairment charges for goodwill or acquired intangible assets in future periods if, among other things, (i) overall economic conditions in current or future years decline, (ii) business conditions or our strategies for a specific business unit or our trade names change from our current strategies or assumptions, (iii) we suffer from an event that impacts our reputation or brand, or (iv) we experience significant unfavorable changes in our forecasted revenue, expenses, cash flows, weighted average cost of capital, and/or market valuation multiples. If we divest or discontinue businesses or products that we previously acquired or if the value of those parts of our business become impaired, we also may need to evaluate the carrying value of our goodwill. Any such charges could negatively impact our operating results and could cause a Material Adverse Effect.

Future growth of our business and revenue growth depends upon our ability to adapt to technological change and successfully introduce new and enhanced products and services.

The wealth management industry is characterized by rapidly changing technology, evolving industry and security standards, and frequent new product introductions. Our competitors offer new and enhanced products and services every year. Consequently, client expectations are constantly changing. We must successfully innovate and develop or offer new products and features to meet evolving client needs and demands, while continually updating our technology infrastructure. We must devote significant resources to developing our skills, tools, and capabilities in order to capitalize on existing and emerging technologies. Our inability to quickly and effectively innovate our products, services, and infrastructure could result in a Material Adverse Effect.

If our enterprise risk management and compliance frameworks, including our policies and procedures, are not effective at mitigating risk and loss to us, we could be exposed to unidentified or unanticipated risks and suffer unexpected claims or losses, we could experience reputational harm, and a Material Adverse Effect could result.

Our enterprise risk management framework seeks to achieve an appropriate balance between risk and return, which is critical to optimizing stockholder value. We have established processes and procedures intended to identify, measure, monitor, report, analyze and control the types of risk to which we are subject. These risks include liquidity risk, credit risk, market risk, interest rate risk, operational risk, legal and compliance risk, and reputational risk, among others.

We also maintain a compliance program designed to identify, measure, assess, and report on adherence to applicable laws, policies and procedures to which we and our employees, contractors and financial professionals may be subject. As with any risk management or compliance framework, there are inherent limitations to our risk management strategies and certain risks may exist, or develop in the future, that we have not appropriately anticipated or identified, particularly relating to conduct that is difficult to detect and deter. If these frameworks, including the internal controls and other risk-mitigating factors we employ, are not successful in identifying, monitoring and managing risks, we may be subject to the risks of errors and misconduct by our employees,

contractors, financial professionals and other parties with whom we conduct business, such as fraud, non-compliance with policies, rules or regulations, recommending transactions that are not suitable, and improperly using or disclosing confidential information. We are further subject to the risk of nonperformance or inadequate performance of contractual obligations by third-party vendors of products and services that are used in our business. Management of operational, legal and regulatory risks requires, among other things, policies and procedures to record properly and verify a large number of transactions and events, and these policies and procedures may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk. Insurance and other traditional risk-shifting tools may be held by or available to us in order to manage certain exposures, but they are subject to terms such as deductibles, coinsurance, limits and policy exclusions, as well as the risk of counterparty denial of coverage, default or insolvency. If our risk management and compliance framework prove ineffective, we could suffer unexpected claims or losses, experience reputational harm, and/or cause a Material Adverse Effect.

Additionally, prevention and detection of wrongdoing or fraud by our financial professionals, many of whom are not our employees and tend to be located remotely from our headquarters, present unique challenges. RIAs have fiduciary obligations that require us and our financial professionals to act in the best interests of our clients and to disclose any material conflicts of interest. Conflicts of interest are under growing scrutiny by U.S. federal and state regulators. Our risk management processes include addressing potential conflicts of interest that arise in our business. Management of potential conflicts of interest has become increasingly complex. A perceived or actual failure to address conflicts of interest adequately could adversely affect our reputation and the willingness of clients to transact business with us or give rise to litigation or regulatory actions, any of which could have a Material Adverse Effect.

Climate change may adversely impact our operations and financial results.

Climate change may cause extreme weather events that disrupt operations at one or more of our offices, which may negatively affect our ability to provide service to our clients and our financial professionals and the ability of our financial professionals to interact with their clients. Climate change may also have a negative impact on the financial condition of our clients, which may decrease revenues from those clients. New regulations or guidance relating to climate change, as well as the perspectives of shareholders, employees, and other stakeholders regarding climate change, may affect whether and on what terms and conditions we engage in certain activities or offer certain products.

Legal and Regulatory Risks

We are subject to extensive regulation, and increased regulation or the failure to comply with these regulations or interpretations thereof could have a Material Adverse Effect.

Our business is heavily regulated by multiple agencies, including the SEC, FINRA, state securities and insurance regulators, and other regulatory authorities. Failure to comply with applicable laws, rules, and regulations could result in the restriction of the ongoing conduct or growth, or even liquidation of, parts of our business and otherwise cause a Material Adverse Effect. In addition, governmental or regulatory authorities may adopt new laws, rules or regulations, or their interpretation of existing laws, rules or regulations may differ from our interpretation of the laws, rules or regulations that are applicable to our business. Regulators may heighten their focus on the laws, rules, and regulations that affect our business, or undertake certain initiatives or reviews of our business and may also pursue enforcement actions against us based on their initiatives or their interpretation of the laws, rules or regulations that could require or prompt us to change our business practices, impose significant limitations on the way we conduct our business or require us to modify our current or future products or services in a manner that is detrimental to our business, increase our costs, including as a result of significant fines, penalties and disgorgement, reduce our revenue, require notifications to clients or employees, restrict our use of personal information, or cause reputational harm, any of which could cause a Material Adverse Effect. In addition, as we expand our products and services and revise our business models, we may become subject to additional government regulation or increased regulatory scrutiny.

For example, in December 2021, 1st Global (which is now known as Avantax Investment Services, Inc.) consented to a settlement with the SEC in which we agreed (without admitting or denying the findings set forth in the SEC's Order) to pay disgorgement, interest and a penalty in the total amount of \$16.9 million, as part of the SEC's broad review of wealth management firms related to mutual fund share class selection disclosures that began in 2018. Regulators, such as the SEC or FINRA, may pursue similar initiatives in the future, and there can be no guarantee that such initiatives would not cause a Material Adverse Effect.

The regulatory environment in which we operate is continually evolving, and the level of financial regulation to which we are subject has generally increased in recent years. Regulators have adopted, proposed to adopt, and may in the future adopt regulations that could impact the manner in which we market products and services, manage our business operations, manage our cybersecurity program, and interact with regulators. If significant changes are enacted to U.S. fiscal laws and regulations, such changes could negatively impact our business and cause a Material Adverse Effect.

Legislatures and securities regulators in certain states in which we do business have enacted (or have considered enacting) their own standard of conduct rules for broker-dealers, insurance agents, and investment advisers. The requirements and scope of these state rules are not uniform. Accordingly, we may have to adopt different policies and procedures in different states, which could create added compliance, supervision, training and sales costs for our business. Should more states enact similar legislation or regulations, it could result in material additional compliance costs and could have a Material Adverse Effect.

Avantax Wealth Management distributes its products and services through financial professionals who affiliate with us as independent contractors. Legislative, judicial, or regulatory (including tax) authorities or agencies could introduce and approve proposals or legislation or assert interpretations of existing rules and regulations that would change, or at least challenge, the classification of certain of our financial professionals as independent contractors. For example, the Department of Labor proposed a new rule in October 2022 meant to change the employment status of independent contractors, which rule, if it becomes effective without modification, may affect some financial advisors, particularly those working in affiliation with independent broker/dealers. We believe we have properly classified certain of our financial professionals as independent contractors, but the IRS, the Department of Labor, or other U.S. federal or state authorities or similar authorities may determine that we have misclassified certain of our financial professionals as independent contractors for employment tax or other purposes and, as a result, seek additional taxes from us or attempt to impose fines and penalties, which could have a Material Adverse Effect.

In addition, the SEC and FINRA have extensive rules and regulations with respect to capital requirements. As a registered broker-dealer, we are subject to Rule 15c3-1 (the “**Net Capital Rule**”) under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and related requirements of self-regulatory organizations, which specify minimum capital requirements that are intended to ensure the general soundness and liquidity of broker-dealers. As a result of the Net Capital Rule, our ability to withdraw capital from our subsidiaries could be restricted, which in turn could limit our ability to operate the business, repay debt, redeem or purchase shares of our outstanding stock, or pay dividends, which could have a Material Adverse Effect. A large operating loss or charge against net capital could adversely affect our ability to expand or even maintain our present levels of business.

Further, we offer products sponsored by third parties, including, but not limited to, mutual funds, insurance, annuities, and alternative investments. These products are subject to complex laws, rules and regulations that change frequently. If products sold by our business do not perform as anticipated due to market factors or otherwise, or if product sponsors become insolvent or are otherwise unable to meet their obligations, this could result in material litigation and regulatory action against us. In addition, we could face liabilities for actual or alleged breaches of legal duties to clients with respect to the suitability of the financial products we make available in our open architecture product platform or the investment advice of our financial professionals.

Our ability to comply with all applicable laws, rules, and regulations and interpretations of such laws, rules, and regulations is largely dependent on our establishment and maintenance of compliance, audit, and reporting systems and procedures, as well as our ability to attract and retain qualified compliance, audit, and risk management personnel. We have adopted systems, policies, and procedures reasonably designed to comply or facilitate compliance with all applicable laws, rules, and regulations and interpretations of such laws, rules, and regulations, but these systems, policies, and procedures may not be fully effective. If we fail to comply with applicable laws, rules, regulations and guidance, such failure could have a Material Adverse Effect.

Our operating systems and network infrastructure, including our website, transaction management software, data center systems, and the systems of third-party co-location facilities and cloud service providers, could fail, become unavailable or otherwise be inadequate, and are subject to significant and constantly evolving cybersecurity and other technological risks, and the security measures that we have implemented to secure confidential and personal information may be breached. A potential breach or any unavailability, inadequacy or failure of our operating systems and network infrastructure may pose risks to the uninterrupted operation of our systems, expose us to mitigation costs, litigation, investigation, fines and penalties by authorities, claims by third parties (including persons whose information was disclosed), damage our reputation, and/or result in a material loss of revenues and current or potential clients and have a Material Adverse Effect.

Our business is reliant upon financial, accounting and technology systems and networks to process, transmit and store information, including sensitive client and proprietary information, and to conduct many business activities and transactions with clients, advisers, vendors and other third parties. We collect, use, and retain large amounts of confidential personal and financial information from our clients. Maintaining the integrity of our systems and networks is critical to the success of our business operations, including the retention of our clients and financial professionals, and to the protection of our proprietary information and our clients' personal information. The failure to implement, maintain and safeguard an infrastructure commensurate with the size and scope of our business could impede our productivity and growth, which could adversely impact our results of operations and financial condition. Extraordinary trading volumes, malware, ransomware or attempts by hackers to introduce large volumes of fraudulent transactions into our systems, beyond reasonably foreseeable spikes in volumes, could cause our computer systems to operate at an unacceptably slow speed or even fail. A major breach or failure of our systems or those of our third-party service providers or partners, which could result from these or other events beyond our control, or an inability or failure to effectively upgrade those systems or implement new technology-driven products or services, may have materially negative consequences for our business, including possible fines, penalties and damages, unanticipated disruptions in or reduced demand for our services, harm to our reputation and brands, further regulation and oversight by federal or state agencies, and loss of our ability to provide financial transaction services.

Cybersecurity requires ongoing investment and diligence against evolving threats and is subject to federal and state regulation relating to the protection of confidential information. We may be required to expend significant additional resources to modify our protective measures, to investigate and remediate vulnerabilities or other exposures, to make required notifications, or to update our technologies, websites and web based applications to comply with industry and regulatory standards, but we may not have adequate personnel, financial or other resources to fully meet these threats and evolving standards. We will also be required to effectively and efficiently govern, manage and ensure timely evolutions in our systems, including in their design, architecture and interconnections as well as their organizational and technical protections.

We may detect, or we may receive notices from clients, financial professionals, service providers or public or private agencies that they have detected, vulnerabilities or current or potential failures in our operating systems, our network infrastructure, or our software. The existence of vulnerabilities, even if they do not result in a security breach or system failure, may harm client confidence and require substantial resources to address, and we may not be able to discover or remediate such vulnerabilities, breaches, or failures. Additionally, any system interruptions that result in the unavailability or unreliability of our websites, transaction processing systems, or network infrastructure could materially reduce our revenue and impair our ability to properly process transactions. Any system unavailability or unreliability may cause unanticipated system disruptions, slower response times, degradation in client satisfaction, additional expense, or delays in reporting accurate financial information.

In addition, hackers may develop and deploy viruses, worms, and other malicious software programs that can be used to attack our or our third-party service providers' operating systems and network infrastructure. Any such incident could cause a Material Adverse Effect and require us to expend significant resources to address these problems, including notification under data privacy regulations. In addition, our employees (including temporary and seasonal employees) and contractors may have access to sensitive and personal information of our financial professionals, clients, and employees. We conduct background checks on our employees and contractors and limit access to systems and data, but it is possible that one or more of these individuals may circumvent these controls, resulting in a security breach. It is also possible that unauthorized access to or disclosure of client data may occur due to inadequate use of security controls by our clients. Unauthorized persons could gain access to client accounts if clients do not maintain effective access controls of their systems and software.

Although we take protective measures and endeavor to modify them as circumstances warrant, our computer systems, software and networks are to some degree vulnerable to unauthorized access, human error, computer

viruses, denial-of-service attacks, malicious code, spam attacks, phishing, ransomware or other forms of social engineering and other events that could impact the security, reliability, confidentiality, integrity and availability of our systems. To the extent third parties, such as product sponsors, also retain similarly sensitive information about our advisors or their clients, their systems may face similar vulnerabilities. We are not able to protect against these events completely given the rapid evolution of new vulnerabilities, the complex and distributed nature of our systems, our interdependence on the systems of other companies and the increased sophistication of potential attack vectors and methods against our systems. In particular, advisors work in a wide variety of environments, and although we require compliance with our security policies, we cannot ensure the consistent compliance with these policies across all of our advisors, or that our policy will be adequate to address the evolving threat environment. In addition, even if we and our advisors comply with our policies and procedures, persons who circumvent security measures or bypass authentication controls could infiltrate or damage our systems or facilities and wrongfully use our confidential information or clients' confidential information or cause interruptions or malfunctions in our operations. Cyber-attacks can be designed to collect information, manipulate, destroy or corrupt data, applications, or accounts and to disable the functioning or use of applications or technology assets. If one or more of these events occur, they could jeopardize our own, our advisors' or their clients', or our counterparties' confidential and other information processed, stored in and transmitted through our computer systems and networks, or otherwise cause interruptions or malfunctions in our own, our advisors' or their clients', our counterparties', or third parties' operations. As a result, we could be subject to litigation, client loss, reputational harm, liability for a failure to safeguard client data, the termination of relationships with our advisors, regulatory sanctions and financial losses that are either not insured or are not fully covered through any insurance we maintain. If any person, including any of our employees or advisors, negligently disregards or intentionally breaches our established controls with respect to client data, or otherwise mismanages or misappropriates that data, we could also be subject to significant monetary damages, regulatory enforcement actions, fines and/or criminal prosecution in one or more jurisdictions.

As malicious cyber activity escalates, including activity that originates outside of the United States, the risks we face relating to transmission of data and our use of service providers outside of our network, as well as the storing or processing of data within our network, intensify. We maintain cyber liability insurance that provides both third-party liability and first-party liability coverages, but this insurance is subject to exclusions and may not be sufficient to protect us against all losses. In addition, the trend toward broad consumer and general public notification of such incidents could exacerbate the harm to our business, financial condition, or results of operations. Even if we successfully protect our technology infrastructure and the confidentiality of sensitive data, we may incur significant expenses in connection with our responses to any such attacks as well as the adoption, implementation, and maintenance of appropriate security measures. We could also suffer harm to our business and reputation if attempted security breaches are publicized. We cannot be certain that advances in criminal capabilities, discovery of new vulnerabilities, attempts to exploit vulnerabilities in our systems, data thefts, physical system or network break-ins, inappropriate access, or other developments will not compromise or breach the technology or other security measures protecting the networks and systems used in connection with our business.

We rely on third-party vendors to provide a variety of services and host and store certain of our sensitive and personal information and data through co-location facilities and cloud services. We may not have the ability to effectively monitor or oversee the implementation of the security and control measures utilized by our third-party partners, and, in any event, individuals or third parties may be able to circumvent and/or exploit vulnerabilities that may exist in these security and business controls, resulting in a loss of sensitive and personal client or employee information and data. We expect that our regulators would hold us responsible for any deficiencies in our oversight and control of our third-party relationships and for the performance of such third parties. If there were deficiencies in the oversight and control of our third-party relationships, and if our regulators held us responsible for those deficiencies, our business, reputation and results of operations could be adversely affected. Additionally, our systems, operations, data centers and cloud services, and those of our third-party service providers and partners, could be susceptible to damage or disruption, including in cases of fire, flood, earthquakes, other natural disasters, power loss, telecommunications failure, internet breakdown, break-in, human error, software bugs, hardware failures, malicious attacks, computer viruses, computer denial of service attacks, terrorist attacks, or other events beyond our control. Such damage or disruption may affect internal and external systems that we rely upon to provide our services, take and fulfill client orders, handle client service requests, and host other products and services.

During the period in which any of our services or products are unavailable, we could be unable or severely limited in our ability to generate revenues, and we may also be exposed to liability from those third parties to whom we provide such services or products. We could face significant losses as a result of these events, and our business interruption insurance may not be adequate to compensate us for all potential losses, which could result in a Material Adverse Effect. We have business continuity plans that include secondary disaster recovery centers, but if

their primary data centers fail and those disaster recovery centers do not fully restore the failed environments, our business could suffer.

Complex and evolving U.S. and international laws and regulations regarding privacy and data protection could result in claims, changes to our business practices, penalties, increased cost of operations or otherwise harm our business, and concerns about the current privacy and cybersecurity environment, generally, could deter current and potential clients from adopting our products and services and damage our reputation.

Regulations related to data processing by online service providers is evolving as federal, state, and foreign governments continue to adopt new, or modify existing, laws and regulations addressing data privacy and the collection, processing, storage, transfer, and use of data. This includes, for example, the European Union's General Data Protection Regulation, rules and regulations promulgated under the authority of the Federal Trade Commission, the Health Insurance Portability and Accountability Act of 1996, federal and state labor and employment laws, state data breach notification laws, and state privacy laws such as the California Consumer Privacy Act of 2018, the California Privacy Rights Act of 2020, the Colorado Privacy Act, the Virginia Consumer Data Privacy Act, the New York Stop Hacks and Improve Electronic Data Security (SHIELD) Act, the Gramm-Leach-Bliley Act of 1999, SEC Regulation S-P, the Fair Credit Reporting Act of 1970, as amended, and Regulation S-ID, and further potential federal and state requirements. If we are unable to engineer products that meet these evolving requirements or help our clients meet their obligations under these or other new data regulations, we might experience reduced demand for our offerings. Further, penalties for non-compliance with these laws may be significant.

Other governmental authorities throughout the U.S. and around the world have proposed or are considering similar types of legislative and regulatory proposals. Each of these privacy, security, and data protection laws and regulations could impose significant limitations, require changes to our business, require notification to clients or workers of a security breach, restrict our use or storage of personal information, or cause changes in client purchasing behavior, which may make our business more costly, less efficient or impossible to conduct, and may require us to modify our current or future products or services, which may make clients less likely to purchase our products and may harm our future financial results. Additionally, any actual or alleged noncompliance with these laws and regulations could result in negative publicity and subject us to investigations, claims, or other remedies, including demands that we modify or cease existing business practices, and expose us to significant fines, penalties, and other damages. We have incurred, and may continue to incur, significant expenses to comply with existing privacy and security standards and protocols imposed by law, regulation, industry standards, or contractual obligations.

Additionally, the continued occurrence of cyberattacks and data breaches against governments, businesses individuals, indicates that we operate in an external environment where cyberattacks and data breaches are increasingly common. If the global cybersecurity environment worsens, and there are increased instances of security breaches of third-party offerings where consumers' data and sensitive information is compromised, consumers may be less willing to use online offerings, particularly offerings like ours in which clients often share sensitive financial data. In addition, the increased availability of data unlawfully released as a result of breaches of third-party offerings could make our own products more vulnerable to fraudulent activity. Even if our products are not affected directly by such incidents, certain types of incidents could damage our reputation and deter current and potential clients from adopting our products and services or lead clients to cease using online and connected software products to transact financial business altogether.

We capture and use user data for analytics as well as marketing purposes. In connection with our use of user data for these business efforts, concerns may be expressed about whether our products, services, or processes compromise the privacy expectations of users, clients and others. For example, the use by our former tax software business of the Meta Pixel has recently been the subject of media and policymaker scrutiny. Concerns about our practices with regard to the collection, use, disclosure or security of personal information or other privacy related matters, even if unfounded, could damage the reputation of our business and our brands and adversely affect our operating results.

Failure to maintain technological capabilities, flaws in existing technology, difficulties in upgrading our technology platform, or the introduction of a competitive platform could have a Material Adverse Effect.

We believe that our future success will depend in part on our ability to anticipate and adapt to technological advancements required to meet the changing demands of our financial professionals and their clients. We depend on highly specialized technology to support our business functions, including among others:

- securities trading and custody;
- portfolio management;
- performance reporting;
- customer service;
- accounting and internal financial processes and controls; and
- regulatory compliance and reporting.

Our continued success depends on our ability to effectively adopt new or adapt existing technologies to meet changing client, industry and regulatory demands. The emergence of new industry standards and practices could render our existing systems obsolete or uncompetitive. There cannot be any assurance that another company will not design a similar or better platform that renders our technology less competitive.

Maintaining competitive technology requires us to make significant capital expenditures, both in the near term and longer-term. There cannot be any assurance that we will have sufficient resources to adequately update and expand our information technology systems or capabilities, or offer our services on the personal and mobile computing devices that may be preferred by our financial professionals and/or their clients, nor can there be any assurance that any upgrade or expansion efforts will be sufficiently timely, successful, secure and accepted by our current and prospective financial professionals or their clients. The process of upgrading and expanding our systems has at times caused, and may in the future cause, us to suffer system degradations, outages and failures. If our technology systems were to fail and we were unable to recover in a timely way, we would be unable to fulfill critical business functions, which could lead to a loss of advisors and could harm our reputation. A breakdown in advisors' systems could have similar effects. A technological breakdown could also interfere with our ability to comply with financial reporting and other regulatory requirements, exposing us to disciplinary action and to liability to our advisors and their clients. Security, stability and regulatory risks also exist because parts of our infrastructure and software are beyond their manufacturer's stated end of life. We are working to mitigate such risks through additional controls and increased modernization spending, although we cannot provide assurance that our risk mitigation efforts will be effective, in whole or in part.

Current and future litigation, regulatory proceedings, or adverse court interpretations of the laws and regulations under which we operate could have a Material Adverse Effect.

Many aspects of our business involve substantial risks of liability and regulatory oversight. We are currently subject to certain legal and regulatory proceedings and are likely to be subject to such proceedings in the future. In highly volatile markets, the volume of claims and amount of damages sought in litigation and regulatory proceedings against financial institutions have historically increased. Any proceedings to which we are subject, such as regulatory proceedings (including investigations or inquiries), purported class actions, shareholder derivative lawsuits, or claims by wealth management clients, as well as any claims brought against us by Buyer for losses arising from our pre-closing operations of TaxAct, could result in substantial expenditures, generate adverse publicity, and significantly impair our business, or force us to change our business practices. Involvement in any regulatory proceeding or the defense of any lawsuit, even if successful, could require substantial time and attention of our management and could require the expenditure of significant amounts for legal fees, insurance costs, and other related costs. In addition, litigation or regulatory proceedings (including those brought by state or federal agencies) relating to our business practices, as well as our past business practices in operating TaxAct, may result in additional costs, such as fines, penalties and disgorgement, or otherwise restrict or limit our business practices, including the offering of certain of our products or services. To the extent that any such additional costs are incurred, or restrictions implemented that limit or restrict certain business practices, it could result in a Material Adverse Effect.

Further, as required by GAAP, we estimate loss contingencies and establish reserves based on our assessment of contingencies where liability is deemed probable and reasonably estimable in light of the facts and

circumstances known to us at a particular point in time. Subsequent developments in legal or regulatory proceedings may affect our assessment and estimates of the loss contingency recorded as a liability or as a reserve against assets in our financial statements. See “Item 3. Legal Proceedings” along with “Item 8. Financial Statements and Supplementary Data—Note 10.” Because litigation, regulatory proceedings, and other disputes are inherently unpredictable, the results of any of these matters may have a Material Adverse Effect.

If third parties claim that our services or products infringe upon their intellectual property rights, we may be forced to seek expensive licenses, reengineer our services, engage in expensive and time-consuming litigation, or stop marketing and licensing our services or products.

Companies and individuals with rights relating to the technology industry have frequently resorted to litigation regarding intellectual property rights. These parties have in the past made, and may in the future make, claims against us alleging infringement of patents, copyrights, trademarks, trade secrets, or other intellectual property or proprietary rights, or alleging unfair competition or violations of privacy or publicity rights. Responding to any such claims could be time-consuming, result in costly litigation, divert management’s attention, cause product or service release delays, or require removal or redesigning of our products or services, payment of damages for infringement, or entry into royalty or licensing agreements. Our technology, services, and products may not be able to withstand any third-party claims or rights against their use. In some cases, the ownership or scope of an entity’s or person’s rights is unclear. In addition, the ownership or scope of such rights may be altered by changes in the legal landscape, such as through developments in U.S. or international intellectual property laws or regulations or through court, agency, or regulatory board decisions. If a successful claim of infringement were made against us and we could not develop non-infringing technology or content or license the infringed or similar technology or content on a timely and cost-effective basis, we could experience a Material Adverse Effect.

We rely heavily on our technology and intellectual property, but we may be unable to adequately or cost-effectively protect or enforce our intellectual property rights, thereby weakening our competitive position and negatively impacting our business and financial results. We may have to litigate to enforce our intellectual property rights, which can be time consuming, expensive, and difficult to predict.

To protect our rights related to our services and technology, we rely on a combination of copyright and trademark laws, trade secrets, confidentiality agreements with employees and third parties, and protective contractual provisions. We also rely on laws pertaining to trademarks and domain names to protect the value of our corporate brands and reputation. Despite our efforts to protect our proprietary rights, unauthorized parties may copy aspects of our services or technology, obtain and use information, marks, or technology that we regard as proprietary, or otherwise violate or infringe our intellectual property rights. In addition, it is possible that others could independently develop substantially equivalent intellectual property. Effectively policing the unauthorized use of our services and technology is time-consuming and costly, and the steps taken by us may not prevent misappropriation of our technology or other proprietary assets. If we do not effectively protect our intellectual property, or if others independently develop substantially equivalent intellectual property, our competitive position could be materially weakened.

Risks Related to Our Acquisitions and Dispositions

We may face operational challenges and disruptions as a result of the TaxAct Sale and may not be able to return the proceeds of the TaxAct Sale to our stockholders on a timely basis or at all.

The TaxAct Sale transformed the Company into a pure-play wealth management company. In connection with the TaxAct Sale, we have begun streamlining our business, including the departure of certain senior leaders, to adjust to being a smaller, less complex enterprise. Such loss of certain senior leadership could cause a disruption in how we operate and have a negative effect on our business.

In addition, we plan to return a significant amount of the proceeds from the TaxAct Sale to our stockholders. However, there is no guarantee that we will be able to return all of such proceeds to our stockholders on a timely basis or at all. If we are unable to return a significant amount of capital to stockholders, our stock price could be adversely affected.

Any operational challenges or disruptions faced by the Company as a result of the TaxAct Sale or the inability to return a significant amount of capital to stockholders could result in a Material Adverse Effect.

We have ongoing obligations in connection with the TaxAct Sale, which may cause us to incur unanticipated costs and liabilities and adversely affect our business and results of operations.

In connection with the TaxAct Sale, we have certain ongoing indemnification obligations, and we and the Buyer have agreed to provide certain transitional services to each other for an initial period ending on June 19, 2023. Moreover, notwithstanding the TaxAct Sale, we have incurred, and expect to continue to incur, costs in connection with our former tax software business's use of the Meta Pixel. We may incur unanticipated costs and liabilities in connection with our indemnification obligations or our provision of transition services to the Buyer. In addition, providing transition services may divert our management's and employees' attention and may adversely affect our continuing business operations. There may also be disputes with the Buyer over costs associated with transition services.

We may fail to realize all of the anticipated benefits of acquisitions.

We may seek to acquire companies or assets that complement our business. Additionally, as part of our business plan, we have entered, and may in the future enter, into agreements with Avantax Wealth Management financial professionals whereby we acquire their financial services businesses and, following the consummation of the acquisition, we serve their clients through our in-house financial professionals. We might not be successful in consummating acquisitions; we may not realize the anticipated benefits from the acquisitions that we do consummate; and we could lose clients who may be unhappy with these acquisitions following their completion.

We may also face integration challenges associated with acquisitions, which could divert management's attention from ongoing operations and opportunities. In addition, we may face difficulties in managing the expanded operations of a significantly larger and more complex company.

If we are successful in our pursuit of any complementary acquisition opportunities, our source(s) of capital may change our leverage profile. There are a number of factors that impact our ability to succeed in acquiring the companies and assets we identify, including competition for these companies and assets, sometimes from larger or better-funded competitors. As a result, our success in completing acquisitions is not guaranteed. Our expectation is that, to the extent we are successful, any acquisitions will be additive to our business, taking into account potential benefits of operational synergies. However, new business additions and acquisitions, if any, involve a number of risks and may not achieve our expectations, and, therefore, we could be materially and adversely impacted by any such new business additions or acquisitions.

The failure to realize the anticipated benefits of acquisitions could cause an interruption of, or a loss of momentum in, our operations and could result in a Material Adverse Effect.

Risks Related to Our Financing Arrangements

We have incurred, and may continue to incur, a significant amount of indebtedness, which may materially and adversely impact our financial condition and future financial results.

We are party to a senior secured credit facility, which consists of a delayed draw term loan facility up to a maximum principal amount of \$270.0 million (the ***"Delayed Draw Term Loan Facility"***) and a revolving credit facility with a commitment amount of \$50.0 million (the ***"Revolving Credit Facility"***). We may borrow term loans under the Delayed Draw Term Loan Facility (the ***"Term Loans"***) until January 24, 2024. On February 24, 2023, we borrowed \$170.0 million under the Delayed Draw Term Loan Facility. The stated maturity date of the Delayed Draw Term Loan Facility and the Revolving Credit Facility is January 24, 2028. The proceeds of any Term Loans may be used to fund shareholder distributions and for general corporate purposes. The proceeds of any loans under the Revolving Credit Facility may be used to finance working capital needs and for general corporate purposes.

Our level of indebtedness may materially and adversely impact our financial condition and future financial results by, among other things:

- increasing our vulnerability to downturns in our business, to competitive pressures, and to adverse economic and industry conditions;
- requiring the dedication of a portion of our expected cash from operations to service the indebtedness, thereby reducing the amount of expected cash flow available for other purposes, including capital expenditures and complementary acquisitions;
- increasing our interest payment obligations in the event that interest rates rise; and

- limiting our flexibility in planning for, or reacting to, changes in our businesses and our industries.

Our senior secured credit facility imposes certain restrictions on us, including restrictions on our ability to create liens, incur indebtedness and make investments. In addition, our senior secured credit facility includes certain financial covenants, the breach of which may cause the outstanding indebtedness to be declared immediately due and payable. If we fail to comply with our financial and other restrictive covenants contained in the agreements governing our indebtedness, we may be required to refinance all or part of our debt, sell important strategic assets at unfavorable prices or borrow more money. Our borrowings under the senior secured credit facility, and our ability to repay such borrowings, may also negatively impact our ability to obtain additional financing in the future and may affect the terms of any such financing.

In addition, we or our subsidiaries may incur additional debt in the future. Any additional debt may result in risks similar to those discussed above or in other risks specific to the credit agreements entered into for those debts.

Existing cash and cash equivalents and cash generated from operations may not be sufficient to meet our anticipated cash needs for our anticipated share repurchases, working capital, and capital expenditures, including servicing any debt.

Liquidity, or ready access to funds, is essential to our business. We expend significant resources investing in our business, particularly with respect to our technology and service platforms. In addition, we must maintain certain levels of required capital. As a result, reduced levels of liquidity could have a significant negative effect on us. We believe that existing cash and cash equivalents, proceeds from amounts borrowed under our Term Loans, and cash generated from operations will be sufficient to meet our anticipated cash needs for our anticipated share repurchases, working capital, capital expenditures, and servicing debt for at least the next 12 months, but the underlying levels of revenues and expenses that we project may not prove to be accurate. On February 24, 2023, we borrowed \$170.0 million under the Delayed Draw Term Loan Facility. We intend to use a substantial amount of the proceeds received in the TaxAct Sale to fund share repurchases under the Tender Offer and our stock repurchase authorization, which will reduce the amount of our cash flow for other purposes, and after which we will be reliant on our business operations to generate sufficient cash to support our ongoing cash needs. In addition, we no longer have access to the cash historically generated (or that may be generated in the future) from the operations of our tax software business, and our pure-play wealth management business may not generate cash flow from operations sufficient to meet our anticipated cash needs and make necessary capital expenditures, including servicing any debt. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt, or obtaining additional equity capital on terms that may be onerous or highly dilutive. Changes in the debt and capital markets, including market disruptions, limited liquidity, an increase in interest rates, changes in our credit rating, and our financial condition and results at such time, among other potential factors, may limit our ability to obtain or increase the cost of financing, as well as the risks of refinancing maturing debt. This may affect our ability to raise needed financing and reduce the amount of cash available to fund our operations, acquisitions, or other growth initiatives.

In addition, we may evaluate complementary acquisitions of businesses, products, or technologies from time to time. Any such transactions, if completed, may use a significant portion of our cash and cash equivalents. If we are unable to liquidate our investments when we need liquidity for complementary acquisitions or for other business purposes, we may need to change or postpone such acquisitions or find alternative financing for them. We may seek additional funding through public or private financings, through sales of equity, or through other arrangements. Our ability to raise funds may be materially and adversely impacted by a number of factors, including factors beyond our control, such as economic conditions in the markets in which we operate and increased uncertainty in the financial, capital, and credit markets. Adequate funds may not be available when needed or may not be available on favorable terms. If we raise additional funds by issuing equity securities, dilution to existing stockholders may result. Any sale of a substantial amount of our common stock in the public market, either in the initial issuance or in a subsequent resale, could have a Material Adverse Effect on the market price of our common stock. If funding is insufficient at any time in the future, we may be unable, or delayed in our ability, to develop or enhance our products or services, take advantage of business opportunities, or respond to competitive pressures, any of which could materially harm our business.

Risks Related to Our Common Stock

Our stock price has been highly volatile, and such volatility may continue.

The trading price of our common stock has been highly volatile, and such volatility does not always correspond to fluctuations in the market. Between January 1, 2021 and December 31, 2022, our closing stock price ranged from

\$14.30 to \$25.59. On February 21, 2023, the closing price of our common stock was \$29.69. Our stock price could decline or fluctuate significantly in response to many factors, including the other risks discussed in this Form 10-K and the following:

- actual or anticipated variations in quarterly and annual results of operations;
- impairment charges, changes in or loss of material contracts and relationships, dispositions or announcements of complementary acquisitions, or other business developments by us, our partners, or our competitors;
- changes in executive officers;
- conditions or trends in the wealth management industry;
- changes in general conditions in the United States and global economies or financial markets;
- announcements of technological innovations or new services by us or our competitors;
- changes in financial estimates or recommendations by securities analysts;
- disclosures of any accounting issues, such as restatements or material weaknesses in internal control over financial reporting;
- equity issuances resulting in the dilution of stockholders;
- the adoption of new regulations or accounting standards;
- adverse publicity (whether justified or not) with respect to our business; and
- announcements or publicity relating to litigation or governmental enforcement actions.

In addition, the equities market has experienced extreme price and volume fluctuations, and our stock has been particularly susceptible to such fluctuations. Often, class action litigation has been instituted against companies after periods of volatility in the price of such companies' stock. We have been defendants in such class action litigation in prior periods and could be subject to future litigation, potentially resulting in substantial cost and diversion of management's attention and resources.

Our financial results may fluctuate, which could cause our stock price to be volatile or decline.

Our financial results have varied on a quarterly basis and are likely to continue to fluctuate in the future. These fluctuations could cause our stock price to be volatile or decline. Many factors could cause our quarterly results to fluctuate materially, including but not limited to:

- our inability to implement business plans and to meet our expectations;
- variable demand for our services, rapidly evolving technologies and markets, and consumer preferences;
- the level and mix of total client assets and advisory assets, which are subject to fluctuation based on market conditions and client activity;
- the mix of revenues generated by existing businesses or other businesses that we develop or acquire;
- changes in interest rates or reductions in our cash sweep revenue;
- volatility in stock markets impacting the value of our advisory assets;
- gains or losses driven by fair value accounting;
- litigation expenses and settlement costs;
- misconduct by employees, contractors and/or financial professionals, which is difficult to detect and deter;
- expenses incurred in finding, evaluating, negotiating, consummating, and integrating acquisitions;
- impairment or negative performance of the many different industries and counterparties we rely on and are exposed to;
- any restructuring charges we may incur;
- any economic downturn, which could result in lower acceptance rates on premium products and services offered by our business and impact the commissions and fee revenues of our financial advisory services;

- new court rulings, or the adoption of new or interpretation of existing laws, rules, or regulations, that adversely affect our business or that otherwise increase our potential liability or compliance costs;
- impairment in the value of long-lived assets or the value of acquired assets, including goodwill, technology, and acquired contracts and relationships; and
- the effect of changes in accounting principles or standards or in our accounting treatment of revenues or expenses.

For these reasons, among others, you should not rely on period-to-period comparisons of our financial results to forecast our future performance. Furthermore, our fluctuating operating results may fall below the expectations of securities analysts or investors and financial results volatility could make us less attractive to investors, either of which could cause the trading price of our stock to decline.

Actions of activist stockholders could adversely affect our business and stock price and cause us to incur significant expenses.

We strive to maintain constructive, ongoing communications with all our stockholders, and welcome their views and opinions with the goal of enhancing value for all our stockholders, but certain activist stockholders may from time to time engage in proxy solicitations, advance stockholder proposals, or otherwise attempt to effect changes or acquire control over the Company. We are currently the target of a proxy contest initiated by Engine Capital LP, an activist stockholder (“**Engine**”) for a seat on our board of directors, and were the target of a proxy contest initiated by Engine in 2022 and another activist stockholder in 2022. Campaigns by stockholders to effect changes at publicly traded companies are sometimes led by investors seeking to increase short-term stockholder value through actions such as return of capital to stockholders or sales of assets or the entire company. Responding to proxy contests, proposals, and other actions by activist stockholders requires, and may in the future require, us to incur significant legal and consulting costs, proxy solicitation expenses, and administrative and associated costs. In addition, responding to proxy contests, proposals, and other actions by activist stockholders may divert the attention of our board of directors, management team and employees and disrupt our business and operations, as has occurred in the past.

Perceived uncertainties as to our future direction, our ability to execute on our strategy, or changes to the composition of our board of directors or senior management team could arise from proposals by activist stockholders or a proxy contest. Such perceived uncertainties could interfere with our ability to execute our strategic plans, be exploited by our competitors and/or other activist stockholders, result in the loss of potential business opportunities, make it more difficult to attract and retain financial professionals and qualified employees, and adversely impact our relationship with existing and potential business partners, any of which could have a Material Adverse Effect.

Further, actual or perceived actions of activist stockholders may cause significant fluctuations in our stock price based upon temporary or speculative market perceptions or other factors that do not necessarily reflect the Company’s underlying fundamentals and prospects.

Additionally, we have, and may in the future, become party to litigation as a result of matters arising in connection with a proxy contest or other activist stockholder actions, which could serve as a distraction to our board of directors and management and could require us to incur significant additional costs.

We cannot assure you we will continue to repurchase shares of our common stock pursuant to our stock repurchase authorization.

On December 9, 2021, we announced that our board of directors authorized the Company to repurchase an additional \$28.3 million of our common stock under our stock repurchase plan (the “**December 2021 repurchase plan**”), bringing the total authorized repurchases under the December 2021 repurchase plan back to \$100.0 million as of December 31, 2021. In November 2022, our board of directors replaced the December 2021 repurchase plan with an authorization to repurchase up to \$200.0 million of our common stock.

Pursuant to the December 2021 repurchase plan, share repurchases were made through a variety of methods, including open market or privately negotiated transactions. The timing and number of shares repurchased depended on a variety of factors, including price, general business and market conditions, our capital allocation policy, and alternative investment opportunities.

The current stock repurchase authorization does not obligate us to repurchase any specific number of shares, may be suspended or discontinued at any time, and does not have a specified expiration date. Any repurchases of our stock pursuant to the stock repurchase authorization may materially reduce the amount of cash we have available and may not materially enhance the long-term value of our business or our stock.

For the year ended December 31, 2022, we repurchased approximately 1.9 million shares of our common stock under the December 2021 repurchase plan for an aggregate purchase price of approximately \$35.0 million. The authorized amount under the November 2022 stock repurchase authorization as of December 31, 2022 was \$200.0 million. For the year ended December 31, 2021, we did not repurchase any shares of our common stock under the December 2021 repurchase plan.

Delaware law and our organizational documents may impede or discourage a takeover that would be beneficial to our stockholders.

We are a Delaware corporation, and the anti-takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire us, even if a change of control would be beneficial to our existing stockholders. For example, Section 203 of the Delaware General Corporation Law may discourage, delay, or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the person becomes an interested stockholder. In addition, our certificate of incorporation and bylaws contain provisions that may discourage, delay, or prevent a third party from acquiring us without the consent of our board of directors, even if doing so would be beneficial to our stockholders. Provisions of our organizational documents that could have an anti-takeover effect or limit the activities of stockholders include:

- the requirement for supermajority approval by stockholders for certain business combinations;
- the ability of our board of directors to authorize the issuance of shares of undesignated preferred stock without a vote by stockholders;
- the ability of our board of directors to amend or repeal our bylaws;
- limitations on the removal of directors;
- limitations on stockholders' ability to call special stockholder meetings; and
- advance notice requirements for nominating candidates for election to our board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 2. Properties

Our principal corporate office is located in Dallas, Texas. We primarily operate out of our Dallas corporate office, with additional office space located in Dubuque, Iowa (obtained in connection with the HKFS Acquisition). We also have smaller operational offices for our in-house financial professionals in various locations throughout the United States. All of our facilities are leased.

ITEM 3. Legal Proceedings

See "Item 8. Financial Statements and Supplementary Data—Note 10" for information regarding legal proceedings.

ITEM 4. Mine Safety Disclosures

None.

PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

Market for Our Common Stock

Previously, our common stock traded on the NASDAQ Global Select Market under the symbol "BCOR." However, in connection with the change in our corporate name on January 26, 2023, our common stock now trades under the symbol "AVTA." On February 21, 2023, the last reported sale price for our common stock on the NASDAQ Global Select Market was \$29.69 per share.

Holders

As of February 21, 2023, there were 292 holders of record of our common stock. A substantially greater number of holders are beneficial owners whose shares are held of record by banks, brokers, and other financial institutions.

Stock Repurchases

On December 9, 2021, we announced that our board of directors authorized the Company to repurchase an additional \$28.3 million of our common stock pursuant to the December 2021 repurchase plan, bringing the total authorized repurchases under the December 2021 repurchase plan back to \$100.0 million as of December 31, 2021. In November 2022, our board of directors replaced the December 2021 repurchase plan with an authorization to repurchase up to \$200.0 million of our common stock. The remaining authorized amount under the stock authorization as of December 31, 2022, was \$200.0 million.

Pursuant to the December 2021 repurchase plan, share repurchases were made through a variety of methods, including open market or privately negotiated transactions. The timing and number of shares repurchased depended on a variety of factors, including price, general business and market conditions, our capital allocation policy, and alternative investment opportunities. The November 2022 stock repurchase authorization does not obligate us to repurchase any specific number of shares, may be suspended or discontinued at any time, and does not have a specified expiration date. Any repurchases of our stock pursuant to the stock repurchase authorization may materially reduce the amount of cash we have available and may not materially enhance the long-term value of our business or our stock.

Stock repurchase activity for the year ended December 31, 2022, is as follows (in thousands, except the average price paid per share data):

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet be Purchased under the Plans or Programs
January 1-31, 2022	190	\$ 15.73	190	\$ 97,007
February 1-28, 2022	524	\$ 18.12	524	\$ 87,510
March 1-31, 2022	931	\$ 19.39	931	\$ 69,463
April 1-30, 2022	230	\$ 19.40	230	\$ 65,000
May 1-31, 2022	—	\$ —	—	\$ 65,000
June 1-30, 2022	—	\$ —	—	\$ 65,000
July 1-31, 2022	—	\$ —	—	\$ 65,000
August 1-31, 2022	—	\$ —	—	\$ 65,000
September 1-30, 2022	—	\$ —	—	\$ 65,000
October 1-31, 2022	—	\$ —	—	\$ 65,000
November 1-30, 2022	—	\$ —	—	\$ 65,000
December 1-31, 2022 ⁽¹⁾	—	\$ —	—	\$ 200,000
Total	1,875	\$ 18.67	1,875	

(1) The maximum approximate dollar value of shares that may yet be purchased under the plans or programs has been adjusted to reflect the replacement of the December 2021 repurchase plan in November 2022 with a new authorization to repurchase up to \$200.0 million of our common stock.

For the year ended December 31, 2021, we did not repurchase any shares of our common stock under the December 2021 repurchase plan. For more information on stock repurchases, see Item 8. Financial Statements and Supplementary Data—Note 12.

Between January 1, 2023 and January 26, 2023, we repurchased approximately 0.5 million shares of our common stock under our stock repurchase authorization for an aggregate purchase price of approximately \$12.5 million. The remaining authorized amount under the stock repurchase authorization as of February 24, 2023 was approximately \$187.5 million.

Capital Return Program

On January 27, 2023, we commenced a modified “Dutch Auction” tender offer (the “**Tender Offer**”) to purchase shares of our common stock for an aggregate purchase price of up to \$250 million at a price per share not less than \$27.00 and not greater than \$31.00. The Tender Offer is in addition to, and separate from, the \$200.0 million stock repurchase authorization discussed above. The Tender Offer was not conditioned upon any minimum number of shares being tendered and was not subject to a financing condition. The Tender Offer expired at 12:00 midnight, New York City Time, at the end of the day on February 24, 2023. Based on the preliminary results of the Tender Offer, we expect to purchase 8.3 million shares, or approximately 17.4% of our outstanding shares of common stock as of February 24, 2023, for aggregate cash consideration of \$250.0 million (excluding fees and expenses related to the Tender Offer).

ITEM 6. [Reserved]

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion provides an analysis of our financial condition, cash flows, and results of operations from management's perspective and should be read in conjunction with our consolidated financial statements and notes thereto included under Part II, Item 8 in this Form 10-K. The following discussion contains forward-looking statements that are subject to risks and uncertainties. See the section titled "Cautionary Statement Regarding Forward-Looking Statements" for a discussion of the uncertainties, risks, and assumptions associated with those statements. Actual results could differ materially from those discussed in or implied by forward-looking statements as a result of various factors, including those discussed below and elsewhere in this Form 10-K, particularly under Part I, Item 1A, in the section titled "Risk Factors."

*In addition, the following discussion and analysis compares our financial condition and results of operations for the year ended December 31, 2022 to the year ended December 31, 2021. For a discussion of the financial condition and results of operations for the year ended December 31, 2021 compared to the year ended December 31, 2020, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Form 10-K for the year ended December 31, 2021 that was filed with the Securities and Exchange Commission (the "**SEC**") on February 25, 2022.*

Overview

Avantax, Inc., a Delaware corporation formerly known as Blucora, Inc. (the "**Company**," "**Avantax**," "**we**," "**our**," or "**us**"), is a leading provider of integrated tax-focused wealth management services and platforms, assisting consumers, small business owners, tax professionals, financial professionals, and certified public accounting ("**CPA**") firms. Our mission is to enable financial success by changing the way individuals and families plan and achieve their goals through tax-advantaged solutions. Our common stock is listed on the NASDAQ Global Select Market under the symbol "AVTA." Our integrated tax-focused wealth management services consist of the operations of Avantax Wealth Management and Avantax Planning Partners.

Avantax Wealth Management provides tax-focused wealth management solutions for financial professionals, tax professionals, CPA firms, and their clients. Avantax Wealth Management offers its services through its registered broker-dealer, registered investment advisor ("**RIA**"), and insurance agency subsidiaries and is a leading U.S. tax-focused independent broker-dealer. Avantax Wealth Management works with a nationwide network of financial professionals that operate as independent contractors. Avantax Wealth Management provides these financial professionals with an integrated platform of technical, practice, compliance, operations, sales, and product support tools that enable them to offer tax-advantaged planning, investing, and wealth management services to their clients.

Avantax Planning Partners is an in-house/employee-based RIA, insurance agency, and wealth management business that partners with CPA firms in order to provide their consumer and small business clients with holistic financial planning and advisory services, as well as retirement plan solutions through Avantax Retirement Plan Services. Avantax Planning Partners formerly operated as Honkamp Krueger Financial Services, Inc. ("**HKFS**"). We acquired HKFS in July 2020 (the "**HKFS Acquisition**") and subsequently rebranded it in order to create tighter brand alignment through one common and recognizable brand. Any reference to Avantax Planning Partners in this Form 10-K is inclusive of HKFS.

As discussed further in the *Recent Developments* section below, we completed the sale of our tax software business, TaxAct, on December 19, 2022. Because this divestiture included the entirety of our previous tax software segment, the results from operations of TaxAct have been classified as discontinued operations for all periods presented, and our continuing operations are presented as one reportable segment. A portion of operating expenses that were previously allocated to the tax software segment are now included within continuing operations, which has reduced our operating income.

Macroeconomic Environment

Our business is directly and indirectly affected by macroeconomic conditions and the state of global financial markets. Recent geopolitical uncertainty resulting, in part, from Russia's continued invasion of Ukraine and the measures taken in response, including government sanctions, as well as rising inflation have contributed to significant volatility and decline in global financial markets during 2022. In response to inflationary pressures, the Federal Reserve implemented seven interest rate increases during 2022, including a 75 basis point increase, the largest individual increase since 1994, during each of its June, July, September, and November 2022 Federal Open Market Committee ("**FOMC**") meetings. As of December 31, 2022, the target range for the federal funds rate was between 4.25% and 4.5%. However, the FOMC has signaled that it expects additional rate increases during 2023 in order to return inflation to its 2% objective. These combined factors have all led to an increased risk of economic recession and the potential for continued volatility and decline in global financial markets.

Volatility and decline in global financial markets and its impact on client asset values and transaction activity have negatively impacted our advisory and commission revenues during 2022. However, this negative impact was more than offset by incremental cash sweep revenue, which has minimal direct cost to the Company, generated from an increasing interest rate environment. Based on the current target range for the federal funds rate and the signaling by the Federal Reserve for additional rate increases during 2023, we expect our cash sweep revenue to continue to increase during 2023 as the full benefits of rate increases during the latter half of 2022 are realized for a full annual period. However, if further financial market volatility results in continued decline in client asset values or if the Federal Reserve does not increase, or decreases, the federal funds rate, our revenues and operating income would be negatively impacted.

Recent Developments

Divestiture of Tax Software Business

On October 31, 2022, we entered into a Stock Purchase Agreement (the "**Purchase Agreement**") with TaxAct Holdings, Inc. (f/k/a Avantax Holdings, Inc.), a Delaware corporation and a direct subsidiary of Blucora, Inc., Franklin Cedar Bidco, LLC, a Delaware limited liability company (the "**Buyer**"), and, solely for purposes of certain provisions thereof, DS Admiral Bidco, LLC, a Delaware limited liability company, pursuant to which we sold our tax software business to Buyer for an aggregate purchase price of \$720.0 million in cash, subject to customary purchase price adjustments set forth in the Purchase Agreement (the "**TaxAct Sale**"). This transaction subsequently closed on December 19, 2022.

In accordance with ASC 205, *Presentation of Financial Statements* ("**ASC 205**"), we determined that the sale of our tax software business represented a strategic shift that will have a major effect on our operations and financial results. As a result of the TaxAct Sale, the results of our tax software business have been reclassified as a discontinued operation and are excluded from continuing operations for all periods presented within the consolidated financial statements (unless otherwise noted). Results of discontinued operations include all revenues and expenses directly derived from our tax software business, with the exception of general corporate overhead costs that were previously allocated to our tax software segment but which have not been allocated to discontinued operations. In connection with the TaxAct Sale, we recognized a pre-tax gain on disposal of \$472.2 million, which is included within the results of discontinued operations for the year ended December 31, 2022. A portion of the income tax obligation generated by the gain on disposal was offset by the utilization of substantially all of our federal net operating losses for which we previously had recorded a valuation allowance. We have recorded an \$84.4 million income tax payable resulting from the TaxAct Sale, coupled with federal and state taxes accrued for current period income, which is included within "Accrued expenses and other current liabilities" on the consolidated balance sheets as of December 31, 2022.

Prior to the close of the TaxAct Sale, we had approximately \$525.4 million of principal outstanding under our Term Loan (as defined herein), all of which was required to be repaid upon the closing of the TaxAct Sale in accordance with the terms of our Credit Agreement (as defined herein). In connection with this repayment, we incurred a loss on debt extinguishment of \$4.2 million for the remaining amount of unamortized debt issuance costs and debt discount associated with the outstanding principal. Because the terms of our Credit Agreement required the repayment of our Term Loan in connection with the TaxAct Sale, ASC 205 requires interest expense and any loss on debt extinguishment associated with the borrowings to be reclassified to discontinued operations for all periods presented.

In connection with the TaxAct Sale, we entered into a Transition Services Agreement (the “**TSA**”) with the Buyer pursuant to which each party will provide the other with certain transition services for an initial period ending on June 19, 2023. We expect the income that we receive under the TSA to largely offset the costs that we will continue to incur during the term of the TSA. For more information on our discontinued operations, see Item 8. Financial Statements and Supplementary Data—Note 3.

RESULTS OF OPERATIONS

Summary

(\$ in thousands)

	Year Ended December 31,		Change	
	2022	2021	\$	%
Revenue	\$ 666,496	\$ 658,213	\$ 8,283	1.3 %
Operating expenses:				
Cost of revenue	444,918	466,464	(21,546)	(4.6)%
Engineering and technology	8,701	8,190	511	6.2 %
Sales and marketing	97,914	84,828	13,086	15.4 %
General and administrative	92,755	81,668	11,087	13.6 %
Acquisition and integration	(4,186)	32,798	(36,984)	(112.8)%
Depreciation	11,882	8,987	2,895	32.2 %
Amortization of acquired intangible assets	25,850	28,320	(2,470)	(8.7)%
Total operating expenses	677,834	711,255	(33,421)	(4.7)%
Operating loss	(11,338)	(53,042)	41,704	78.6 %
Interest expense and other, net	(475)	(422)	(53)	(12.6)%
Loss from continuing operations before income taxes	(11,813)	(53,464)	41,651	77.9 %
Income tax benefit	14,934	9,959	4,975	50.0 %
Income (loss) from continuing operations	3,121	(43,505)	46,626	107.2 %
Discontinued operations (Note 3)				
Income from discontinued operations before gain on disposal and income taxes	52,492	52,003	489	0.9 %
Pre-tax gain on disposal	472,237	—	472,237	N/A
Income from discontinued operations before income taxes	524,729	52,003	472,726	909.0 %
Income tax (expense)	(107,603)	(741)	(106,862)	(14,421.3)%
Income from discontinued operations	417,126	51,262	365,864	713.7 %
Net income	\$ 420,247	\$ 7,757	\$ 412,490	5,317.6 %

For the year ended December 31, 2022 compared to the year ended December 31, 2021, net income increased \$412.5 million primarily due to the following factors:

- Loss from continuing operations decreased \$46.6 million primarily due to the following factors:
 - Revenue increased \$8.3 million primarily due to an increase in asset-based revenue, which benefited from incremental cash sweep revenue generated from increases in the federal funds rate during fiscal 2022. This incremental revenue more than offset headwinds caused by the significant financial market volatility discussed in the *Macroeconomic Environment* section above.
 - Operating expenses declined \$33.4 million, primarily from decreased integration activities and the change in fair value of the HKFS Contingent Consideration (as defined below), coupled with a reduction in cost of revenue which trended in line with the revenue headwinds discussed above. These reductions were partially offset by incremental personnel costs which reflect our strategic investments to drive growth through enhanced sales and service capabilities that support our financial professionals.
 - Income tax benefit increased \$5.0 million, primarily due to a reduction in our valuation allowance associated with the utilization of net operating losses against current year taxable income.
- Income from discontinued operations increased \$365.9 million primarily due to the gain on disposal of TaxAct, partially offset by the federal and state tax obligations associated with the gain and current year taxable income.

Sources of Revenue

Our revenue is derived from multiple sources. We track sources of revenue, primary drivers of each revenue source, and recurring revenue. In addition, we focus on several business and key financial metrics in evaluating the success of our business relationships, our resulting financial position, and operating performance. A summary of our sources of revenue and business and financial metrics is as follows:

(\$ in thousands)

	Sources of Revenue	Primary Drivers	Year Ended December 31,		Change	
			2022	2021	\$	%
Financial professional-driven	Advisory	- Advisory asset levels	\$ 398,839	\$ 395,800	\$ 3,039	0.8 %
	Commission	- Transactions - Asset levels - Product mix	173,431	210,677	(37,246)	(17.7)%
Other revenue	Asset-based	- Cash balances - Interest rates - Number of accounts - Client asset levels	65,043	22,101	42,942	194.3 %
	Transaction and fee	- Account activity - Number of financial professionals - Number of clients - Number of accounts	29,183	29,635	(452)	(1.5)%
Total revenue			\$ 666,496	\$ 658,213	\$ 8,283	1.3 %
Total recurring revenue			\$ 580,641	\$ 559,694	\$ 20,947	3.7 %
Recurring revenue rate			87.1 %	85.0 %		

Recurring revenue consists of advisory fees, trailing commissions, fees from cash sweep programs, and certain transaction and fee revenue, all as described further under the headings “Advisory revenue,” “Commission revenue,” “Asset-based revenue,” and “Transaction and fee revenue,” respectively. Certain recurring revenues are associated with asset balances and fluctuate depending on market values and current interest rates. Accordingly, our recurring revenue can be negatively impacted by adverse external market conditions. However, we believe recurring revenue is meaningful because it is not dependent upon transaction volumes or other activity-based revenues, which are more difficult to predict, particularly in declining or volatile markets.

Business Metrics

(\$ in thousands)

	December 31,		Change	
	2022	2021	\$	%
Client assets balances:				
Total client assets	\$ 76,939,096	\$ 89,086,032	\$ (12,146,936)	(13.6)%
Brokerage assets	\$ 38,656,763	\$ 46,906,981	\$ (8,250,218)	(17.6)%
Advisory assets	\$ 38,282,333	\$ 42,179,051	\$ (3,896,718)	(9.2)%
Advisory assets as a percentage of total client assets	49.8 %	47.3 %		
Number of financial professionals (in ones):				
Independent financial professionals ⁽¹⁾	3,073	3,382	(309)	(9.1)%
In-house/employee financial professionals ⁽²⁾	36	34	2	5.9 %
Total number of financial professionals	3,109	3,416	(307)	(9.0)%
Advisory and commission revenue per financial professional ⁽³⁾	\$ 184.1	\$ 177.5	\$ 6.6	3.7 %

(1) The number of independent financial professionals includes licensed financial professionals who work with Avantax Wealth Management and operate as independent contractors, as well as 183 licensed referring representatives at CPA firms that partner with Avantax Planning Partners.

(2) The number of in-house/employee financial professionals includes licensed financial planning consultants, all of whom are affiliated with Avantax Planning Partners.

(3) Calculation based on advisory and commission revenue for the years ended December 31, 2022 and 2021, respectively.

Client Assets. Historically we have calculated total client assets to include assets that we hold directly or indirectly on behalf of clients under a safekeeping or custody arrangement or for which we provide administrative services for clients. Beginning in the second quarter of 2022, the calculation of total client assets also includes assets for which financial professionals licensed with Avantax provide administrative services to clients. Because we did not have relationships with financial professionals that had clients for whom we did not provide administrative

services prior to the second quarter of 2022, our calculation of total client assets for any prior period would not have changed under our current calculation. To the extent that we or they provide more than one service for a client's assets, the value of the asset is only counted once in the total amount of total client assets. Total client assets include advisory assets, non-advisory brokerage accounts, annuities, and mutual fund positions held directly with fund companies. These assets are not reported on the Company's consolidated balance sheets.

Advisory assets include client assets for which we provide investment advisory and management services as a fiduciary under the Investment Advisers Act of 1940. Our compensation for providing such services is typically a fee-based on the value of the advisory assets for each advisory client.

Brokerage assets represent total client assets other than advisory assets.

Total client assets decreased \$12.1 billion as of December 31, 2022 compared to December 31, 2021 primarily due to \$13.4 billion of unfavorable market changes, partially offset by net client inflows of \$1.3 billion.

Advisory assets decreased \$3.9 billion as of December 31, 2022 compared to December 31, 2021, and advisory assets as a percentage of total client assets increased to 49.8% as of December 31, 2022 compared to 47.3% as of December 31, 2021. The decrease in advisory assets was primarily driven by \$6.8 billion of unfavorable market changes, partially offset by net new advisory assets of \$2.9 billion which contributed to the increase in advisory assets as a percentage of total client assets.

Financial Professionals. The number of our financial professionals decreased 9% as of December 31, 2022 as compared to December 31, 2021, with the decrease primarily due to attrition related to lower revenue-producing financial professionals. Included within this attrition of lower-revenue producing financial professionals were terminations in the fourth quarter of 2022 associated with certain financial professional's failure to comply with a policy that was implemented to ensure regulatory compliance with certain record keeping and supervisory requirements. Advisory and commission revenue per financial professional decreased 4% for the same period, primarily due to the decreases in advisory and commission revenues discussed above. The decrease in the number of financial professionals was partially offset by our continued recruitment and onboarding of independent financial professionals.

Advisory Revenue. Advisory revenue primarily includes fees charged to clients in advisory accounts for which we are the RIA. These fees are based on the value of assets within these advisory accounts. For advisory revenues generated by Avantax Wealth Management, advisory fees are typically billed quarterly, in advance, and the related advisory revenues are deferred and recognized ratably over the period in which our performance obligations have been completed. For advisory revenue generated by Avantax Planning Partners, advisory fees are typically billed quarterly, in arrears, and the related advisory revenues are accrued and recognized ratably over the period in which our performance obligations were completed. Because advisory fees are based on advisory assets on the last day of each quarter, our revenues are impacted, in part, by the timing of market movements relative to when clients are billed.

Advisory asset balances were as follows (in thousands):

	December 31,		Change	
	2022	2021	\$	%
Advisory assets—-independent financial professionals	\$ 31,687,024	\$ 35,392,307	\$ (3,705,283)	(10.5)%
Advisory assets—in-house/employee financial professionals	5,245,555	5,336,541	(90,986)	(1.7)%
Retirement advisory assets—in-house financial professionals	1,349,754	1,450,203	(100,449)	(6.9)%
Total advisory assets	<u>\$ 38,282,333</u>	<u>\$ 42,179,051</u>	<u>\$ (3,896,718)</u>	(9.2)%

The activity within our advisory assets was as follows (in thousands):

	December 31,	
	2022	2021
Balance, beginning of the period	\$ 42,179,051	\$ 35,603,557
Net new advisory assets	2,899,649	2,633,749
Market impact and other	(6,796,367)	3,941,745
Balance, end of the period	\$ 38,282,333	\$ 42,179,051
Advisory revenue	\$ 398,839	\$ 395,800
Average advisory fee rate ⁽¹⁾	103 bps	104 bps

(1) For the years ended December 31, 2022 and 2021, average advisory fee rate equals the sum of each quarterly average advisory fee rate within the relevant year-to-date period.

During the year ended December 31, 2022, advisory assets decreased \$3.9 billion primarily due to a decrease of \$6.8 billion from unfavorable market changes, partially offset by a \$2.9 billion increase in net new advisory assets. Net new advisory assets benefited from organic growth and the conversion of off platform, direct to fund assets, when appropriate for the client, to fee-based advisory platforms that include ongoing management and which generate higher margins. Although ending advisory assets declined, due to the timing of market declines relative to when clients are billed, advisory revenue increased \$3.0 million compared to the year ended December 31, 2021. The average advisory fee rate between the two periods was relatively flat.

Commission Revenue. We generate two types of commissions: (1) transaction-based commissions and (2) trailing commissions. Transaction-based commissions, which occur when clients trade securities or purchase investment products, represent gross commissions generated by our financial professionals. The level of transaction-based commissions can vary from period-to-period based on the overall economic environment, number of trading days in the reporting period, market volatility, interest rate fluctuations, and investment activity of our financial professionals' clients. We earn trailing commissions (a commission or fee that is paid periodically over time) on certain mutual funds and variable annuities held by clients. Trailing commissions are recurring in nature and are based on the market value of investment holdings in trail-eligible assets.

Our commission revenue, by product category and by type of commission revenue, was as follows (in thousands):

	Year Ended December 31,		Change	
	2022	2021	\$	%
By product category:				
Mutual funds	\$ 68,402	\$ 92,096	\$ (23,694)	(25.7)%
Variable annuities	61,988	74,050	(12,062)	(16.3)%
Insurance	18,855	18,763	92	0.5 %
General securities	24,186	25,768	(1,582)	(6.1)%
Total commission revenue	\$ 173,431	\$ 210,677	\$ (37,246)	(17.7)%
By type of commission:				
Transaction-based	\$ 75,420	\$ 89,970	\$ (14,550)	(16.2)%
Trailing	98,011	120,707	(22,696)	(18.8)%
Total commission revenue	\$ 173,431	\$ 210,677	\$ (37,246)	(17.7)%

The declines in transaction-based and trailing commission revenues for the periods shown in the table above were primarily due to unfavorable transaction activity and volatility in global financial markets during the year ended December 31, 2022.

Asset-Based Revenue. Asset-based revenue primarily includes fees from financial product manufacturer sponsorship programs, cash sweep programs, asset-based retirement plan service fees, and other asset-based revenues.

For the year ended December 31, 2022, asset-based revenue increased \$42.9 million, primarily due to a \$46.2 million increase in cash sweep revenue driven by increases in the federal funds rate. The increase in cash sweep revenue was partially offset by a \$2.9 million decrease in revenue from sponsorship programs. Due to the timing of rate increases and the non-linear nature of upside associated with these increases, and with the

expectation of additional rate increases by the Federal Reserve in 2023, cash sweep revenue is expected to increase in 2023.

Transaction and Fee Revenue. Transaction and fee revenue primarily includes support fees charged to financial professionals, fees charged for executing certain transactions in client accounts, and other fees related to services provided and other account charges as generally outlined in agreements with financial professionals, clients, financial institutions, and retirement plan sponsors.

For the year ended December 31, 2022 transaction and fee revenue remained relatively flat.

OPERATING EXPENSES

Cost of Revenue

(In thousands, except percentages)

	Year Ended December 31,		Change	
	2022	2021	\$	%
Cost of revenue	\$ 444,918	\$ 466,464	\$ (21,546)	(4.6)%
Percentage of revenue	66.8 %	70.9 %		

Cost of revenue includes commissions and advisory fees paid to independent financial professionals, payments made to CPA firms under fee sharing arrangements, amortization of forgivable loans issued to our financial professionals, and stock-based compensation for awards granted to our financial professionals. Cost of revenue does not include compensation paid to in-house/employee financial professionals. The compensation of our in-house/employee financial professionals is reflected in "Sales and marketing" expense.

For the year ended December 31, 2022, compared to the year ended December 31, 2021, cost of revenue decreased \$22.0 million. Commissions to financial professionals declined \$25.8 million primarily due to unfavorable transaction activity and volatility in global financial markets during the year ended December 31, 2022. This decline was partially offset by \$3.0 million of incremental forgivable loans amortization and \$2.3 million of incremental personnel costs primarily associated with stock-based compensation expense.

Payout ratios to independent financial professionals are determined based on trailing twelve-month revenues and may not immediately correlate with changes in client assets during periods of significant market volatility. For both periods, payout ratios to independent financial professionals remained relatively flat as the financial market volatility during 2022 offset previous expansion in the number of financial professionals concentrated at higher payout levels.

Engineering and Technology

(\$ in thousands)

	Year Ended December 31,		Change	
	2022	2021	\$	%
Engineering and technology	\$ 8,701	\$ 8,190	\$ 511	6.2 %
Percentage of revenue	1.3 %	1.2 %		

Engineering and technology expenses are associated with the research, development, support, and ongoing enhancements of our platforms, which include personnel expenses (including stock-based compensation), the cost of temporary help and contractors, software support and maintenance, and professional services fees. Engineering and technology expenses do not include the costs of computer hardware and software that are capitalized, depreciated over their useful lives, and recognized on the consolidated statements of operations as "Depreciation." For more information, see the "Depreciation and Amortization of Acquired Intangible Assets" sections contained within this discussion of "Operating Expenses."

For the year ended December 31, 2022, compared to the year ended December 31, 2021, engineering and technology expenses did not materially change.

Sales and Marketing

(In thousands, except percentages)

	Year Ended December 31,		Change	
	2022	2021	\$	%
Sales and marketing	\$ 97,914	\$ 84,828	\$ 13,086	15.4 %
Percentage of revenue	14.7 %	12.9 %		

Sales and marketing expenses primarily consist of the costs to support our financial professionals and drive growth. This includes personnel costs for operational and back-office processing support, investment and portfolio strategy support, compliance, and compensation paid to Avantax Planning Partners in-house/employee financial professionals. These costs also include business development costs related to advisor recruitment and retention, costs related to hosting certain advisor conferences that serve as training, sales and marketing events, and other costs that support advisor business growth.

For the year ended December 31, 2022, compared to the year ended December 31, 2021, sales and marketing expenses increased \$13.1 million primarily due to increased personnel costs of \$9.6 million and increased travel and conference costs of \$3.2 million. Increased personnel costs reflect our strategic investments to drive growth through enhanced sales and service capabilities that support our financial professionals, and incremental costs associated with our advisor acquisition strategy. Reduced COVID-19 travel restrictions, and an increase in the size and scope of our advisor conferences, drove the increase in travel and conference costs.

General and Administrative

(\$ in thousands)

	Year Ended December 31,		Change	
	2022	2021	\$	%
General and administrative	\$ 92,755	\$ 81,668	\$ 11,087	13.6 %
Percentage of revenue	13.9 %	12.4 %		

General and administrative (“G&A”) expenses primarily consist of personnel expenses (including stock-based compensation), the cost of temporary help and contractors, professional services fees, general business development and management expenses, occupancy and general office expenses, business taxes, and insurance expenses.

For the year ended December 31, 2022 compared to the year ended December 31, 2021, G&A expenses increased \$11.1 million primarily due to the following:

- Personnel costs increased \$7.4 million primarily from incremental salaries and bonus expenses, coupled with incremental stock compensation expense.
- Insurance costs increased \$3.6 million primarily for the purchase of tail insurance which provides for the coverage of future claims which are related to a specified period of time prior to and leading up to the close of the TaxAct Sale discussed in the *Recent Developments* section above.
- Hardware and software support and maintenance expenses increased, however were offset by a reduction in professional services fees primarily related to a reduction in legal and consulting fees.

Acquisition and Integration

(\$ in thousands)

	Year Ended December 31,		Change	
	2022	2021	\$	%
Professional services and other expenses	1,134	10,398	(9,264)	(89.1)%
Change in the fair value of HKFS Contingent Consideration	(5,320)	22,400	(27,720)	(123.8)%
Total	\$ (4,186)	\$ 32,798	\$ (36,984)	(112.8)%
Percentage of revenue	(0.6)%	5.0 %		

Acquisition and integration expenses primarily relate to the costs incurred for the acquisitions of Avantax Planning Partners and 1st Global and consist of employee-related expenses, professional services fees, changes in the fair value of contingent consideration, and other expenses.

- The change in the fair value of the HKFS Contingent Consideration liability decreased \$27.7 million, primarily due to the timing of fair value adjustments recorded between the two periods. This change is inclusive of a \$7.0 million gain recorded during the second quarter of 2022 for the final settlement value of

the liability, reflecting a decrease in the fair value of the contingent consideration due to a significant decline in advisory asset levels caused by the financial market decline discussed in the sections above.

- Professional services and other expenses decreased \$9.3 million due to a reduction in integration activities.

Depreciation and Amortization of Acquired Intangible Assets

(\$ in thousands)

	Year Ended December 31,		Change	
	2022	2021	\$	%
Depreciation	\$ 11,882	\$ 8,987	\$ 2,895	32.2 %
Amortization of acquired intangible assets	25,850	28,320	(2,470)	(8.7) %
Total	\$ 37,732	\$ 37,307	\$ 425	1.1 %
Percentage of revenue	5.7 %	5.7 %		

Depreciation of property, equipment, and software, net includes depreciation of computer equipment and software (including internally developed software), office equipment and furniture, and leasehold improvements. Amortization of acquired intangible assets primarily includes the amortization of financial professional, sponsor, and client relationships, which are amortized over their estimated lives.

For the year ended December 31, 2022, compared to the year ended December 31, 2021, depreciation and amortization expense did not materially change.

INTEREST EXPENSE AND OTHER, NET

(\$ in thousands)

	Year Ended December 31,		Change	
	2022	2021	\$	%
Interest expense	\$ 217	\$ 6	\$ 211	3,516
Interest income and other	258	416	(158)	(38)
Interest expense and other, net	\$ 475	\$ 422	\$ 53	12

For the year ended December 31, 2022, compared to the year ended December 31, 2021, interest expense and other, net, remained relatively flat.

INCOME TAXES

For the year ended December 31, 2022, we recorded an income tax benefit of \$14.9 million, compared to income tax benefit of \$10.0 million for the year ended December 31, 2021.

For the year ended December 31, 2022, the primary difference between the statutory tax rate and the annual effective tax rate was due to a reduction in our valuation allowance. This reduction was a result of the utilization of net operating losses against current year taxable income. Other differences between the statutory rate and the annual effective tax rate are related to non-deductible compensation, excess tax deficiencies for stock compensation, and state taxes.

For the year ended December 31, 2021, the primary difference between the statutory tax rate and the annual effective tax rate was due to non-deductible compensation, excess tax deficiencies for stock compensation, and the net impact of the reduction in our valuation allowance, which included the utilization of net operating losses for current year taxable income, the write-off of expired federal net operating losses, and the write-off of expired capital loss carryforwards. Other differences between the statutory rate and the annual effective tax rate are related to state taxes and uncertain tax positions.

DISCONTINUED OPERATIONS

	Year Ended December 31,		Change	
	2022	2021	\$	%
Revenues	\$ 247,241	\$ 226,987	\$ 20,254	8.9 %
Operating expenses	155,446	143,326	12,120	8.5 %
Interest expense and other, net	(39,303)	(31,658)	(7,645)	(24.1)%
Income from discontinued operations before gain on disposal and income taxes	52,492	52,003	489	0.9 %
Pre-tax gain on disposal	472,237	—	472,237	N/A
Income from discontinued operations before income taxes	524,729	52,003	472,726	909.0 %
Income tax (expense)	(107,603)	(741)	(106,862)	(14,421.3)%
Income from discontinued operations	\$ 417,126	\$ 51,262	365,864	713.7 %

Discontinued operations reflects the results of operations of our tax software business. Income from discontinued operations before gain on disposal and income taxes increased \$0.5 million for the year ended December 31, 2022 compared to the year ended December 31, 2021. Revenues increased \$20.3 million primarily due to higher average revenue per unit and growth in market share from favorable client retention and acquisition. This increase was partially offset by an increase in operating expenses of \$12.1 million primarily due to increased personnel costs, investments in seasonal client care support and tax experts, and increased strategic advertising and marketing spend. Furthermore, interest expense and other, net, increased \$7.6 million due to rising interest rates on our Term Loans, coupled with a total loss on debt extinguishment of \$4.2 million associated with the repayment of our Term Loans during the year ended December 31, 2022. See “Item 8. Financial Statements and Supplementary Data—Note 3” for additional information on discontinued operations.

NON-GAAP FINANCIAL MEASURES

Adjusted EBITDA

We define Adjusted EBITDA as net income (loss), determined in accordance with GAAP, excluding the effects of discontinued operations, stock-based compensation, depreciation and amortization of acquired intangible assets, interest expense and other, net, acquisition and integration costs, contested proxy, transaction and other legal and consulting costs, TaxAct divestiture costs, and income tax (benefit) expense. Interest expense and other, net primarily consists of interest expense, net. Acquisition and integration costs primarily relate to the acquisitions of Avantax Planning Partners and 1st Global.

We believe that Adjusted EBITDA provides meaningful supplemental information regarding our performance. We use this non-GAAP financial measure for internal management and compensation purposes, when publicly providing guidance on possible future results, and as a means to evaluate period-to-period comparisons. We believe that Adjusted EBITDA is a common measure used by investors and analysts to evaluate our performance, that it provides a more complete understanding of the results of operations and trends affecting our business when viewed together with GAAP results, and that management and investors benefit from referring to this non-GAAP financial measure. Items excluded from Adjusted EBITDA are significant and necessary components to the operations of our business and, therefore, Adjusted EBITDA should be considered as a supplement to, and not as a substitute for or superior to, GAAP net income (loss). Other companies may calculate Adjusted EBITDA differently and, therefore, our Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

A reconciliation of GAAP net income (loss), which we believe to be the most comparable GAAP measure, to Adjusted EBITDA, is presented below:

(\$ in thousands)

	Year Ended December 31,	
	2022	2021
Net income	\$ 420,247	\$ 7,757
Less: Income from discontinued operations, net of income taxes	417,126	51,262
Income from continuing operations, net of income taxes	3,121	(43,505)
Stock-based compensation	21,153	18,119
Depreciation and amortization of acquired intangible assets	37,732	37,307
Interest expense and other, net	475	422
Acquisition and integration—Excluding change in the fair value of HKFS Contingent Consideration	1,134	10,398
Acquisition and integration—Change in the fair value of HKFS Contingent Consideration	(5,320)	22,400
Contested proxy and other legal and consulting costs	5,062	10,939
TaxAct divestiture costs ⁽¹⁾	5,252	—
Income tax benefit	(14,934)	(9,959)
Adjusted EBITDA	\$ 53,675	\$ 46,121

- (1) These costs do not include \$17.6 million of transaction costs that were determined to be directly attributable to the TaxAct Sale, and are included within income from discontinued operations, net of income taxes, as a reduction to the gain on disposal. The divestiture costs included in the table above primarily relate to incremental professional services, consulting, and insurance costs that were incurred in connection with the divestiture.

LIQUIDITY AND CAPITAL RESOURCES

Cash and Cash Equivalents

Our principal source of liquidity is our cash and cash equivalents. As of December 31, 2022, we had cash and cash equivalents of \$263.9 million. We generally invest our excess cash in money market funds that are made up of securities issued by agencies of the U.S. government. From time-to-time, we may invest in other vehicles, such as debt instruments issued by the U.S. federal government and its agencies, international governments, municipalities, and publicly held corporations, as well as commercial paper and insured time deposits with commercial banks. Specific holdings can vary from period to period depending upon our cash requirements. Our financial instrument investments held as of December 31, 2022 had minimal default risk and short-term maturities.

Our Avantax Wealth Management broker-dealer subsidiary operates in a highly regulated industry and is subject to various regulatory capital requirements. Failure to meet minimum capital requirements can initiate certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have substantial monetary and non-monetary impacts on Avantax Wealth Management's operations. As of December 31, 2022, Avantax Wealth Management met all capital adequacy requirements to which it was subject.

Historically, we have financed our operations primarily from cash provided by operating activities and access to credit markets. Our historical uses of cash have been funding our operations, servicing our debt obligations, capital expenditures, acquisitions that enhance our strategic position, financial professional loans, contingent consideration associated with our acquisitions, and share repurchases under share repurchase programs. For at least the next twelve months, and separate from our plans to return a considerable portion of the proceeds received from the TaxAct Sale, we plan to finance these cash needs, our federal and state income tax obligations associated with the TaxAct Sale, and our regulatory capital requirements at our broker-dealer subsidiary largely through our cash and cash equivalents on hand and cash provided by operating activities. Execution of our growth strategies through strategic asset acquisitions is expected to remain a capital allocation priority during the next twelve months. However, the underlying levels of revenues and expenses that we project may not prove to be accurate, and, from time to time, we may make a determination to draw on the Revolver (as defined below) or increase the principal amount of the Term Loan (as defined below) to meet our capital requirements, subject to customary terms and conditions. Our future investments in our business through capital expenditures or acquisitions, prepayment of debt to achieve desired leverage ratios, or our return of capital to stockholders through stock repurchases, will be determined after considering the best interests of our stockholders.

In connection with the TaxAct Sale, we announced our intention to return approximately \$400 million - \$450 million of capital to shareholders, which includes up to \$250 million of share repurchases through a modified "Dutch Auction" tender offer during the first quarter of 2023, coupled with board authorization to repurchase up to \$200 million of our common stock through open market purchases. This plan of returning capital to shareholders will be funded in part by the net proceeds received from the TaxAct Sale, coupled with proceeds received from the refinancing of our corporate debt, discussed further below.

For further discussion of the risks to our business related to liquidity, see "Item 1A. Risk Factors".

Indebtedness

In May 2017, we entered into a credit agreement (as the same has been amended, the "**Credit Agreement**") with a syndicate of lenders that provides for a term loan facility (the "**Term Loan**") and a revolving line of credit (including a letter of credit sub-facility) (the "**Revolver**") for working capital, capital expenditures, and general business purposes (as amended, the "**Senior Secured Credit Facility**"). The Term Loan has a maturity date of May 22, 2024 (the "**Term Loan Maturity Date**").

On April 26, 2021, to ensure adequate liquidity and flexibility to support the Company's growth, we entered into Amendment No. 5 to the Credit Agreement (the "**Credit Agreement Amendment**"). Pursuant to the Credit Agreement Amendment, the Credit Agreement was amended to, among other things, refinance the existing \$65.0 million Revolver and add \$25.0 million of additional revolving credit commitments, for an aggregate principal amount of \$90.0 million in revolving credit commitments (the "**New Revolver**"). The New Revolver has a maturity date of February 21, 2024 (the "**New Revolver Maturity Date**").

The Company is required to make principal amortization payments on the Term Loan quarterly on the last business day of each March, June, September, and December, in an amount equal to approximately \$0.5 million (subject to reduction for prepayments), with the remaining principal amount of the Term Loan due on the Term Loan

Maturity Date. On August 5, 2022, and as provided for within our Senior Secured Credit Facility, we voluntarily prepaid \$35.0 million of principal outstanding under our Term Loan. Furthermore, during the fourth quarter of 2022 and subject to the terms of the Credit Agreement, the remaining principal outstanding (approximately \$525.4 million) was required to be repaid in connection with the close of the TaxAct Sale. Accordingly, as of December 31, 2022, we had no principal amount outstanding under the Term Loan and no amounts outstanding under the New Revolver. Based on aggregate loan commitments as of December 31, 2022, approximately \$90.0 million was available for future borrowing under the Senior Secured Credit Facility, subject to customary terms and conditions, including caps on the amount of Company share repurchases during each fiscal year based, in part, on specified Net Leverage Ratios.

The interest rate on the Term Loan is variable at the London Interbank Offered Rate (subject to a floor of 1.0%), plus the applicable interest rate margin of 4.0% for Eurodollar Rate Loans (as defined in the Credit Agreement) and 3.0% for ABR Loans (as defined in the Credit Agreement). For the year ended December 31, 2022, the weighted average applicable interest rate on the Term Loan was 5.9%. Depending on the Consolidated First Lien Net Leverage Ratio (as defined in the Credit Agreement), the applicable interest rate margin on the New Revolver ranges from 2.0% to 2.5% for Eurodollar Rate Loans and 1.0% to 1.5% for ABR Loans. The Company is required to pay a commitment fee on the undrawn commitment under the New Revolver in a percentage that is dependent on the Consolidated First Lien Net Leverage Ratio that ranges from 0.35% to 0.4%. Interest is payable at the end of each interest period, typically quarterly.

Except as described above, and before consideration of the amendment to our Credit Agreement discussed below, there have been no significant changes to the terms of the Term Loan or the New Revolver since previously disclosed within our Annual Report on Form 10-K for the year ended December 31, 2021. The Company was in compliance with the debt covenants of the Senior Secured Credit Facility as of December 31, 2022. For additional information on the Term Loan, the New Revolver, and the Credit Agreement, see, “Item 8. Financial Statements and Supplementary Data—Note 7.”

On January 24, 2023 (the “**Closing Date**”), we entered into a restatement agreement (the “**Amended and Restated Credit Agreement**”), which amends and restates in its entirety our existing Credit Agreement. The Amended and Restated Credit Agreement provides for a delayed draw term loan facility up to a maximum principal amount of \$270.0 million (the “**Delayed Draw Term Loan Facility**”) and a revolving credit facility with a commitment amount of \$50.0 million (the “**Revolving Credit Facility**”). The Company may borrow term loans under the Delayed Draw Term Loan Facility (the “**Term Loans**”) until January 24, 2024. The stated maturity date of the Delayed Draw Term Loan Facility and the Revolving Credit Facility is January 24, 2028 (the “**Maturity Date**”). The proceeds of any Term Loans may be used to fund shareholder distributions and for general corporate purposes. The proceeds of any loans under the Revolving Credit Facility may be used to finance working capital needs and for general corporate purposes. On February 24, 2023, we borrowed \$170.0 million under the Delayed Draw Term Loan Facility.

Stock Repurchase Plans and Authorizations

On December 9, 2021, we announced that our board of directors authorized the Company to repurchase an additional \$28.3 million of our common stock pursuant to the stock repurchase plan (the “**December 2021 repurchase plan**”), bringing the total authorized repurchases under the December 2021 repurchase plan back to \$100.0 million as of December 31, 2021. In November 2022, our board of directors replaced the December 2021 repurchase plan with an authorization to repurchase up to \$200.0 million of our common stock.

Pursuant to the December 2021 repurchase plan, share repurchases were made through a variety of methods, including open market or privately negotiated transactions. The timing and number of shares repurchased depended on a variety of factors, including price, general business and market conditions, our capital allocation policy, and alternative investment opportunities. The November 2022 stock repurchase authorization does not obligate us to repurchase any specific number of shares, may be suspended or discontinued at any time, and does not have a specified expiration date. Any repurchases of our stock pursuant to the stock repurchase authorization may materially reduce the amount of cash we have available and may not materially enhance the long-term value of our business or our stock.

For the year ended December 31, 2021, we did not repurchase any shares of our common stock under the December 2021 repurchase plan. For the year ended December 31, 2022 we repurchased approximately 1.9 million shares of our common stock under the December 2021 repurchase plan for an aggregate purchase price of approximately \$35.0 million. The remaining authorized amount under the stock authorization as of December 31, 2022, was \$200.0 million.

Between January 1, 2023 and January 26, 2023, we repurchased approximately 0.5 million shares of our common stock under our stock repurchase authorization for an aggregate purchase price of approximately \$12.5 million. The remaining authorized amount under the stock repurchase authorization as of February 24, 2023 was approximately \$187.5 million.

Capital Return Program

On January 27, 2023, we commenced a modified “Dutch Auction” tender offer (the **“Tender Offer”**) to purchase shares of our common stock for an aggregate purchase price of up to \$250 million at a price per share not less than \$27.00 and not greater than \$31.00. The Tender Offer is in addition to, and separate from, the \$200.0 million stock repurchase authorization discussed above. The Tender Offer was not conditioned upon any minimum number of shares being tendered and was not subject to a financing condition. The Tender Offer expired at 12:00 midnight, New York City Time, at the end of the day on February 24, 2023. Based on the preliminary results of the Tender Offer, we expect to purchase 8.3 million shares, or approximately 17.4% of our outstanding shares of common stock as of February 24, 2023, for aggregate cash consideration of \$250.0 million (excluding fees and expenses related to the Tender Offer).

Contractual Obligations and Commitments

On July 1, 2020, we closed the acquisition of Avantax Planning Partners, formerly “HKFS”, for an upfront cash purchase price of \$104.4 million. The purchase price was subject to variable contingent consideration, or earn-out payments (the **“HKFS Contingent Consideration”**) totaling a maximum of \$60.0 million.

The amounts owed for the HKFS Contingent Consideration were determined based on advisory asset levels (i) for the period beginning July 1, 2020 and ended June 30, 2021 and (ii) for the period beginning July 1, 2021 and ended June 30, 2022. Pursuant to the Stock Purchase Agreement, dated as of January 6, 2020, by and among the Company, HKFS, the selling stockholders named therein (the **“Sellers”**), and JRD Seller Representative, LLC, as the Sellers’ representative (as amended on April 7, 2020, June 30, 2020, and June 29, 2021) (the **“HKFS Purchase Agreement”**), the maximum aggregate amount that we were required to pay for each earn-out period was \$30.0 million. If the asset market values on the applicable measurement date fell below certain specified thresholds, no payment of consideration was owed to the Sellers for such period.

Based on advisory asset levels for each earn-out period, we paid the full \$30.0 million to the Sellers in the third quarter of 2021 for the first earn-out, and \$23.0 million in the third quarter of 2022 for the second earn-out. There are no remaining contingent payments due to the Sellers as of December 31, 2022.

In addition, the Company has entered into several asset purchase agreements that are accounted for as asset acquisitions. These acquisitions may include up-front cash consideration, fixed deferred cash consideration, and contingent consideration arrangements. Future fixed payments are recognized as client relationship intangible assets on the date of acquisition. Contingent consideration arrangements encompass obligations to make future payments to the previous sellers contingent upon the achievement of future financial targets. These contingent payments are not recognized until all contingencies are resolved and the consideration is payable. As of December 31, 2022, the maximum future fixed and contingent payments associated with these asset acquisitions was \$21.3 million, with specified payment dates from 2023 through 2026.

Cash Flows

Our cash flows were comprised of the following (in thousands):

	Year Ended December 31,		\$ Change
	2022	2021	
Net cash provided (used) by operating activities from continuing operations	\$ 117,074	\$ (22,334)	\$ 139,408
Net cash used by investing activities from continuing operations	(22,779)	(29,315)	6,536
Net cash used by financing activities from continuing operations	(609,163)	(14,177)	(594,986)
Net cash provided by discontinued operations	678,167	\$ 33,613	644,554
Net increase (decrease) in cash and cash equivalents	\$ 163,299	\$ (32,213)	\$ 195,512

Net Cash from Operating Activities from Continuing Operations

Net cash provided by operating activities from continuing operations consists of income (loss) from continuing operations, offset by certain non-cash adjustments, and changes in operating assets and liabilities, which were as follows (in thousands):

	Year Ended December 31,		\$ Change
	2022	2021	
Net income	\$ 420,247	\$ 7,757	\$ 412,490
Less: Income from discontinued operations, net of income taxes	417,126	51,262	365,864
Income (loss) from continuing operations	3,121	(43,505)	46,626
Non-cash adjustments to net income	63,997	75,306	(11,309)
Operating cash flows before changes in operating assets and liabilities	67,118	31,801	35,317
Changes in operating assets and liabilities, net of acquisitions and disposals	49,956	(54,135)	104,091
Net cash provided (used) by operating activities from continuing operations	\$ 117,074	\$ (22,334)	\$ 139,408

Net cash provided by operating activities from continuing operations for the year ended December 31, 2022 included \$67.1 million of operating cash flows before changes in operating assets of \$50.0 million. Non-cash adjustments to net income for the year ended December 31, 2022 primarily related to depreciation and amortization costs of \$37.7 million, stock-based compensation of \$21.2 million, changes in the fair value of the HKFS Contingent Consideration liability of \$5.3 million, and \$5.2 million of amortization related to payments made to financial professionals in support of ongoing growth programs. Changes in operating assets and liabilities were primarily impacted by an \$85.6 million increase in federal and state income taxes payable primarily associated with the TaxAct Sale, partially offset by \$12.7 million in payments made to financial professionals in support of ongoing growth programs, \$8.5 million of the total \$23.0 million HKFS Contingent Consideration earn-out payment made in the third quarter of 2022, and the timing of settlement for our working capital accounts.

Net Cash from Investing Activities from Continuing Operations

Net cash used by investing activities from continuing operations consists of acquisitions, purchases of property, equipment, and software, net, and were as follows (in thousands):

	Year Ended December 31,		\$ Change
	2022	2021	
Purchases of property, equipment, and software, net	\$ (14,892)	\$ (20,999)	\$ 6,107
Asset acquisitions	(7,887)	(8,316)	429
Net cash used by investing activities from continuing operations	\$ (22,779)	\$ (29,315)	\$ 6,536

For the year ended December 31, 2022, compared to the year ended December 31, 2021, net cash used by investing activities from continuing operations decreased \$6.5 million, primarily due to reduced internally developed capital software expenditures.

Net Cash from Financing Activities from Continuing Operations

Net cash from financing activities primarily consists of debt issuance and repayments, common stock and stock-based awards transactions, and acquisition-related contingent consideration payments. Financing cash flows were as follows (in thousands):

	Year Ended December 31,		\$ Change
	2022	2021	
Proceeds from credit facilities, net of debt discount and issuance costs	\$ —	\$ (502)	\$ 502
Payments on credit facilities	(561,344)	(1,812)	(559,532)
Acquisition-related contingent consideration payment	(15,148)	(14,075)	(1,073)
Stock repurchases	(35,000)	—	(35,000)
Proceeds from issuance of stock through employee stock purchase plan	3,983	3,277	706
Proceeds from stock option exercises	935	579	356
Tax payments from shares withheld for equity awards	(2,589)	(1,644)	(945)
Net cash used by financing activities from continuing operations	\$ (609,163)	\$ (14,177)	\$ (594,986)

For the year ended December 31, 2022, compared to the year ended December 31, 2021, net cash used by financing activities from continuing operations increased \$595.0 million, primarily due to repayment of the principal outstanding of our Term Loan, and the repurchase of approximately 1.9 million shares of our common stock under the stock repurchase plan for an aggregate purchase price of approximately \$35.0 million.

Net Cash Flows from Discontinued Operations

Net cash flows from discontinued operations were comprised of the following (in thousands):

	Year Ended December 31,		\$ Change
	2022	2021	
Net cash provided (used) by operating activities from discontinued operations	\$ (10,452)	\$ 42,890	\$ (53,342)
Net cash provided (used) by investing activities from discontinued operations	688,619	(9,277)	697,896
Net cash provided by financing activities from discontinued operations	—	—	—
Net cash provided by discontinued operations	\$ 678,167	\$ 33,613	\$ 644,554

For the year ended December 31, 2022, compared to the year ended December 31, 2021, net cash provided by discontinued operations increased \$644.6 million. Net cash provided by investing activities increased \$697.9 million, primarily due to \$695.7 million of net proceeds received from the TaxAct Sale. This increase was partially offset by a \$53.3 million reduction in cash provided by operating activities, primarily caused by income taxes associated with income from discontinued operations.

Critical Accounting Estimates

This Management's Discussion and Analysis of Financial Condition and Results of Operations and the disclosures included elsewhere in this Annual Report on Form 10-K are based upon our consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and disclosure of contingencies. In some cases, we could have reasonably used different accounting policies and estimates.

We have identified certain accounting estimates which involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our financial condition or results of operations. On an ongoing basis, we evaluate the estimates used. We base our estimates on historical experience, current conditions, and on various other assumptions that we believe to be reasonable under the circumstances and, based on information available to us at that time, we make judgments about the carrying values of assets and liabilities that are not readily apparent from other sources, as well as identify and assess our accounting treatment with respect to commitments and contingencies. Actual results may differ significantly from these estimates under different assumptions, judgments, or conditions. The critical accounting estimates, as summarized below, which we believe to be the most critical in the preparation of our consolidated financial statements involve business combinations, goodwill impairment, and income taxes. We continually update and assess the facts, circumstances, and assumptions used in making both our critical accounting estimates and judgments related to our other significant accounting matters. These critical accounting estimates are also described in "Item 8. Financial Statements and Supplementary Data—Note 2."

Business Combinations

We allocate the fair value of the purchase consideration for our business combinations to the assets acquired and liabilities assumed, generally based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Purchase consideration includes assets transferred, liabilities assumed, and/or equity interests issued by us, all of which are measured at their fair value as of the date of acquisition. Our business combinations may be structured to include a combination of up-front, deferred, and contingent payments to be made at specified dates subsequent to the date of acquisition. Deferred and contingent payments determined to be purchase consideration are recorded at fair value as of the acquisition date. Our contingent consideration arrangements are generally obligations to make future payments to sellers contingent upon the achievement of future financial targets and are remeasured to fair value at the end of each reporting period until the obligations are settled. The estimated fair value of the HKFS Contingent Consideration liability is determined using a Monte Carlo simulation model in a risk neutral framework with the underlying simulated variable of advisory asset levels and the related achievement of certain advisory asset growth levels. The Monte Carlo simulation model utilizes Level 3 inputs, as discussed in “Item 8. Financial Statements and Supplementary Data—Note 11”. During the years ended December 31, 2022, 2021, and 2020, we recognized \$5.3 million, \$22.4 million, and \$8.3 million, respectively, related to changes in the estimated fair value of the HKFS Contingent Consideration liability.

The valuation of the net assets acquired as well as certain elements of purchase consideration requires management to make significant estimates and assumptions, especially with respect to future expected cash flows, discount rates, growth and attrition rates, and estimated useful lives. Management’s assumptions and estimates of fair value are based on comparable market data and information obtained from the management of acquired entities. These assumptions and estimates are believed to be reasonable, but are inherently uncertain and, as a result, actual results may differ from estimates. During the measurement period, we may record adjustments to the assets acquired and liabilities assumed with a corresponding offset to goodwill. Subsequent changes to the fair value of contingent consideration are reflected in “Acquisition and integration” expense on the consolidated statements of comprehensive income (loss). See “Item 8. Financial Statements and Supplementary Data—Note 2” for further discussion of the methodology used in establishing business combinations.

Goodwill Impairment

We test goodwill for impairment annually, as of November 30, or more frequently when events or circumstances indicate that impairment may have occurred. For purposes of goodwill impairment testing, our reporting units are consistent with our reporting segments. As a result of the TaxAct Sale, which occurred after our annual impairment assessment, our continuing operations are presented as one reportable segment. The discussion below is specific to goodwill associated with our continuing operations.

We test goodwill for impairment either by assessing qualitative factors to determine whether it is more likely than not that the fair values of our reporting units are less than their carrying amounts, or by performing a quantitative test. Qualitative factors include industry and market conditions, overall financial performance, and other relevant events and circumstances affecting each reporting unit. If we choose to perform a qualitative assessment and, after considering the totality of events or circumstances, we determine it is more likely than not the fair value(s) of our reporting unit(s) are less than their carrying amounts, then we perform a quantitative fair value test. Our quantitative test utilizes a weighted combination of a discounted cash flow model (known as the income approach) and a market approach which estimates a reporting unit’s fair value by applying income-based valuation multiples for a set of comparable companies to the reporting unit’s income. These approaches involve judgmental assumptions, including forecasted future cash flows expected to be generated by each reporting unit over an extended period of time, long-term growth rates, the identification of comparable companies, and each reporting unit’s weighted average cost of capital. The weighted average cost of capital factors in the relevant risk associated with business-specific characteristics and the uncertainty of achieving projected cash flows. These assumptions are unobservable inputs and are considered Level 3 measurements. Impairment is recognized as the excess of a reporting unit’s carrying amount, including goodwill, over its fair value.

See “Item 8. Financial Statements and Supplementary Data—Note 2” for further discussion of the methodology used in establishing goodwill.

Income Taxes

We account for income taxes under the asset and liability method, under which deferred tax assets, including net operating loss carryforwards, and liabilities are determined based on temporary differences between the book

and tax bases of assets and liabilities. We periodically evaluate the likelihood of the realization of deferred tax assets and reduce the carrying amount of the deferred tax assets by a valuation allowance to the extent we believe it is more likely than not that a portion will not be realized. We consider many factors when assessing the likelihood of future realization of the deferred tax assets, including expectations of future taxable income, recent cumulative earnings experience by taxing jurisdiction, and other relevant factors. There is a wide range of possible judgments relating to the valuation of our deferred tax assets.

We record liabilities to address uncertain tax positions that have been taken in previously filed tax returns or that are expected to be taken in a future tax return. The determination for required liabilities is based upon an analysis of each individual tax position, taking into consideration whether it is more likely than not that the tax position, based on technical merits, will be sustained upon examination. The tax benefit to be recognized in the financial statements from such a position is measured as the largest amount of benefit that has a greater than 50% cumulative likelihood of being realized upon ultimate settlement with the taxing authority. The difference between the amount recognized and the total tax position is recorded as a liability. The ultimate resolution of these tax positions may be greater or less than the liabilities recorded. See “Item 8. Financial Statements and Supplementary Data—Notes 2 and 16” for further discussion of the methodology used in establishing income taxes.

Recent Accounting Pronouncements

See “Item 8. Financial Statements and Supplementary Data—Note 2” for more information on recently issued accounting pronouncements.

Quarterly Results of Operations (Unaudited)

The following table presents a summary of our unaudited consolidated results of operations for the eight quarterly periods of 2021 and 2022. The information for each of these quarters has been prepared on a basis consistent with our annual audited consolidated financial statements. You should read this information in conjunction with our consolidated financial statements and notes thereto in "Item 8. Financial Statements and Supplementary Data." The operating results for any quarter are not necessarily indicative of results for any future period.

	2021				2022			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands except per share data and percentages)							
Revenue	\$ 154,491	\$ 162,395	\$ 169,135	\$ 172,192	\$ 166,403	\$ 162,669	\$ 165,032	\$ 172,392
Operating expenses:								
Cost of revenue	109,269	114,643	121,033	121,519	121,188	114,446	105,809	103,475
Engineering and technology	1,873	1,852	2,447	2,018	1,814	2,302	2,617	1,968
Sales and marketing	20,157	20,212	21,961	22,498	22,174	24,882	23,770	27,088
General and administrative	20,217	19,688	19,326	22,437	23,875	21,721	23,792	23,367
Acquisition and integration	8,103	18,169	2,241	4,285	1,666	(6,792)	416	524
Depreciation	2,049	2,528	2,364	2,046	2,443	2,642	3,343	3,454
Amortization of acquired intangible assets	7,175	7,063	7,009	7,073	6,631	6,462	6,342	6,415
Total operating expenses	168,843	184,155	176,381	181,876	179,791	165,663	166,089	166,291
Operating income (loss) from continuing operations	(14,352)	(21,760)	(7,246)	(9,684)	(13,388)	(2,994)	(1,057)	6,101
Interest expense and other, net	(67)	(64)	(135)	(156)	(53)	(212)	(158)	(52)
Income (loss) from continuing operations before income taxes	(14,419)	(21,824)	(7,381)	(9,840)	(13,441)	(3,206)	(1,215)	6,049
Income tax benefit (expense)	2,686	4,065	1,375	1,833	16,993	4,053	1,536	(7,648)
Income (loss) from continuing operations	(11,733)	(17,759)	(6,006)	(8,007)	3,552	847	321	(1,599)
Income (loss) from discontinued operations before gain on disposal and income taxes ⁽¹⁾	43,765	55,426	(21,196)	(25,992)	50,643	45,874	(22,352)	(21,673)
Pre-tax gain on disposal ⁽²⁾	—	—	—	—	—	—	—	472,237
Income tax benefit (expense)	(4,386)	(6,059)	(601)	10,305	(19,575)	(7,296)	190	(80,922)
Income from discontinued operations	39,379	49,367	(21,797)	(15,687)	31,068	38,578	(22,162)	369,642
Net income (loss)	\$ 27,646	\$ 31,608	\$ (27,803)	\$ (23,694)	\$ 34,620	\$ 39,425	\$ (21,841)	\$ 368,043
Basic net income (loss) per share:								
Continuing operations	\$ (0.24)	\$ (0.37)	\$ (0.12)	\$ (0.16)	\$ 0.07	\$ 0.02	\$ 0.01	\$ (0.03)
Discontinued operations	0.81	1.02	(0.45)	(0.33)	0.64	0.81	(0.47)	7.69
Basic net income (loss) per share	\$ 0.57	\$ 0.65	\$ (0.57)	\$ (0.49)	\$ 0.71	\$ 0.83	\$ (0.46)	\$ 7.66
Diluted net income (loss) per share:								
Continuing operations	\$ (0.24)	\$ (0.37)	\$ (0.12)	\$ (0.16)	\$ 0.07	\$ 0.02	\$ 0.01	\$ (0.03)
Discontinued operations	0.81	1.02	(0.45)	(0.33)	0.63	0.79	(0.46)	7.69
Diluted net income (loss) per share	\$ 0.57	\$ 0.65	\$ (0.57)	\$ (0.49)	\$ 0.70	\$ 0.81	\$ (0.45)	\$ 7.66
Weighted average shares outstanding:								
Basic	48,261	48,508	48,707	48,834	48,513	47,582	47,847	48,034
Diluted	48,261	48,508	48,707	48,834	49,747	48,690	49,016	48,034

(1) These results have been recast to reflect our tax software business as a discontinued operation. Refer to the *Recent Developments* section in the opening of *Management's Discussion and Analysis of Financial Condition and Results of Operations* for more information on this divestiture and the impacts to the amounts reported above.

(2) For more information on the gain associated with the sale of our tax software business, see Item 8. Financial Statements and Supplementary Data—Note 3.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to financial market risk and interest rate risk.

Financial market risk: We do not invest in financial instruments or their derivatives for trading or speculative purposes. By policy, we limit our credit exposure to any one issuer, other than securities issued by the U.S. federal government and its agencies, and do not have any derivative instruments in our investment portfolio. The three primary goals that guide our investment decisions, with the first being the most important to us, are: to preserve capital, maintain ease of conversion into immediate liquidity, and achieve a rate of return over a pre-determined benchmark. As of December 31, 2022, we were principally invested in money market fund and mutual funds securities, a portion of which are associated with assets that are held in a rabbi trust for purposes of satisfying our obligations under our non-qualified deferred compensation plans. We consider the default and liquidity risks of our investments to be low as of December 31, 2022.

Interest rate risk: Historically, our primary source of interest rate risk was associated with our borrowings under our Credit Agreement. As of December 31, 2022, we had no principal amount of debt outstanding under the Senior Secured Credit Facility.

We offer our financial professionals and their clients an insured bank sweep vehicle that is interest rate sensitive. This sweep vehicle is an insured cash account (“ICA”) for individuals, sole proprietorships and entities organized or operated to make a profit, such as corporations, partnerships, associations, business trusts and other organizations. Our clients earn interest on deposits held in this vehicle, and we earn a fee. The fees we earn from cash held in ICAs are based primarily on prevailing interest rates in the current interest rate environment. Changes in interest rates and fees for the bank deposit sweep vehicle are monitored by our Cash Sweep Committee, which governs and approves any changes to our fees. By meeting promptly around the time of FOMC meetings, or for other market or non-market reasons, the Cash Sweep Committee considers financial risk of the insured bank deposit sweep vehicle relative to other products into which clients may move cash balances.

ITEM 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Avantax, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Avantax, Inc. (the Company) as of December 31, 2022 and 2021, the related consolidated statements of comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 28, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to an account or disclosure that is material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the account or disclosure to which it relates.

Internally Developed Software

Description of the Matter As more fully described in Note 2 to the consolidated financial statements, costs incurred to develop software intended for internal use by the Company are capitalized during the application development stage. Capitalization of such costs ceases once the project is substantially complete and ready for its intended use. The Company also capitalizes costs related to specific upgrades and enhancements when it is probable that the expenditure will result in additional functionality. Costs related to preliminary project activities and post-implementation operating activities are expensed as incurred. For the year ended December 31, 2022, total costs capitalized as internally developed software was approximately \$13.0 million.

Auditing the Company's accounting for the capitalization of its internally developed software involved especially challenging and subjective auditor judgment because of the degree of subjectivity involved in assessing which projects met the applicable accounting requirements.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's internally developed software process. For example, we tested controls over the Company's process to verify that projects met applicable requirements for capitalization, that costs being capitalized were appropriate, and whether the determination of when the project entered the application development stage was appropriate.

Our audit procedures included, among others, testing a sample of internal and external project costs to verify proper approval and that the timing and nature of costs being capitalized is appropriate. This included inspecting capital project support to verify that the project met the applicable capitalization criteria based on the nature and purpose of each project. This also included testing third-party and internal personnel-related costs directly associated with the projects to verify that these costs were appropriately capitalized.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2012.

Dallas, Texas

February 28, 2023

AVANTAX, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	December 31,	
	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 263,928	\$ 100,629
Accounts receivable, net	24,117	21,214
Commissions and advisory fees receivable	20,679	25,073
Prepaid expenses and other current assets	15,027	11,731
Current assets of discontinued operations	—	41,632
Total current assets	323,751	200,279
Long-term assets:		
Property, equipment, and software, net	53,041	50,040
Right-of-use assets, net	19,361	20,466
Goodwill, net	266,279	266,279
Acquired intangible assets, net	266,002	282,789
Other long-term assets	35,081	20,414
Long-term assets of discontinued operations	—	231,676
Total long-term assets	639,764	871,664
Total assets	\$ 963,515	\$ 1,071,943
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 7,531	\$ 6,493
Commissions and advisory fees payable	13,829	17,940
Accrued expenses and other current liabilities	111,212	55,658
Current deferred revenue	4,583	4,792
Current lease liabilities	5,139	4,896
Current portion of long-term debt	—	1,812
Current liabilities of discontinued operations	—	20,131
Total current liabilities	142,294	111,722
Long-term liabilities:		
Long-term debt, net	—	553,134
Long-term lease liabilities	30,332	33,267
Deferred tax liabilities, net	20,819	19,124
Long-term deferred revenue	4,396	5,322
Other long-term liabilities	22,476	6,752
Long-term liabilities of discontinued operations	—	1,000
Total long-term liabilities	78,023	618,599
Total liabilities	220,317	730,321
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Common stock, par value \$0.0001 per share—900,000 shares authorized; 51,260 shares issued and 48,079 shares outstanding as of December 31, 2022; 50,137 shares issued and 48,831 shares outstanding as of December 31, 2021	5	5
Additional paid-in capital	1,636,134	1,619,805
Accumulated deficit	(829,542)	(1,249,789)
Treasury stock, at cost—3,181 shares as of December 31, 2022 and 1,306 shares as of December 31, 2021	(63,399)	(28,399)
Total stockholders' equity	743,198	341,622
Total liabilities and stockholders' equity	\$ 963,515	\$ 1,071,943

See notes to consolidated financial statements.

AVANTAX, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands, except per share amounts)

	Year Ended December 31,		
	2022	2021	2020
Revenue	\$ 666,496	\$ 658,213	\$ 546,189
Operating expenses:			
Cost of revenue	444,918	466,464	388,063
Engineering and technology	8,701	8,190	5,743
Sales and marketing	97,914	84,828	65,979
General and administrative	92,755	81,668	69,836
Acquisition and integration	(4,186)	32,798	31,085
Depreciation	11,882	8,987	6,823
Amortization of acquired intangible assets	25,850	28,320	29,745
Impairment of goodwill	—	—	270,625
Total operating expenses	677,834	711,255	867,899
Operating loss from continuing operations	(11,338)	(53,042)	(321,710)
Interest expense and other, net	(475)	(422)	(4,670)
Loss from continuing operations before income taxes	(11,813)	(53,464)	(326,380)
Income tax benefit (expense)	14,934	9,959	(41,665)
Income (loss) from continuing operations	3,121	(43,505)	(368,045)
Discontinued operations (Note 3)			
Income from discontinued operations before gain on disposal and income taxes	52,492	52,003	25,956
Pre-tax gain on disposal	472,237	—	—
Income from discontinued operations before income taxes	524,729	52,003	25,956
Income tax benefit (expense)	(107,603)	(741)	(666)
Income from discontinued operations	417,126	51,262	25,290
Net income (loss)	\$ 420,247	\$ 7,757	\$ (342,755)
Basic net income (loss) per share:			
Continuing operations	\$ 0.07	\$ (0.90)	\$ (7.67)
Discontinued operations	8.69	1.06	0.53
Basic net income (loss) per share	\$ 8.76	\$ 0.16	\$ (7.14)
Diluted net income (loss) per share:			
Continuing operations	\$ 0.06	\$ (0.90)	\$ (7.67)
Discontinued operations	8.48	1.06	0.53
Diluted net income (loss) per share	\$ 8.54	\$ 0.16	\$ (7.14)
Weighted average shares outstanding:			
Basic	47,994	48,578	47,978
Diluted	49,183	48,578	47,978
Comprehensive income (loss):			
Net income (loss)	\$ 420,247	\$ 7,757	\$ (342,755)
Other comprehensive income, net of income taxes	—	—	272
Comprehensive income (loss)	\$ 420,247	\$ 7,757	\$ (342,483)

See notes to consolidated financial statements.

AVANTAX, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)

	Common stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income (loss)	Treasury stock		Total
	Shares	Amount				Shares	Amount	
Balance as of December 31, 2019	49,059	\$ 5	\$ 1,586,972	\$ (914,791)	\$ (272)	1,306	\$ (28,399)	\$ 643,515
Common stock issued pursuant to stock incentive plans and employee stock purchase plan	424	—	2,355	—	—	—	—	2,355
Foreign currency translation adjustment	—	—	—	—	272	—	—	272
Stock-based compensation	—	—	10,066	—	—	—	—	10,066
Tax payments from shares withheld for equity awards	—	—	(1,163)	—	—	—	—	(1,163)
Net income (loss)	—	—	—	(342,755)	—	—	—	(342,755)
Balance as of December 31, 2020	49,483	5	1,598,230	(1,257,546)	—	1,306	(28,399)	312,290
Common stock issued pursuant to stock incentive plans and employee stock purchase plan	654	—	3,856	—	—	—	—	3,856
Stock-based compensation	—	—	19,363	—	—	—	—	19,363
Tax payments from shares withheld for equity awards	—	—	(1,644)	—	—	—	—	(1,644)
Net income	—	—	—	7,757	—	—	—	7,757
Balance as of December 31, 2021	50,137	5	1,619,805	(1,249,789)	—	1,306	(28,399)	341,622
Common stock issued pursuant to stock incentive plans and employee stock purchase plan	1,123	—	4,918	—	—	—	—	4,918
Stock repurchases	—	—	—	—	—	1,875	(35,000)	(35,000)
Stock-based compensation	—	—	14,000	—	—	—	—	14,000
Tax payments from shares withheld for equity awards	—	—	(2,589)	—	—	—	—	(2,589)
Net income	—	—	—	420,247	—	—	—	420,247
Balance as of December 31, 2022	51,260	\$ 5	\$ 1,636,134	\$ (829,542)	\$ —	3,181	\$ (63,399)	\$ 743,198

See notes to consolidated financial statements.

AVANTAX, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2022	2021	2020
Operating activities:			
Net income (loss)	\$ 420,247	\$ 7,757	\$ (342,755)
Less: Income from discontinued operations, net of income taxes	417,126	51,262	25,290
Income (loss) from continuing operations	3,121	(43,505)	(368,045)
Adjustments to reconcile income (loss) from continuing operations to net cash from operating activities:			
Depreciation and amortization of acquired intangible assets	37,732	37,307	36,568
Stock-based compensation	21,153	18,119	8,059
Change in the fair value of acquisition-related contingent consideration	(5,320)	22,400	8,300
Reduction of right-of-use lease assets	1,495	2,749	8,481
Deferred income taxes	1,695	(8,909)	41,145
Accretion of lease liabilities	2,012	1,250	1,922
Impairment of goodwill	—	—	270,625
Other non-cash items	5,230	2,390	1,508
Changes in operating assets and liabilities, net of acquisitions and disposals:			
Accounts receivable, net	(2,747)	(9,304)	10,511
Commissions and advisory fees receivable	4,394	1,059	(4,956)
Prepaid expenses and other current assets	(1,661)	(5,130)	5,033
Other long-term assets	(21,430)	(18,154)	2,139
Accounts payable	1,038	2,290	(8,281)
Commissions and advisory fees payable	(4,111)	(857)	(884)
Lease liabilities	(5,095)	(1,553)	(3,463)
Deferred revenue	(1,134)	(829)	(1,023)
Accrued expenses and other current and long-term liabilities	80,702	(21,657)	24,303
Net cash provided (used) by operating activities from continuing operations	117,074	(22,334)	31,942
Investing activities:			
Purchases of property, equipment, and software	(14,892)	(20,999)	(20,366)
Asset acquisitions	(7,887)	(8,316)	(3,143)
Business acquisitions, net of cash acquired	—	—	(101,910)
Net cash used by investing activities from continuing operations	(22,779)	(29,315)	(125,419)
Financing activities:			
Proceeds from credit facilities, net of debt discount and issuance costs	—	(502)	226,278
Payments on credit facilities	(561,344)	(1,812)	(66,531)
Acquisition-related contingent consideration payments	(15,148)	(14,075)	—
Stock repurchases	(35,000)	—	—
Proceeds from issuance of stock through employee stock purchase plan	3,983	3,277	2,258
Proceeds from stock option exercises	935	579	97
Tax payments from shares withheld for equity awards	(2,589)	(1,644)	(1,163)
Net cash provided (used) by financing activities from continuing operations	(609,163)	(14,177)	160,939
Net cash provided (used) by continuing operations	(514,868)	(65,826)	67,462
Net cash provided (used) by operating activities from discontinued operations	(10,452)	42,890	3,390
Net cash provided (used) by investing activities from discontinued operations	688,619	(9,277)	(15,288)
Net cash provided by financing activities from discontinued operations	—	—	—
Net cash provided (used) by discontinued operations	678,167	33,613	(11,898)
Net increase (decrease) in cash and cash equivalents	163,299	(32,213)	55,564
Cash and cash equivalents, beginning of period	100,629	132,842	77,278
Cash and cash equivalents, end of period	\$ 263,928	\$ 100,629	\$ 132,842

Supplemental cash flow information:						
Cash paid for income taxes	\$	5,986	\$	3,056	\$	1,776
Cash paid for interest	\$	32,442	\$	28,897	\$	24,279
Non-cash investing activities:						
Purchases of property, equipment, and software through leasehold incentives	\$	—	\$	—	\$	9,726

See notes to consolidated financial statements.

AVANTAX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended December 31, 2022, 2021, and 2020

Note 1: Description of the Business

Avantax, Inc. (the “**Company**,” “**Avantax**,” “**we**,” “**our**,” or “**us**”) is a leading provider of integrated tax-focused wealth management services and software, assisting consumers, small business owners, tax professionals, financial professionals, and certified public accounting (“**CPA**”) firms. Our integrated tax-focused wealth management services consist of the operations of Avantax Wealth Management and Avantax Planning Partners.

Avantax Wealth Management provides tax-focused wealth management solutions for financial professionals, tax professionals, CPA firms, and their clients. Avantax Wealth Management offers its services through its registered broker-dealer, registered investment advisor (“**RIA**”), and insurance agency subsidiaries and is a leading U.S. tax-focused independent broker-dealer. Avantax Wealth Management works with a nationwide network of financial professionals that operate as independent contractors. Avantax Wealth Management provides these financial professionals with an integrated platform of technical, practice, compliance, operations, sales, and product support tools that enable them to offer tax-advantaged planning, investing, and wealth management services to their clients.

Avantax Planning Partners is an in-house/employee-based RIA, insurance agency, and wealth management business that partners with CPA firms in order to provide their consumer and small business clients with holistic financial planning and advisory services, as well as retirement plan solutions through Avantax Retirement Plan Services. Avantax Planning Partners formerly operated as Honkamp Krueger Financial Services, Inc. (“**HKFS**”). We acquired HKFS in July 2020 (the “**HKFS Acquisition**”) and subsequently rebranded it in order to create tighter brand alignment through one common and recognizable brand. Any reference to Avantax Planning Partners in these financial statements is inclusive of HKFS.

Divestiture of Tax Software Business

On October 31, 2022, we entered into a Stock Purchase Agreement (the “**Purchase Agreement**”) with TaxAct Holdings, Inc. (f/k/a Avantax Holdings, Inc.), a Delaware corporation and a direct subsidiary of Blucora, Inc., Franklin Cedar Bidco, LLC, a Delaware limited liability company (the “**Buyer**”), and, solely for purposes of certain provisions thereof, DS Admiral Bidco, LLC, a Delaware limited liability company, pursuant to which we sold our tax software business to Buyer for an aggregate purchase price of \$720.0 million in cash, subject to customary purchase price adjustments set forth in the Purchase Agreement (the “**TaxAct Sale**”). This transaction subsequently closed on December 19, 2022.

In accordance with ASC 205, *Presentation of Financial Statements* (“**ASC 205**”), we determined that the sale of our tax software business represented a strategic shift that will have a major effect on our operations and financial results. As a result of the TaxAct Sale, the results of our tax software business have been reclassified as a discontinued operation and are excluded from continuing operations for all periods presented within the consolidated financial statements (unless otherwise noted). Significant accounting policies specific to our tax software business have been removed from these financial statements, however these policies can be found in our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the Securities and Exchange Commission on February 25, 2022. Results of discontinued operations include all revenues and expenses directly derived from our tax software business, with the exception of general corporate overhead costs that were previously allocated to our tax software segment but which have not been allocated to discontinued operations. In connection with the TaxAct Sale, we recognized a pre-tax gain on disposal of \$472.2 million, which is included within the results of discontinued operations for the year ended December 31, 2022. See “Note 3—Discontinued Operations” for additional information.

Segments

As a result of the TaxAct Sale encompassing the entirety of our previous tax software segment, our continuing operations represent one reportable segment.

Net Capital and Regulatory Requirements

Our Avantax Wealth Management broker-dealer subsidiary operates in a highly regulated industry and is subject to various regulatory capital requirements. Failure to meet minimum capital requirements can initiate certain

AVANTAX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2022, 2021, and 2020

mandatory and possible additional discretionary actions by regulators that, if undertaken, could have substantial monetary and non-monetary impacts on Avantax Wealth Management's operations. As of December 31, 2022, Avantax Wealth Management met all capital adequacy requirements to which it was subject.

Note 2: Summary of Significant Accounting Policies

Principles of Consolidation and Use of Estimates

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("**GAAP**"). These consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany accounts and transactions have been eliminated. Certain items in these consolidated financial statements have been reclassified to conform to current period presentation.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and disclosure of contingencies. Actual amounts may differ from estimates.

Cash and Cash Equivalents

We generally invest our excess cash in money market funds that are made up of securities issued by agencies of the U.S. government. From time-to-time, we may invest in other vehicles, such as debt instruments issued by the U.S. federal government and its agencies, international governments, municipalities, and publicly held corporations, as well as commercial paper and insured time deposits with commercial banks. Specific holdings can vary from period to period depending upon our cash requirements. Such investments are reported at fair value on the consolidated balance sheets.

Accounts Receivable, Net

Accounts receivable are stated at amounts due from clients, net of an allowance for credit losses. Our estimates of credit losses are based on our historical experience, the aging of our trade receivables, and management judgment. The allowance for credit losses was not material as of December 31, 2022 and 2021.

Property, Equipment, and Software, Net

Property, equipment, and software, net, are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the following estimated useful lives:

	Estimated Useful Life
Computer equipment	3 years
Purchased software	3 years
Data center servers	3 years
Internally developed software	3 years
Office equipment	7 years
Office furniture	7 years
Airplane	25 years
Leasehold improvements	Shorter of lease term or economic life

Internally Developed Software

Costs incurred to develop software intended for our internal use, primarily contractor costs and employee salaries and benefits, are capitalized during the application development stage. Capitalization of such costs ceases once the project is substantially complete and ready for its intended use. We also capitalize costs related to specific upgrades and enhancements when it is probable that the expenditure will result in additional functionality. Costs related to preliminary project activities and post-implementation operating activities are expensed as incurred.

We capitalized \$13.0 million, \$16.4 million, and \$4.0 million of internally developed software costs for the years ended December 31, 2022, 2021, and 2020, respectively.

AVANTAX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2022, 2021, and 2020

Business Combinations

We allocate the fair value of the purchase consideration for our business combinations to the assets acquired and liabilities assumed, generally based on their estimated fair values. The excess of the fair value of purchase consideration over the fair values of these identifiable assets and liabilities is recorded as goodwill. Purchase consideration includes assets transferred, liabilities assumed, and/or equity interests issued by us, all of which are measured at their fair value as of the date of acquisition. Our business combinations may be structured to include a combination of up-front, deferred, and contingent payments to be made at specified dates subsequent to the date of acquisition. Deferred and contingent payments determined to be purchase consideration are recorded at fair value as of the acquisition date. Our contingent consideration arrangements are generally obligations to make future payments to sellers contingent upon the achievement of future financial targets and are remeasured to fair value at the end of each reporting period until the obligations are settled.

The valuation of the net assets acquired as well as certain elements of purchase consideration requires management to make significant estimates and assumptions, especially with respect to future expected cash flows, discount rates, growth and attrition rates, and estimated useful lives. Management's assumptions and estimates of fair value are based on comparable market data and information obtained from the management of acquired entities. These assumptions and estimates are believed to be reasonable, but are inherently uncertain and, as a result, actual results may differ from estimates. During the measurement period, we may record adjustments to the assets acquired and liabilities assumed with a corresponding offset to goodwill. Subsequent changes to the fair value of contingent consideration are reflected in "Acquisition and integration" expense on the consolidated statements of comprehensive income (loss).

Acquisition costs are expensed as incurred and are included in "Acquisition and integration" expense on the consolidated statements of comprehensive income (loss). We include the results of operations from acquired businesses in our consolidated financial statements from the effective date of the acquisition.

Asset Acquisitions

Acquisitions that do not meet the criteria to be accounted for as a business combination are accounted for as an asset acquisition. Using a cost accumulation model, the purchase price, including certain acquisition-related costs, is allocated to the acquired assets and assumed liabilities based upon their relative fair values as of the acquisition date. No goodwill is contemplated in the allocation process. Our asset acquisitions typically include contingent consideration arrangements that encompass obligations to make future payments to sellers contingent upon the achievement of future financial targets. Contingent consideration is not recognized until all contingencies are resolved and the consideration is payable, at which point the consideration is allocated to the assets acquired on a relative fair value basis.

Discontinued Operations

We review the presentation of planned business dispositions in the consolidated financial statements based on the available information and events that have occurred. The review consists of evaluating whether the business meets the definition of a component for which the operations and cash flows are clearly distinguishable from the other components of the business, and if so, whether the disposition represents a strategic shift that has a major effect on operations and financial results. In addition, we evaluate whether the business has met the criteria as a business held for sale. In order for a planned disposition to be classified as a business held for sale, the established criteria must be met as of the reporting date, including an active program to market the business and the expected disposition of the business within one year.

Planned dispositions are presented as discontinued operations when all the criteria described above are met. For those divestitures that qualify as discontinued operations, all comparative periods presented are reclassified in the consolidated balance sheets. Additionally, the results of operations of a discontinued operation are reclassified to income from discontinued operations, net of tax, for all periods presented in the consolidated statements of

AVANTAX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2022, 2021, and 2020

comprehensive income (loss). Results of discontinued operations include all revenue and expenses directly derived from such businesses; general corporate overhead is not allocated to discontinued operations.

Goodwill and Acquired Intangible Assets, Net

We test goodwill and indefinite-lived intangible assets for impairment annually, as of November 30, or more frequently when events or circumstances indicate that impairment may have occurred. For purposes of goodwill impairment testing, our reporting units are consistent with our reporting segments. As a result of the TaxAct Sale, which occurred after our annual impairment assessment, our continuing operations are presented as one reportable segment.

We test goodwill for impairment either by assessing qualitative factors to determine whether it is more likely than not that the fair values of our reporting unit(s) are less than their carrying amounts, or by performing a quantitative test. Qualitative factors include industry and market conditions, overall financial performance, and other relevant events and circumstances affecting each reporting unit. If we choose to perform a qualitative assessment and, after considering the totality of events or circumstances, we determine it is more likely than not the fair value(s) of our reporting unit(s) are less than their carrying amounts, then we perform a quantitative fair value test. Our quantitative test utilizes a weighted combination of a discounted cash flow model (known as the income approach) and a market approach which estimates a reporting unit's fair value by applying income-based valuation multiples for a set of comparable companies to the reporting unit's income. These approaches involve judgmental assumptions, including forecasted future cash flows expected to be generated by each reporting unit over an extended period of time, long-term growth rates, the identification of comparable companies, and each reporting unit's weighted average cost of capital. The weighted average cost of capital factors in the relevant risk associated with business-specific characteristics and the uncertainty of achieving projected cash flows. These assumptions are unobservable inputs and are considered Level 3 measurements. Impairment is recognized as the excess of a reporting unit's carrying amount, including goodwill, over its fair value.

We test indefinite-lived intangible assets for impairment either through a qualitative assessment similar to our evaluation for goodwill, or by performing a quantitative test. Our quantitative test estimates the fair values of the assets based on estimated future earnings derived from the assets using an income approach. This discounted cash flow model involves judgmental assumptions, including forecasted future cash flows from estimated royalty rates and the asset's weighted average cost of capital. The weighted average cost of capital factors in the relevant risk associated with business-specific characteristics and the uncertainty of achieving projected cash flows. These assumptions are unobservable inputs and are considered Level 3 measurements. Impairment is recognized as the excess of the indefinite-lived intangible asset's carrying amount over its fair value.

Impairment of Long-Lived Assets

Long-lived assets, including definite-lived intangibles, are reviewed for impairment when events or circumstances indicate that the carrying value of an asset or group of assets may not be recoverable. Factors we consider important that may trigger an impairment review include, but are not limited to, significant under-performance relative to historical or projected future operating results, and significant changes in the manner of our use of the asset. If circumstances require that an asset or group of assets be tested for impairment, determination of recoverability is based on an estimate of the undiscounted cash flows expected to be generated by the asset or group of assets. If the carrying amount of the asset or group of assets is not recoverable on an undiscounted cash flow basis, impairment is recognized equal to the excess of the carrying value over its fair value.

Financial Professional Loans

We periodically extend credit to our financial professionals in the form of recruiting or retention loans, commission advances and other loans. The decision to extend credit to a financial professional is generally based on affiliation with Avantax Wealth Management and their ability to generate future revenues. Loans made in connection with recruiting or retention can either be repayable or forgivable over terms generally up to fifteen years provided that the financial professional remains a service provider to the Company. Forgivable loans are not repaid in cash and are amortized over the term of the loan. If a financial professional terminates their arrangement with the Company prior to the loan maturity date, the remaining balance becomes repayable immediately. We estimate an allowance for credit loss related to both repayable and forgivable loans at inception using estimates and

AVANTAX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2022, 2021, and 2020

assumptions based on historical loss experience and expectations of future loss rates. Management monitors the adequacy of these estimates on a periodic basis against actual trends experienced. The allowance for credit loss associated with these loans was not material as of December 31, 2022 and 2021.

During the years ended December 31, 2022 and 2021, we issued loans to financial professionals for \$12.7 million and \$22.0 million, respectively. As of December 31, 2022 and 2021, \$23.3 million and \$17.7 million, respectively, were included within "other long-term assets" on the consolidated balance sheets, and \$6.0 million and \$4.3 million, respectively, were included in "prepaid expenses and other current assets" on the consolidated balance sheets. During the years ended December 31, 2022, 2021, and 2020, we recognized \$5.2 million, \$2.3 million, and \$0.9 million, respectively, of forgivable loan amortization within "cost of revenue" in the consolidated statements of comprehensive income (loss). Substantially all of our outstanding financial professional loans are considered forgivable.

Leases

We determine if an arrangement contains a lease at inception. Right-of-use ("**ROU**") assets represent our right to use an underlying asset for the lease term and the corresponding lease liabilities represent our obligation to make lease payments arising from the lease. On the commencement date, leases are evaluated for classification, and ROU assets and lease liabilities are recognized based on the present value of lease payments over the lease term. The ROU asset is reduced for tenant incentives and excludes any initial direct costs incurred. We have elected to combine the lease and non-lease components of a contract, if applicable, into a single lease component. The implicit rates within our leases are generally not readily determinable, and instead we use our incremental borrowing rate at the lease commencement date to determine the present value of lease payments. Fixed lease cost is recognized on a straight-line basis over the lease term. Variable lease payments are not included in the calculation of the ROU assets and lease liabilities and are recognized as lease costs as incurred. Our variable lease payments generally relate to amounts paid to lessors for common area maintenance.

Our lease terms are contractually fixed but may include extension or termination options. These options are included in lease values when it is reasonably certain we will exercise such options. We have elected not to recognize a ROU asset or lease liability for short-term leases, defined as those which have an initial lease term of twelve months or less. Our leases do not contain residual value guarantees or material variable lease payments. We do not have any material restrictions or covenants imposed by leases that would impact our ability to pay dividends or cause us to incur additional financial obligations.

Fair Value of Financial Instruments

We measure our financial instruments and contingent consideration from our business combinations at fair value at each reporting period using a fair value hierarchy. The classification within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Fair value inputs are classified in one of the following three categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs, other than Level 1, or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data and reflect our own assumptions.

Revenue Recognition

We recognize revenue when all five of the following revenue recognition criteria have been satisfied:

- contract(s) with clients have been identified;
- performance obligations have been identified;
- transaction prices have been determined;
- transaction prices have been allocated to the performance obligations; and

AVANTAX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2022, 2021, and 2020

- the performance obligations have been fulfilled by transferring control over the promised services to the client.

The determination of when these criteria are satisfied varies by product or service and is explained in more detail below.

Revenue recognition. Revenue primarily consists of advisory revenue, commission revenue, asset-based revenue, and transaction and fee revenue.

Revenue is recognized upon the transfer of services to clients in an amount that reflects the consideration to which we expect to be entitled in exchange for those services. Payments received by us in advance of the performance of service are deferred and recognized as revenue when we have satisfied our performance obligation.

Advisory revenue includes fees charged to clients in advisory accounts for which we are the RIA. These fees are based on the value of assets within these advisory accounts. For advisory revenues generated by Avantax Wealth Management, advisory fees are typically billed quarterly, in advance, and the related advisory revenues are deferred and recognized ratably over the period in which our performance obligations have been completed. For advisory revenues generated by Avantax Planning Partners, advisory fees are typically billed quarterly, in arrears, and the related advisory revenues are accrued and recognized over the period in which our performance obligations were completed.

Commissions represent amounts generated by clients' purchases and sales of securities and investment products. We serve as the registered broker-dealer or insurance agent for those trades. We generate two types of commissions: (1) transaction-based commissions and (2) trailing commissions. Transaction-based commissions are generated on a per-transaction basis and are recognized as revenue on the trade date, which is when our performance obligations have been substantially completed. Trailing commissions are earned by us based on our ongoing account support to clients. Trailing commissions are based on a percentage of the current market value of clients' investment holdings in trail-eligible assets and recognized over the period during which our services are performed. Since trailing commission revenue is generally paid in arrears, we estimate it based on a number of factors, including stock market index levels and the amount of trailing commission revenues received in prior periods. These estimates are primarily based on historical information, and there is not significant judgment involved.

A substantial portion of advisory revenue and commission revenue is ultimately paid to our financial professionals. In Avantax Wealth Management, advisory fee payments to financial professionals typically occur at the beginning of the quarter, in advance, and therefore do not result in an advisory fee payable amount at quarter end. In Avantax Planning Partners, advisory fee payments (which are primarily composed of payments to CPA firms under fee sharing arrangements) are typically made quarterly, in arrears, and we record an estimate for the advisory fee payable based on the historical payout ratios and financial market movement for the period. For transaction-based commissions, we record an estimate for commissions payable based upon the payout rate of the financial professional generating the accrued commission revenue. For trailing commissions, we record an estimate for trailing commissions payable based upon historical payout ratios. Such amounts are recorded as "Commissions and advisory fees payable" on the consolidated balance sheets and "Cost of revenue" on the consolidated statements of comprehensive income (loss).

Asset-based revenue primarily includes fees from financial product manufacturer sponsorship programs, cash sweep programs, and other asset-based revenues, primarily margin revenues and asset-based retirement plan service fees. Asset-based revenue is recognized ratably over the period in which services are provided.

Transaction and fee revenue primarily includes (1) support fees charged to financial professionals, which are recognized over time as support services are provided, (2) fees charged for executing certain transactions in client accounts, which are recognized on a trade-date basis, and (3) other fees related to services provided and other account charges as generally outlined in agreements with financial professionals, clients, and financial institutions, which are recognized as services are performed or as earned, as applicable.

Costs to obtain a contract. We capitalize the incremental costs of obtaining a contract with a client, primarily one-time commissions paid to affiliates who refer clients, if we expect to recover those costs. These costs are

AVANTAX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2022, 2021, and 2020

amortized on a straight-line basis over a period of 15 years, which is the period over which we expect to transfer services to the client. The amortization of these costs are included in "Sales and marketing" on the consolidated statements of comprehensive income (loss). Capitalized costs to obtain a contract were not material for the years ended December 31, 2022 and 2021.

Advertising Expenses

Costs for advertising are recorded within "Sales and marketing" on the consolidated statements of comprehensive income (loss) when the advertisement appears. Advertising expense totaled \$0.9 million, \$2.0 million, and \$1.6 million for the years ended December 31, 2022, 2021, and 2020, respectively.

Stock-Based Compensation

We measure stock-based compensation for awards of stock options, restricted stock units ("**RSUs**"), and other similar awards based on the estimated fair value of the awards on the date of grant. RSUs typically include service-based vesting requirements ("**time-based RSUs**") or performance-based vesting requirements ("**performance-based RSUs**"). Compensation expense for awards that vest ratably is recognized net of estimated forfeitures (if applicable) over the requisite service period of the award for each vesting tranche using the straight-line method. Compensation expense for awards that cliff vest is recognized over the requisite service period of the award using the straight-line method. We estimate forfeitures for employee awards at the time of grant, based upon historical data, and revise those estimates, if necessary, in subsequent periods if actual forfeitures differ from those estimates. We recognize forfeitures as they occur for awards to non-employee financial professionals.

The fair value of stock options is estimated using a Black-Scholes-Merton valuation method on the date of grant. The fair value of time-based RSUs is equal to the closing price of the Company's stock on the date of grant. The fair value of performance-based RSUs that contain a market component is estimated using a Monte-Carlo simulation model on the date of grant. For performance-based RSUs, compensation expense is originally based on the number of shares that would vest if we achieve the level of performance that we estimate is the most probable outcome at the grant date. Throughout the requisite service period, we monitor the probability of achieving the performance condition, and adjust compensation expense based on future expected performance. Compensation expense for performance-based RSUs that contain a market component is not reversed if the market criteria are not satisfied.

Income Taxes

We account for income taxes under the asset and liability method, under which deferred tax assets, including net operating loss carryforwards, and deferred tax liabilities are determined based on temporary differences between the book and tax basis of assets and liabilities. We periodically evaluate the likelihood of the realization of deferred tax assets and reduce the carrying amount of the deferred tax assets by a valuation allowance to the extent we believe it is more likely than not a portion will not be realized. We consider many factors when assessing the likelihood of future realization of deferred tax assets, including expectations of future taxable income, recent cumulative earnings experience by taxing jurisdiction, and other relevant factors. There is a wide range of possible judgments relating to the valuation of our deferred tax assets.

We record liabilities to address uncertain tax positions that have been taken in previously filed tax returns or that are expected to be taken in a future tax return. The determination for required liabilities is based upon an analysis of each individual tax position, taking into consideration whether it is more likely than not that the tax position, based on technical merits, will be sustained upon examination. The tax benefit to be recognized in the financial statements from such a position is measured as the largest amount of benefit that has a greater than 50% cumulative likelihood of being realized upon ultimate settlement with the taxing authority. The difference between the amount recognized and the total tax position is recorded as a liability. The ultimate resolution of these tax positions may be greater or less than the liabilities recorded. We recognize interest and penalties related to uncertain tax positions in interest expense and general and administrative expense, respectively.

AVANTAX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2022, 2021, and 2020

Concentration of Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash equivalents, short-term investments, trade accounts receivable, and commissions receivable. These instruments are generally unsecured and uninsured.

For cash equivalents, short-term investments, and commissions receivable, we attempt to manage exposure to counterparty credit risk by only entering into agreements with major financial institutions and investment sponsors that are expected to be able to fully perform under the terms of the applicable agreement.

Accounts receivable are typically unsecured and are derived from revenues earned from clients primarily located in the United States operating in a variety of geographic areas. We perform ongoing credit evaluations of our clients and maintain allowances for potential credit losses.

Geographic Revenue Information

Substantially all of our revenue for 2022, 2021, and 2020 was generated from clients located in the United States. All of our tangible fixed assets are located in the United States.

Recently Issued Accounting Pronouncements

There have been no recent accounting pronouncements, changes in accounting pronouncements, or recently issued accounting guidance during fiscal year 2022 that are material, significant, or potentially significant to us.

Note 3: Discontinued Operations

On October 31, 2022, we entered into the Purchase Agreement with the Buyer to sell our tax software business for an aggregate purchase price of \$720.0 million in cash, subject to customary purchase price adjustments set forth in the Purchase Agreement. The TaxAct Sale subsequently closed on December 19, 2022.

The following table presents the gain associated with the sale, presented in the results of discontinued operations below (in thousands):

Gross purchase price, as adjusted per the terms of the Purchase Agreement	\$ 717,911
Net assets disposed	(228,040)
Transaction costs	(17,634)
Pre-tax gain on disposal	<u>\$ 472,237</u>

The carrying value of the net assets sold are as follows (in thousands):

Cash and cash equivalents	\$ 4,591
Accounts receivable, net	250
Prepaid expenses and other current assets	7,861
Property, equipment, and software, net	22,377
Goodwill	188,542
Other intangible assets, net	19,500
Other long-term assets	184
Accounts payable	(1,433)
Accrued expenses and other current liabilities	(7,212)
Deferred revenue	(5,446)
Deferred tax liabilities, net	(1,174)
Total net assets sold	<u>\$ 228,040</u>

AVANTAX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2022, 2021, and 2020

The following table presents summarized information regarding certain components of income (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Revenues	\$ 247,241	\$ 226,987	\$ 208,763
Operating expenses	155,446	143,326	156,173
Interest expense and other, net	(39,303)	(31,658)	(26,634)
Income from discontinued operations before gain on disposal and income taxes	52,492	52,003	25,956
Pre-tax gain on disposal	472,237	—	—
Income from discontinued operations before income taxes	524,729	52,003	25,956
Income tax benefit (expense)	(107,603)	(741)	(666)
Income from discontinued operations	\$ 417,126	\$ 51,262	\$ 25,290

In accordance with the terms of our Credit Agreement, approximately \$525.4 million of the proceeds from the TaxAct Sale were required to be utilized to repay the remaining principal amount outstanding under our Credit Agreement discussed in "Note 7—Debt." In connection with this repayment, we incurred a loss on debt extinguishment of \$4.2 million for the remaining amount of unamortized debt issuance costs and debt discount associated with the outstanding principal. Because the terms of our Credit Agreement required the repayment of our Term Loan in connection with the TaxAct Sale, ASC 205 requires interest expense and any loss on debt extinguishment associated with the borrowings to be reclassified to discontinued operations for all periods presented.

The following table presents the aggregate amounts of the classes of assets and liabilities classified as discontinued operations:

	December 31,
	2021
Assets:	
Cash and cash equivalents	\$ 34,195
Accounts receivable, net	692
Prepaid expenses and other current assets	6,745
Total current assets of discontinued operations	41,632
Property, equipment, and software, net	23,598
Goodwill, net	188,542
Other intangible assets, net	19,500
Other long-term assets	36
Total assets of discontinued operations	\$ 273,308
Liabilities:	
Accounts payable	\$ 1,723
Accrued expenses and other current liabilities	10,020
Current deferred revenue	8,388
Total current liabilities of discontinued operations	20,131
Deferred tax liabilities, net	1,000
Total liabilities of discontinued operations	\$ 21,131

AVANTAX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2022, 2021, and 2020

The following table presents significant non-cash items and capital expenditures of discontinued operations (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Non-cash items:			
Stock-based compensation	\$ 1,892	\$ 2,635	\$ 2,007
Depreciation	\$ 8,099	\$ 6,120	\$ 3,339
Amortization of debt discount and issuance costs	\$ 2,782	\$ 2,668	\$ 2,065
Loss on debt extinguishment	\$ 4,192	\$ —	\$ —
Purchases of property, equipment, and software	\$ 7,067	\$ 9,277	\$ 15,637

Transition Services Agreement and Sublease of Corporate Space

In connection with the TaxAct Sale, we entered into a Transition Services Agreement (“TSA”) with the Buyer pursuant to which each party will provide the other with certain transition services for an initial period ending on June 19, 2023. The income that we expect to receive from the TSA is expected to largely offset the costs that we will continue to incur during the term of the TSA. Furthermore, the Buyer signed a sublease agreement to sublease a portion of our corporate headquarters for an initial term of five years. The income and costs associated with the TSA and sublease are included within continuing operations of the consolidated statements of comprehensive income (loss) and were not material for the year ended December 31, 2022.

Note 4: Revenue Recognition

Revenue primarily consists of advisory revenue, commission revenue, asset-based revenue, and transaction and fee revenue.

Revenues by major category and the timing of revenue recognition was as follows (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Recognized upon transaction:			
Commission	\$ 75,420	\$ 89,970	\$ 74,788
Transaction and fee	4,010	4,210	6,494
Total revenue recognized upon transaction	\$ 79,430	\$ 94,180	\$ 81,282
Recognized over time:			
Advisory	\$ 398,839	\$ 395,800	\$ 314,751
Commission	98,011	120,707	110,413
Asset-based	65,043	22,101	23,688
Transaction and fee	25,173	25,425	16,055
Total revenue recognized over time	\$ 587,066	\$ 564,033	\$ 464,907
Total revenue:			
Advisory	\$ 398,839	\$ 395,800	\$ 314,751
Commission	173,431	210,677	185,201
Asset-based	65,043	22,101	23,688
Transaction and fee	29,183	29,635	22,549
Total revenue	\$ 666,496	\$ 658,213	\$ 546,189

Note 5: Asset Acquisitions

During the years ended December 31, 2022, 2021 and 2020, we completed several acquisitions that met the criteria to be accounted for as asset acquisitions. Total initial purchase consideration, including acquisition costs and fixed deferred payments, was \$5.6 million, \$8.5 million, and \$4.4 million, respectively. This purchase consideration was allocated to the acquired assets, primarily client relationship intangibles. Client relationship intangibles are amortized on a straight-line basis over an amortization period of 15 years.

AVANTAX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2022, 2021, and 2020

We are subject to variable contingent consideration payments related to these acquisitions that are not recognized as a liability on our consolidated balance sheets until all contingencies related to the achievement of future financial targets are resolved and the consideration is paid. As of December 31, 2022, the maximum future contingent payments associated with these asset acquisitions was \$21.3 million, with specified payment dates from 2023 through 2026.

Note 6: Goodwill and Acquired Intangible Assets, Net

Goodwill

The following table presents goodwill recorded on our consolidated balance sheets (in thousands):

	Total
Balance as of December 31, 2019	\$ 473,833
Acquired	63,737
Purchase accounting adjustments	(666)
Impairment	(270,625)
Balance as of December 31, 2020	266,279
Balance as of December 31, 2021	266,279
Balance as of December 31, 2022	\$ 266,279

Beginning in March 2020, the COVID-19 pandemic had a significant negative impact on the U.S. and global economy and caused substantial disruption in the U.S. and global securities markets, and as a result, negatively impacted certain key business drivers, such as client asset levels and interest rates. These macroeconomic and Company-specific factors, in totality, served as a triggering event that resulted in the testing of goodwill for potential impairment. As a result of our quantitative impairment test described in "Note 2—Summary of Significant Accounting Policies," we recorded a \$270.6 million goodwill impairment in the first quarter of 2020. No incremental impairments were recognized as of our annual impairment tests performed on November 30, 2022, 2021, and 2020.

Acquired Intangible Assets, Net

Acquired intangible assets, net, consisted of the following (in thousands):

	December 31, 2022				December 31, 2021		
	Weighted average amortization period (years)	Gross carrying amount	Accumulated amortization	Net	Gross carrying amount	Accumulated amortization	Net
Definite-lived intangible assets:							
Financial professional relationships	13.2	\$ 318,700	\$ (130,969)	\$ 187,731	\$ 318,700	\$ (111,916)	\$ 206,784
Client relationships	12.9	74,532	(10,306)	64,226	65,573	(5,729)	59,844
Sponsor relationships	10.9	17,200	(6,630)	10,570	17,200	(5,655)	11,545
CPA firm relationships	12.5	4,070	(678)	3,392	4,070	(407)	3,663
Trade name	0.5	3,100	(3,017)	83	3,100	(2,379)	721
Technology	0.0	2,980	(2,980)	—	2,980	(2,852)	128
Curriculum	0.0	900	(900)	—	900	(796)	104
Total acquired intangible assets, net		\$ 421,482	\$ (155,480)	\$ 266,002	\$ 412,523	\$ (129,734)	\$ 282,789

AVANTAX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2022, 2021, and 2020

Expected amortization of definite-lived intangible assets held as of December 31, 2022 was as follows (in thousands):

2023	\$	24,845
2024		24,286
2025		23,606
2026		22,985
2027		22,417
Thereafter		147,863
Total	\$	<u>266,002</u>

Note 7: Debt

Our debt consisted of the following as of the periods indicated in the table below (in thousands):

	December 31, 2022	December 31, 2021
	Senior Secured Credit Facility	
Principal outstanding	\$ —	\$ 561,344
Unamortized debt issuance costs	—	(3,371)
Unamortized debt discount	—	(3,027)
Net carrying value	<u>\$ —</u>	<u>\$ 554,946</u>

In May 2017, we entered into a credit agreement (as the same has been amended, the **“Credit Agreement”**) with a syndicate of lenders that provides for a term loan facility (the **“Term Loan”**) and a revolving line of credit (including a letter of credit sub-facility) (the **“Revolver”**) for working capital, capital expenditures, and general business purposes (as amended, the **“Senior Secured Credit Facility”**). The Term Loan has a maturity date of May 22, 2024 (the **“Term Loan Maturity Date”**). On April 26, 2021, to ensure adequate liquidity and flexibility to support the Company's growth, we entered into Amendment No. 5 to the Credit Agreement (the **“Credit Agreement Amendment”**). Pursuant to the Credit Agreement Amendment, the Credit Agreement was amended to, among other things, refinance the existing \$65.0 million Revolver and add \$25.0 million of additional revolving credit commitments, for an aggregate principal amount of \$90.0 million in revolving credit commitments (the **“New Revolver”**). The New Revolver has a maturity date of February 21, 2024 (the **“New Revolver Maturity Date”**).

The Company is required to make mandatory annual prepayments on the Term Loan in certain circumstances, including in the event that the Company generates Excess Cash Flow (as defined in the Credit Agreement) in a given fiscal year. The Credit Agreement permits the Company to voluntarily prepay the Term Loan without premium or penalty. In addition, the Company is required to make principal amortization payments on the Term Loan quarterly on the last business day of each March, June, September, and December, in an amount equal to approximately \$0.5 million (subject to reduction for prepayments), with the remaining principal amount of the Term Loan due on the Term Loan Maturity Date.

On August 5, 2022, and as provided for within our Senior Secured Credit Facility, we voluntarily prepaid \$35.0 million of principal outstanding under our Term Loan. In connection with this prepayment, we recorded a \$0.2 million loss on extinguishment of debt for the proportionate amount of unamortized debt issuance costs and debt discount associated with the principal repaid. Furthermore, during the fourth quarter of 2022 and subject to the terms of the Credit Agreement, the remaining principal outstanding of our Term Loan (approximately \$525.4 million) was required to be repaid in connection with the close of the TaxAct Sale. In connection with this repayment, we incurred a loss on debt extinguishment of \$4.2 million for the remaining amount of unamortized debt issuance costs and debt discount associated with the outstanding principal. As of December 31, 2022, we had no principal amount outstanding under the Term Loan and no amounts outstanding under the New Revolver. Based on aggregate loan commitments as of December 31, 2022, approximately \$90.0 million was available for future borrowings under the Senior Secured Credit Facility, subject to customary terms and conditions.

The interest rate on the Term Loan is variable at the London Interbank Offered Rate (subject to a floor of 1.0%), plus the applicable interest rate margin of 4.0% for Eurodollar Rate Loans (as defined in the Credit

AVANTAX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2022, 2021, and 2020

Agreement) and 3.0% for ABR Loans (as defined in the Credit Agreement). For the year ended December 31, 2022, the weighted average applicable interest rate on the Term Loan was 5.9%. Depending on the Consolidated First Lien Net Leverage Ratio (as defined in the Credit Agreement), the applicable interest rate margin on the New Revolver ranges from 2.0% to 2.5% for Eurodollar Rate Loans and 1.0% to 1.5% for ABR Loans. The Company is required to pay a commitment fee on the undrawn commitment under the New Revolver in a percentage that is dependent on the Consolidated First Lien Net Leverage Ratio that ranges from 0.35% to 0.4%. Interest is payable at the end of each interest period, typically quarterly.

Except as described above, and before consideration of the amendment to our Credit Agreement discussed below, there have been no significant changes to the terms of the Term Loan or the New Revolver since previously disclosed within our Annual Report on Form 10-K for the year ended December 31, 2021. The Company was in compliance with the debt covenants of the Senior Secured Credit Facility as of December 31, 2022.

On January 24, 2023 (the **“Closing Date”**), we entered into a restatement agreement (the **“Amended and Restated Credit Agreement”**), which amends and restates in its entirety our existing Credit Agreement. The Amended and Restated Credit Agreement provides for a delayed draw term loan facility up to a maximum principal amount of \$270.0 million (the **“Delayed Draw Term Loan Facility”**) and a revolving credit facility with a commitment amount of \$50.0 million (the **“Revolving Credit Facility”**). We may borrow term loans under the Delayed Draw Term Loan Facility (the **“Term Loans”**) until January 24, 2024. The stated maturity date of the Delayed Draw Term Loan Facility and the Revolving Credit Facility is January 24, 2028 (the **“Maturity Date”**). The proceeds of any Term Loans may be used to fund shareholder distributions and for general corporate purposes. The proceeds of any loans under the Revolving Credit Facility may be used to finance working capital needs and for general corporate purposes. On February 24, 2023, we borrowed \$170.0 million under the Delayed Draw Term Loan Facility.

Note 8: Leases

Our leases are primarily related to office space and are classified as operating leases. Operating lease cost, net of sublease income, is recognized in “General and administrative” expense for those net costs related to leases used in our operations and within “Acquisition and integration” expense for those net costs related to an unoccupied lease resulting from our acquisition of 1st Global, Inc. and 1st Global Insurance Services, Inc. (together, the **“1st Global Acquisition”**) on the consolidated statements of comprehensive income (loss).

Operating lease cost, net of sublease income, cash paid on operating lease liabilities, and ROU assets obtained in exchange for lease obligations for the years ended December 31, 2022, 2021, and 2020 were as follows (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Fixed lease cost ⁽¹⁾	\$ 3,858	\$ 4,188	\$ 6,762
Variable lease cost	1,402	1,057	893
Operating lease cost, before sublease income	5,260	5,245	7,655
Sublease income	(937)	(464)	(1,235)
Total operating lease cost, net of sublease income	\$ 4,323	\$ 4,781	\$ 6,420
Additional lease information:			
Cash paid on operating lease liabilities ⁽²⁾	\$ 5,095	\$ 1,853	\$ 3,818
ROU assets obtained in exchange for lease obligations	\$ 390	\$ 93	\$ 21,766

(1) For the years ended December 31, 2021 and December 31, 2020, fixed lease cost from discontinued operations were \$0.3 million and \$0.5 million, respectively. As these amounts were not material to the disclosures above, we have not adjusted the historical presentation.

(2) For the years ended December 31, 2021 and December 31, 2020, cash paid on operating lease liabilities from discontinued operations were \$0.3 million and \$0.5 million. As these amounts were not material to the disclosures above, we have not adjusted the historical presentation.

AVANTAX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Right-of-use assets and operating leases were recorded on the consolidated balance sheets as follows (in thousands):

	December 31,	
	2022	2021
Right-of-use assets, net	\$ 19,361	\$ 20,466
Current lease liabilities	\$ 5,139	\$ 4,896
Long-term lease liabilities	30,332	33,267
Total operating lease liabilities	\$ 35,471	\$ 38,163
Weighted-average remaining lease term (in years)	9.4	10.3
Weighted-average discount rate	5.5 %	5.4 %

The maturities of our operating lease liabilities as of December 31, 2022 are as follows (in thousands):

Undiscounted cash flows:		
2023	\$	5,289
2024		5,184
2025		5,086
2026		4,256
2027		3,858
Thereafter		22,315
Total undiscounted cash flows		45,988
Imputed interest		(10,517)
Present value of cash flows	\$	35,471

During the year ended December 31, 2020, we began subleasing a portion of our former office building acquired in the 1st Global Acquisition for rental rates that were less than those of the original building lease, representing a triggering event to test the right-of-use asset for impairment. The estimated fair value of the asset was calculated using a discounted cash flow analysis that included forecasted cash flows and a discount rate derived from market data, both of which are Level 3 fair value inputs. As a result of this test, we recognized impairment expense of \$4.1 million for the year ended December 31, 2020, which was included in "Acquisition and integration" expense on the consolidated statements of comprehensive income (loss). There was no impairment recognized during the years ended December 31, 2022 and 2021.

Note 9: Balance Sheet Components

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

	December 31,	
	2022	2021
Prepaid expenses	\$ 7,857	\$ 6,393
Forgivable loans	5,951	4,316
Other current assets	1,219	1,022
Total prepaid expenses and other current assets	\$ 15,027	\$ 11,731

AVANTAX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2022, 2021, and 2020

Property, equipment, and software, net, consisted of the following (in thousands):

	December 31,	
	2022	2021
Internally developed software	\$ 29,491	\$ 14,548
Computer equipment	5,172	4,451
Purchased software	6,433	6,644
Leasehold improvements	16,944	16,953
Airplane	3,770	3,770
Office furniture	7,257	7,257
Office equipment	2,425	2,423
Data center servers	1,253	984
Capital projects in progress ⁽¹⁾	11,237	13,200
Property, equipment, and software, gross	83,982	70,230
Less: Accumulated depreciation	(30,941)	(20,190)
Total property, equipment, and software, net	\$ 53,041	\$ 50,040

(1) Represents costs that have been capitalized for internally developed software projects that have not yet been placed into service.

The net carrying value of internally developed software was \$26.5 million and \$19.4 million as of December 31, 2022 and 2021, respectively. We recorded depreciation expense for internally developed software of \$5.9 million, \$3.4 million, and \$2.5 million for the years ended December 31, 2022, 2021, and 2020, respectively.

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

	December 31,	
	2022	2021
Salaries and related benefit expenses	\$ 17,481	\$ 18,211
HKFS Contingent Consideration liability ⁽²⁾	—	28,300
Accrued legal costs	1,102	2,796
Accrued vendor and advertising costs	2,726	2,040
Accrued taxes ⁽³⁾	85,965	—
Accrued fixed and variable acquisition consideration	897	837
Other	3,041	3,474
Total accrued expenses and other current liabilities	\$ 111,212	\$ 55,658

(2) For more information on our contingent liabilities, see "Note 10—Commitments and Contingencies."

(3) A significant portion of accrued taxes relate to federal and state income taxes, including those related to the TaxAct Sale. See "Note 16—Income Taxes" for more information.

Other long-term liabilities consisted of the following (in thousands):

	December 31,	
	2022	2021
Deferred compensation	\$ 7,974	\$ —
Accrued cash-settled stock-based compensation	7,556	1,391
Other	6,946	5,361
Other long-term liabilities	\$ 22,476	\$ 6,752

AVANTAX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
Years Ended December 31, 2022, 2021, and 2020

Note 10: Commitments and Contingencies

Purchase Commitments

Our purchase commitments primarily consist of outsourced information technology, commitments to our portfolio management tool vendor, commitments to our clearing firm provider, and commitments for financial professional support programs. As of December 31, 2022, our purchase commitments for the next five years and thereafter were as follows (in thousands):

2023	\$	14,209
2024		11,010
2025		5,672
2026		4,575
2027		2,269
Thereafter		1,125
Total purchase commitments	\$	38,860

TaxAct Indemnification Obligations

In connection with the TaxAct Sale, we have certain indemnification obligations to the Buyer, TaxAct Holdings, Inc. and their respective affiliates and representatives with respect to certain losses actually incurred or suffered as a result of any claim, action, suit, or proceeding against such indemnitees arising out of or relating to the use by us or any of our affiliates in the tax software business of website tracking and analytics technologies prior to the closing of the TaxAct Sale. Such indemnification obligations terminate on December 19, 2027 and may not exceed \$5.4 million (\$1.0 million of which is allocable to the deductible under our insurance policies). We believe that we will be able to recover from our insurers all or a substantial portion of payments made pursuant to such indemnification obligations. The current carrying amount of the liability for these indemnification obligations is \$1.0 million as of December 31, 2022 and is included within "Other long-term liabilities" on the consolidated balance sheets. We did not recognize any charges within the consolidated statements of comprehensive income (loss) associated with these indemnification obligations for the year ended December 31, 2022.

Liability from 1st Global Acquisition

On May 6, 2019, we closed the 1st Global Acquisition. As part of the 1st Global Acquisition, we assumed a contingent liability related to a regulatory inquiry by the SEC. This contingent liability was recorded as part of the opening balance sheet when the acquisition was closed. In the second quarter of 2021, we re-evaluated the range of probable losses as a result of our on-going discussions with the SEC and recorded a \$5.5 million increase to the reserve. This increase to the reserve was recognized in "Acquisition and integration" expense on the accompanying consolidated statements of comprehensive income (loss).

In December 2021, 1st Global (which is now known as Avantax Investment Services, Inc.) consented to a settlement with the SEC, which resulted in us (without admitting or denying the findings set forth in the SEC's Order) agreeing to pay disgorgement, interest and a penalty in the total amount of \$16.9 million. The total \$16.9 million reserve was settled in cash prior to December 31, 2021.

HKFS Contingent Consideration Liability

On July 1, 2020, we closed the acquisition of Avantax Planning Partners, formerly "HKFS", for an upfront cash purchase price of \$104.4 million. The purchase price was subject to variable contingent consideration, or earn-out payments (the "**HKFS Contingent Consideration**") totaling a maximum of \$60.0 million.

The amounts owed for the HKFS Contingent Consideration were determined based on advisory asset levels (i) for the period beginning July 1, 2020 and ended June 30, 2021 and (ii) for the period beginning July 1, 2021 and ended June 30, 2022. Pursuant to the Stock Purchase Agreement, dated as of January 6, 2020, by and among the Company, HKFS, the selling stockholders named therein (the "**Sellers**"), and JRD Seller Representative, LLC, as the Sellers' representative (as amended on April 7, 2020, June 30, 2020, and June 29, 2021) (the "**HKFS Purchase Agreement**"), the maximum aggregate amount that we were required to pay for each earn-out period was

AVANTAX, INC.
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\$30.0 million. If the asset market values on the applicable measurement date fell below certain specified thresholds, no payment of consideration was owed to the Sellers for such period.

Based on advisory asset levels for each earn-out period, we paid the full \$30.0 million to the Sellers in the third quarter of 2021 for the first earn-out, and \$23.0 million in the third quarter of 2022 for the second earn-out. There are no remaining contingent payments due to the Sellers as of December 31, 2022.

Litigation

From time to time, we are subject to various legal proceedings, regulatory matters or fines, or claims that arise in the ordinary course of business. We accrue a liability when management believes that it is both probable that a liability has been incurred and the amount of loss can be reasonably estimated. Although we believe that resolving such claims, individually or in aggregate, will not have a material adverse impact on our financial statements, these matters are subject to inherent uncertainties.

We are not currently a party to any such matters for which we have recognized a material liability on our condensed consolidated balance sheet as of December 31, 2022.

We have entered into indemnification agreements in the ordinary course of business with our officers and directors. Pursuant to these agreements, we may be obligated to advance payment of legal fees and costs incurred by the defendants pursuant to our obligations under these indemnification agreements and applicable Delaware law.

Note 11: Fair Value Measurements

Certain of our assets and liabilities are carried at fair value and are valued using inputs that are classified in one of the following three categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs, other than Level 1, or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data and reflect our own assumptions.

Assets and Liabilities Measured on a Recurring Basis

The fair value hierarchy of our financial assets and liabilities carried at estimated fair value and measured on a recurring basis were as follows (in thousands):

	December 31, 2022	Fair value measurements at the reporting date using		
		Quoted prices in active markets using identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash equivalents: money market and other funds	\$ 4,369	\$ 4,369	\$ —	\$ —
Deferred compensation assets	7,974	7,974	—	—
Total assets at fair value	\$ 12,343	\$ 12,343	\$ —	\$ —
Deferred compensation liabilities	7,974	7,974	—	—
Total liabilities at fair value	\$ 7,974	\$ 7,974	\$ —	\$ —

AVANTAX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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	December 31, 2021	Fair value measurements at the reporting date using		
		Quoted prices in active markets using identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash equivalents: money market and other funds	\$ 4,293	\$ 4,293	\$ —	\$ —
Total assets at fair value	\$ 4,293	\$ 4,293	\$ —	\$ —
HKFS Contingent Consideration liability	\$ 28,300	\$ —	\$ —	\$ 28,300
Total liabilities at fair value	\$ 28,300	\$ —	\$ —	\$ 28,300

Cash equivalents are classified within Level 1 of the fair value hierarchy because we value them utilizing quoted prices in active markets.

We offer non-qualified deferred compensation plans to our executive officers, board of directors, and certain independent financial professionals. Participants in these plans direct the investment of their accounts among the available investment options, which are generally the same as those available under our 401(k) plan. We have elected to fund these obligations through a rabbi trust which mirrors the investment elections made by participants. The assets in the rabbi trust are held for the purpose of satisfying our obligations to participants, however, remain subject to the claims of our creditors in the event we become insolvent. Our obligations and corresponding investments held under these non-qualified deferred compensation plans primarily consist of money market and mutual funds and are classified within Level 1 of the fair value hierarchy because we value them utilizing quoted prices in active markets. These investments, and the corresponding deferred compensation liabilities, are included within "Other long-term assets" and "Other long-term liabilities", respectively, on the consolidated balance sheets.

The HKFS Contingent Consideration liability relates to post-closing earn-out payments resulting from the acquisition of Avantax Planning Partners, formerly "HKFS" (see "Note 10—Commitments and Contingencies"). The final value of the second earn-out was \$23.0 million as of June 30, 2022 (the measurement date for the second earn-out payment) and was paid in the third quarter of 2022. Prior to this measurement date, the estimated fair value of the HKFS Contingent Consideration liability was determined using a Monte Carlo simulation model and certain Level 3 inputs previously disclosed within our Annual Report on Form 10-K for the year ended December 31, 2021. The HKFS Contingent Consideration liability was previously included in "Accrued expenses and other current liabilities" on the consolidated balance sheets.

A roll forward of the HKFS Contingent Consideration liability is as follows (in thousands):

	HKFS Contingent Consideration Liability
Balance as of December 31, 2020	\$ 35,900
Change in fair value	22,400
HKFS Contingent Consideration first earn-out payment	(30,000)
Balance as of December 31, 2021	28,300
Change in fair value	(5,320)
HKFS Contingent Consideration second earn-out payment	(22,980)
Balance as of December 31, 2022	\$ —

Changes in the fair value of this contingent consideration are reflected in "Acquisition and integration" expense on the consolidated statements of comprehensive income (loss).

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Fair Value of Financial Instruments

We consider the carrying values of accounts receivable, commissions receivable, other receivables, prepaid expenses, other current assets, financial professional loans, accounts payable, commissions and advisory fees payable, accrued expenses, and other current liabilities to approximate fair values primarily due to their short-term natures.

As of December 31, 2022, there was no principal amount outstanding under our Term Loan. As of December 31, 2021, the Term Loan's principal amount was \$561.3 million, and the fair value of the Term Loan's principal amount was \$559.9 million. The fair value of the Term Loan's principal amount was based on Level 2 inputs from a third-party market quotation.

Note 12: Stockholders' Equity

Stock Repurchase Plans and Authorizations

On December 9, 2021, we announced that our board of directors authorized the Company to repurchase an additional \$28.3 million of our common stock pursuant to our stock repurchase plan (the **"December 2021 repurchase plan"**), bringing the total authorized repurchases under the December 2021 repurchase plan back to \$100.0 million as of December 31, 2021. In November 2022, our board of directors replaced the December 2021 repurchase plan with an authorization to repurchase up to \$200.0 million of our common stock.

Pursuant to the December 2021 repurchase plan, share repurchases were made through a variety of methods, including open market or privately negotiated transactions. The timing and number of shares repurchased depended on a variety of factors, including price, general business and market conditions, our capital allocation policy, and alternative investment opportunities. The November 2022 stock repurchase authorization does not obligate us to repurchase any specific number of shares, may be suspended or discontinued at any time, and does not have a specified expiration date.

For the year ended December 31, 2021, we did not repurchase any shares of our common stock under the December 2021 repurchase plan. For the year ended December 31, 2022 we repurchased approximately 1.9 million shares of our common stock under the December 2021 repurchase plan for an aggregate purchase price of approximately \$35.0 million. The remaining authorized amount under the stock authorization as of December 31, 2022, was \$200.0 million.

Between January 1, 2023 and January 26, 2023, we repurchased approximately 0.5 million shares of our common stock under our stock repurchase authorization for an aggregate purchase price of approximately \$12.5 million. The remaining authorized amount under the stock repurchase authorization as of February 24, 2023 was approximately \$187.5 million.

Capital Return Program

On January 27, 2023, we commenced a modified "Dutch Auction" tender offer (the **"Tender Offer"**) to purchase shares of our common stock for an aggregate purchase price of up to \$250 million at a price per share not less than \$27.00 and not greater than \$31.00. The Tender Offer is in addition to, and separate from, the \$200.0 million stock repurchase authorization discussed above. The Tender Offer was not conditioned upon any minimum number of shares being tendered and was not subject to a financing condition. The Tender Offer expired at 12:00 midnight, New York City Time, at the end of the day on February 24, 2023. Based on the preliminary results of the Tender Offer, we expect to purchase 8.3 million shares, or approximately 17.4% of our outstanding shares of common stock as of February 24, 2023, for aggregate cash consideration of \$250.0 million (excluding fees and expenses related to the Tender Offer).

AVANTAX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Note 13: Stock-based Compensation

Employee Stock Purchase Plan

The 2016 Employee Stock Purchase Plan (“**ESPP**”) permits eligible employees to contribute up to 15% of their base earnings toward the twice-yearly purchase of our common stock, subject to an annual maximum dollar amount. The purchase price is the lesser of 85% of the fair market value of common stock on the first day or on the last day of an offering period. An aggregate of 2.7 million shares of common stock are authorized for issuance under the ESPP. Of this amount, 0.2 million shares were available for issuance as of December 31, 2022. We issue new shares upon purchase through the ESPP.

Stock incentive plan

We may grant incentive or non-qualified stock options, stock, RSUs, cash-settled restricted stock units, stock appreciation rights, and performance shares or performance units to employees, non-employee directors, consultants, and financial professionals.

In 2018, our stockholders approved the Blucora, Inc. 2018 Long-term Incentive Plan (the “**2018 Plan**”), which replaced the Blucora, Inc. 2015 Incentive Plan (as amended and restated). Upon approval of the 2018 Plan, RSUs and options are granted under the 2018 Plan, except for inducement awards made under the Blucora, Inc. 2016 Equity Inducement Plan.

RSUs typically include time-based RSUs or performance-based RSUs. Stock options and time-based RSUs generally vest over a period of one-to-three years, with the majority of awards vesting over three years. For stock options and time-based RSUs, one-third of the award vests one year after the date of grant, with the remainder of the award vesting ratably thereafter on an annual basis. Stock options expire seven years from the date of grant. Performance-based RSUs typically cliff vest following a three-year performance period based on the achievement of company-stated performance goals and market-based conditions. Performance-based RSUs typically contain a range of shares that may vest depending on the achievement of the underlying performance criteria.

Cash-settled restricted stock units represent hypothetical restricted stock units that, upon vesting, require cash settlement equal to the fair value of the Company's common stock on the date of vesting, less applicable withholding taxes. Because these awards are required to be settled in cash, they are accounted for under the liability method of ASC 718 - *Stock Compensation*. Compensation expense for these awards is recognized based on the underlying vesting terms.

We issue new shares upon the exercise of stock options and upon the vesting of RSUs. If a stock option or RSU is surrendered or otherwise unused, the related shares will continue to be available for issuance under the 2018 Plan.

A summary of stock options and RSUs as of December 31, 2022 is as follows:

Number of shares authorized for awards	10,715,156
Options and RSUs outstanding	3,003,945
Options and RSUs expected to vest	2,491,300
Options and RSUs available for grant	4,970,588

AVANTAX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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For the year ended December 31, 2022, the following activity occurred under our stock incentive plans:

	Number of options	Weighted average exercise price	Intrinsic value (in thousands)	Weighted average remaining contractual term (in years)
<i>Stock options:</i>				
Outstanding as of December 31, 2021	1,703,355	\$ 16.81		
Granted	187,261	\$ 17.68		
Forfeited	(57,527)	\$ 13.28		
Expired	(7,500)	\$ 20.35		
Exercised	(168,556)	\$ 12.96		
Outstanding as of December 31, 2022	1,657,033	\$ 17.40	\$ 13,594	3.7
Exercisable as of December 31, 2022	1,018,453	\$ 18.12	\$ 7,666	2.8
Vested and expected to vest after December 31, 2022	1,601,834	\$ 17.45	\$ 13,073	3.6

To estimate stock-based compensation expense, we used the Black-Scholes-Merton valuation method with the following assumptions for stock options granted:

	Year Ended December 31,		
	2022	2021	2020
Risk-free interest rate	0.53% - 1.00%	0.20% - 0.84%	0.24% - 1.62%
Expected dividend yield	— %	— %	— %
Expected volatility	49% - 56%	48% - 51%	39% - 56%
Expected life	3.5	3.5	3.5

The risk-free interest rate was based on the implied yield available on U.S. Treasury issues with an equivalent remaining term. The expected dividend yield was zero since we have not paid a dividend since 2008. The expected volatility was based on historical volatility of our stock for the related expected life of the award. The expected life of the award was based on historical experience, including historical post-vesting termination behavior.

	Number of units	Weighted average grant date fair value	Intrinsic value (in thousands)	Weighted average remaining contractual term (in years)
<i>RSUs:</i>				
<i>Time and performance-based</i>				
Outstanding as of December 31, 2021	1,852,809	\$ 20.09		
Granted	610,368	\$ 19.00		
Forfeited	(241,420)	\$ 18.37		
Vested	(874,845)	\$ 22.48		
Outstanding as of December 31, 2022	1,346,912	\$ 18.36	\$ 34,388	1.0
Expected to vest after December 31, 2022	889,466	\$ 17.69	\$ 22,708	0.7
<i>Cash-settled</i>				
Outstanding as of December 31, 2021	299,465	\$ 17.34		
Granted	715,934	\$ 18.19		
Forfeited	(153,239)	\$ 17.75		
Vested	(33,529)	\$ 17.67		
Outstanding as of December 31, 2022	828,631	\$ 17.99	\$ 21,155	1.5
Expected to vest after December 31, 2022	779,943	\$ 17.99	\$ 19,912	1.5

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Supplemental information is presented below:

	Year Ended December 31,		
	2022	2021	2020
Stock options:			
Weighted average grant date fair value per option granted	\$ 6.69	\$ 6.37	\$ 6.04
Total intrinsic value of options exercised (in thousands)	\$ 1,279	\$ 268	\$ 71
Total fair value of options vested (in thousands)	\$ 2,468	\$ 1,420	\$ 4,488
RSUs:			
<i>Time and performance-based</i>			
Weighted average grant date fair value per unit granted	\$ 19.00	\$ 15.87	\$ 19.06
Total intrinsic value of units vested (in thousands)	\$ 15,811	\$ 7,167	\$ 4,115
Total fair value of units vested (in thousands)	\$ 23,038	\$ 10,427	\$ 6,182
<i>Cash-settled</i>			
Weighted average grant date fair value per unit granted	\$ 18.19	\$ 17.34	\$ —
Total fair value of units settled upon vesting (in thousands)	\$ 757	\$ —	\$ —

We account for stock-based compensation in accordance with ASC 718, *Stock Compensation*, which requires that compensation related to all share-based awards (including stock options, RSUs, and ESPP shares) be recognized in the consolidated financial statements. Amounts recognized for stock-based compensation expense on the consolidated statements of comprehensive income (loss) were as follows (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Cost of revenue	\$ 6,221	\$ 5,086	\$ 5,123
Engineering and technology	635	400	363
Sales and marketing	3,007	2,176	1,218
General and administrative ⁽¹⁾	11,290	10,457	1,355
Total in continuing operations	21,153	18,119	8,059
Discontinued operations	1,892	2,635	2,007
Total	\$ 23,045	\$ 20,754	\$ 10,066

(1) Stock-based compensation expense for the year ended December 31, 2020 was reduced by \$8.5 million related to the reversal of stock-based compensation expense due to: (1) forfeitures resulting from executive departures and (2) the reversal of stock-based compensation expense for performance-based RSUs that are not expected to vest.

As of December 31, 2022, total unrecognized stock-based compensation expense related to unvested stock awards was as follows:

	Expense (in thousands)	Weighted average period over which to be recognized (in years)
Stock options	\$ 755	1.2
Time and performance-based RSUs	6,004	1.5
Cash-settled RSUs	10,236	1.8
Total	\$ 16,995	

AVANTAX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Note 14: Interest Expense and Other, Net

"Interest expense and other, net" on the consolidated statements of comprehensive income (loss) consisted of the following (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Interest expense	\$ 217	\$ 6	\$ 3
Interest income and other	258	416	980
Non-capitalized debt issuance expenses	—	—	3,687
Interest expense and other, net	<u>\$ 475</u>	<u>\$ 422</u>	<u>\$ 4,670</u>

Note 15: 401(k) Plan

We have a 401(k) savings plan covering our employees. Eligible employees may contribute through payroll deductions. Pursuant to a continuing resolution by our board of directors, we match a portion of the 401(k) contributions made by our employees. The amount we have contributed ranges from 1% to 4% of an employee's salary, depending upon the percentage contributed by the employee. For the years ended December 31, 2022, 2021, and 2020, we contributed \$2.9 million, \$2.6 million, and \$2.0 million, respectively, to our employees' 401(k) plans.

Note 16: Income Taxes

Loss from continuing operations before income taxes consisted of the following (in thousands):

	Year Ended December 31,		
	2022	2021	2020
United States	\$ (11,813)	\$ (53,464)	\$ (326,380)
Loss from continuing operations before income taxes	<u>\$ (11,813)</u>	<u>\$ (53,464)</u>	<u>\$ (326,380)</u>

Income tax expense (benefit) consisted of the following (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Current:			
State	\$ 1,121	\$ (716)	\$ 29
Total current expense (benefit)	<u>1,121</u>	<u>(716)</u>	<u>29</u>
Deferred:			
U.S. federal	(15,394)	(7,712)	41,437
State	(661)	(1,531)	199
Total deferred expense (benefit)	<u>(16,055)</u>	<u>(9,243)</u>	<u>41,636</u>
Income tax expense (benefit)	<u>\$ (14,934)</u>	<u>\$ (9,959)</u>	<u>\$ 41,665</u>

AVANTAX, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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Income tax expense (benefit) differed from the amount calculated by applying the statutory federal income tax rate of 21% as follows (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Income tax benefit at the statutory federal income tax rate	\$ (2,481)	\$ (11,226)	\$ (68,540)
Non-deductible compensation	1,870	1,378	1,589
State income taxes, net of federal benefit	591	(681)	70
Excess tax deficiencies of stock-based compensation	1,402	612	1,142
Uncertain tax positions and audit settlements	—	(966)	(575)
Valuation allowance	(16,599)	(50,934)	23,911
Net operating loss write-off	—	29,380	26,791
Capital loss carryforwards write-off	—	22,324	—
Other	283	154	446
Non-deductible goodwill	—	—	56,831
Income tax expense (benefit)	<u>\$ (14,934)</u>	<u>\$ (9,959)</u>	<u>\$ 41,665</u>

For the year ended December 31, 2022, the primary difference between the statutory tax rate and the annual effective tax rate was due to a reduction in our valuation allowance. This reduction was a result of the utilization of net operating losses against current year taxable income. Other differences between the statutory rate and the annual effective tax rate are related to non-deductible compensation, excess tax deficiencies for stock compensation, and state taxes.

For the year ended December 31, 2021, the primary difference between the statutory tax rate and the annual effective tax rate was due to non-deductible compensation, excess tax deficiencies for stock compensation, and the net impact of the reduction in our valuation allowance, which included the utilization of net operating losses for current year taxable income, the write-off of expired federal net operating losses, and the write-off of expired capital loss carryforwards. Other differences between the statutory rate and the annual effective tax rate are related to state taxes and uncertain tax positions.

For the year ended December 31, 2020, the primary differences between the statutory tax rate and the annual effective tax rate were the impact of the non-deductible goodwill impairment, the write-off of expired federal net operating losses, and incremental valuation allowance. Other differences between the statutory rate and the annual effective tax rate are related to non-deductible compensation, excess tax deficiencies for stock compensation, uncertain tax positions, and state taxes.

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The tax effect of temporary differences and net operating loss carryforwards that gave rise to our deferred tax assets and liabilities were as follows (in thousands):

	December 31,	
	2022	2021
Deferred tax assets:		
Net operating loss and credit carryforwards	\$ 828	\$ 21,828
Capital loss	—	429
Accrued compensation	8,033	6,046
Stock-based compensation	5,487	5,996
Deferred revenue	1,741	1,966
Lease liabilities	8,568	9,083
Other, net	2,556	2,630
Total gross deferred tax assets	27,213	47,978
Valuation allowance	(202)	(16,801)
Deferred tax assets, net of valuation allowance	27,011	31,177
Deferred tax liabilities:		
Amortization	(42,875)	(44,644)
Depreciation	(237)	(756)
Right-of-use assets	(4,677)	(4,871)
Other, net	(41)	(30)
Total gross deferred tax liabilities	(47,830)	(50,301)
Net deferred tax liabilities	\$ (20,819)	\$ (19,124)

The changes in the valuation allowance for deferred tax assets are shown below (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Balance at beginning of year	\$ 16,801	\$ 67,735	\$ 43,824
Increase (decrease) in valuation allowance—future year utilization	—	2,105	18,136
Increase (decrease) in valuation allowance—current year utilization and expiration	(16,599)	(53,039)	5,047
Increase (decrease) in valuation allowance—other	—	—	728
Balance at end of year	\$ 202	\$ 16,801	\$ 67,735

As of December 31, 2022, we evaluated the need for a valuation allowance for deferred tax assets based upon our assessment of whether it is more likely than not that we will generate sufficient future taxable income necessary to realize the deferred tax benefits. In 2022, we decreased the valuation allowance by \$16.6 million related to the utilization of net operating losses (“**NOLs**”) and capital loss carryforwards to offset current year taxable income.

As of December 31, 2022, our U.S. federal net operating loss carryforwards were zero. State net operating loss carryforwards for income tax purposes were \$14.0 million (\$0.8 million tax effected), which primarily related to excess tax benefits for stock-based compensation. If unutilized, our state net operating loss carryforward will expire between 2025 and 2042. We anticipate state net operating loss carryforwards to be utilized in the future, except for the Avantax Wealth Management, Inc. separate state net operating losses. Therefore, a valuation allowance of \$0.2 million will remain until it is more likely than not that these operating losses will be utilized.

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A reconciliation of the unrecognized tax benefit balances is as follows (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Balance at beginning of year	\$ 4,665	\$ 7,476	\$ 19,483
Gross decreases for tax positions of prior years	—	—	(11,972)
Purchase accounting for 1st Global Acquisition	—	—	(35)
Statute of limitations expirations	(1,856)	(2,811)	—
Balance at end of year	<u>\$ 2,809</u>	<u>\$ 4,665</u>	<u>\$ 7,476</u>

The total amount of unrecognized tax benefits that could affect our effective tax rate if recognized was \$1.8 million and \$1.8 million as of December 31, 2022 and 2021, respectively. The remaining \$1.0 million and \$2.9 million was not recognized on our consolidated balance sheets as of December 31, 2022 and 2021, respectively, and if recognized, would create a deferred tax asset. The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state jurisdictions. With few exceptions, we are no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2017, although NOL carryforwards and tax credit carryforwards from any year are subject to examination and adjustment for at least three years following the year in which they are fully utilized. As of December 31, 2022, no significant adjustments have been proposed relative to our tax positions.

For the year ended December 31, 2022, we reversed \$0.1 million of interest and penalties related to uncertain tax positions. For the year ended December 31, 2021, we reversed \$0.2 million of interest and penalties related to uncertain tax positions. For the year ended December 31, 2020, the amount recognized for interest and penalties related to uncertain tax positions was not material. We had \$1.5 million and \$1.3 million accrued for interest and penalties as of December 31, 2022 and 2021, respectively.

Note 17: Net Income (Loss) Per Share

“Basic net income (loss) per share” is calculated using the weighted average number of common shares outstanding during the applicable period. “Diluted net income (loss) per share” is calculated using the weighted average number of common shares outstanding plus the number of dilutive potential common shares outstanding during the applicable period. Dilutive potential common shares consist of the incremental common shares issuable upon the exercise of outstanding stock options and the vesting of outstanding RSUs using the treasury stock method. Cash-settled restricted stock units are not settled in common shares and are therefore excluded from dilutive potential common shares. Dilutive potential common shares are excluded from the calculation of diluted net income per share if their effect is antidilutive, including when we report a loss from continuing operations. Certain of our performance-based RSUs are considered contingently issuable shares and are excluded from the diluted weighted average common shares outstanding computation because the related performance-based criteria were not achieved as of the end of the reporting period.

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The calculation of basic and diluted net income (loss) per share is as follows (in thousands, except per share amounts):

	Year Ended December 31,		
	2022	2021	2020
Numerator:			
Income (loss) from continuing operations	\$ 3,121	\$ (43,505)	\$ (368,045)
Income from discontinued operations	417,126	51,262	25,290
Net income (loss)	<u>420,247</u>	<u>7,757</u>	<u>(342,755)</u>
Denominator:			
Basic weighted average common shares outstanding	47,994	48,578	47,978
Dilutive potential common shares	1,189	—	—
Diluted weighted average common shares outstanding	<u>49,183</u>	<u>48,578</u>	<u>47,978</u>
Basic net income (loss) per share:			
Continuing operations	\$ 0.07	\$ (0.90)	\$ (7.67)
Discontinued operations	8.69	1.06	0.53
Basic net income (loss) per share:	<u>\$ 8.76</u>	<u>\$ 0.16</u>	<u>\$ (7.14)</u>
Diluted net income (loss) per share:			
Continuing operations	\$ 0.06	\$ (0.90)	\$ (7.67)
Discontinued operations	8.48	1.06	0.53
Diluted net income (loss) per share:	<u>\$ 8.54</u>	<u>\$ 0.16</u>	<u>\$ (7.14)</u>
Shares excluded ⁽¹⁾	774	3,811	2,936

(1) Potential common shares were excluded from the calculation of diluted net income (loss) per share for these periods because their effect would have been anti-dilutive. For the years ended December 31, 2021 and December 31, 2020, all potential common shares were excluded from the calculation of diluted net income (loss) per share due to the loss from continuing operations.

Note 18: Subsequent Events

Amended and Restated Credit Agreement

On January 24, 2023 (the **“Closing Date”**), we entered into an Amended and Restated Credit Agreement, which amends and restates in its entirety our existing Credit Agreement.

The Amended and Restated Credit Agreement provides for a delayed draw term loan facility up to a maximum principal amount of \$270 million (the **“Delayed Draw Term Loan Facility”**) and a revolving credit facility with a commitment amount of \$50 million (the **“Revolving Credit Facility”**). We may borrow term loans under the Delayed Draw Term Loan Facility (the **“Term Loans”**) until January 24, 2024. The stated maturity date of the Delayed Draw Term Loan Facility and the Revolving Credit Facility is January 24, 2028 (the **“Maturity Date”**). The proceeds of any Term Loans may be used to fund shareholder distributions and for general corporate purposes. The proceeds of any loans under the Revolving Credit Facility may be used to finance working capital needs and for general corporate purposes. On February 24, 2023, we borrowed \$170.0 million under the Delayed Draw Term Loan Facility.

Stock Repurchases

Between January 1, 2023 and January 26, 2023, we repurchased approximately 0.5 million shares of our common stock under our stock repurchase authorization for an aggregate purchase price of approximately \$12.5 million. The remaining authorized amount under the stock repurchase authorization as of February 24, 2023 was approximately \$187.5 million.

Capital Return Program

On January 27, 2023, we commenced a modified “Dutch Auction” tender offer (the **“Tender Offer”**) to purchase shares of our common stock for an aggregate purchase price of up to \$250 million at a price per share not less than \$27.00 and not greater than \$31.00. The Tender Offer is in addition to, and separate from, the \$200.0 million stock repurchase authorization discussed in “Note 12—Stockholders' Equity.” The Tender Offer was

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not conditioned upon any minimum number of shares being tendered and was not subject to a financing condition. The Tender Offer expired at 12:00 midnight, New York City Time, at the end of the day on February 24, 2023. Based on the preliminary results of the Tender Offer, we expect to purchase 8.3 million shares, or approximately 17.4% of our outstanding shares of common stock as of February 24, 2023, for aggregate cash consideration of \$250.0 million (excluding fees and expenses related to the Tender Offer).

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management evaluated, with the participation of our Chief Executive Officer and our Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K. Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of December 31, 2022 to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure, and that such information is recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control – Integrated Framework* (2013 framework) issued by the Committee of the Sponsoring Organizations of the Treadway Commission.

Based on our evaluation under the framework in *Internal Control – Integrated Framework* (2013 framework), our management concluded that our internal control over financial reporting was effective as of December 31, 2022.

Ernst & Young LLP has audited the effectiveness of our internal control over financial reporting as of December 31, 2022, and its report is included below.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the fourth quarter of 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Avantax, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Avantax, Inc.'s internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Avantax, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Avantax, Inc. as of December 31, 2022 and 2021, the related consolidated statements of comprehensive income (loss), stockholders' equity and cash flows for each of the three years in the period ended December 31, 2022, and the related notes, and our report dated February 28, 2023 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Dallas, Texas
February 28, 2023

ITEM 9B. Other Information

None.

ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

PART III

As permitted by the rules of the SEC, we have omitted certain information from Part III of this Annual Report on Form 10-K. We intend to file a Definitive Proxy Statement (the “**Proxy Statement**”) with the Securities and Exchange Commission relating to our annual meeting of stockholders not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, and such information is incorporated by reference herein.

ITEM 10. Directors, Executive Officers, and Corporate Governance

The information required in response to this Item 10 is incorporated by reference herein to our Proxy Statement.

ITEM 11. Executive Compensation

The information required in response to this Item 11 is incorporated by reference herein to our Proxy Statement.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required in response to this Item 12 is incorporated by reference herein to our Proxy Statement.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

The information required in response to this Item 13 is incorporated by reference herein to our Proxy Statement.

ITEM 14. Principal Accounting Fees and Services

The information required in response to this Item 14 is incorporated by reference herein to our Proxy Statement.

PART IV

ITEM 15. Exhibits, Financial Statement Schedules

(a) *Financial Statements and Schedules*

1. **Consolidated Financial Statements**

See “Item 8. Financial Statements and Supplementary Data.”

2. **Financial Statement Schedules**

All financial statement schedules required by Item 15(a)(2) have been omitted because they are not applicable or the required information is presented in the Consolidated Financial Statements or Notes thereto.

3. **Exhibits**

The exhibits required by Item 601 of Regulation S-K are set forth below.

(b) *Exhibits*

INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Form	Date of First Filing	Exhibit Number	Filed Herewith
2.1	Stock Purchase Agreement, dated as of March 18, 2019, by and among 1G Acquisitions, LLC, 1st Global, Inc., 1st Global Insurance Services, Inc., the sellers named therein and joinder sellers, SAB Representative, LLC, as the sellers' representative, and Blucora, Inc., as guarantor	8-K	March 19, 2019	2.1	
2.2	Stock Purchase Agreement, dated as of January 6, 2020, by and among Blucora, Inc., Honkamp Krueger Financial Services, Inc., the sellers named therein, and JRD Seller Representative, LLC, as the sellers' representative, as amended by First Amendment to Stock Purchase Agreement, dated April 7, 2020 and Second Amendment to Stock Purchase Agreement dated June 30, 2020	8-K	July 1, 2020	2.1	
2.3	Third Amendment to Stock Purchase Agreement, dated June 29, 2021, by and among Spirit Acquisitions, LLC, Honkamp Krueger Financial Services, Inc., the sellers named therein, and JRD Seller Representative, LLC, as the sellers' representative	8-K	July 2, 2021	2.1	
2.4	Stock Purchase Agreement, dated as of October 31, 2022, by and among Blucora, Inc., TaxAct Holdings, Inc., Franklin Cedar Bidco, LLC and DS Admiral Bidco, LLC	8-K	November 1, 2022	2.1	
3.1	Restated Certificate of Incorporation, as filed with the Secretary of the State of Delaware on August 10, 2012	8-K	August 13, 2012	3.1	
3.2	Certificate of Amendment to the Restated Certificate of Incorporation filed with the Secretary of State of Delaware on June 1, 2017	8-K	June 5, 2017	3.1	
3.3	Certificate of Amendment No. 2 to the Restated Certificate of Incorporation filed with the Secretary of State of Delaware on June 8, 2018	8-K	June 8, 2018	3.1	
3.4	Certificate of Amendment No. 3 to the Restated Certificate of Incorporation, effective January 26, 2023	8-K	January 26, 2023	3.1	
3.5	Amended and Restated Bylaws of Avantax, Inc. dated as of January 26, 2023	8-K	January 26, 2023	3.2	
4.1	Description of Securities				X
10.1*	Restated 1996 Flexible Stock Incentive Plan, as amended and restated effective as of June 5, 2012	S-8 (No. 333-198645)	September 8, 2014	99.1	
10.2*	Blucora, Inc. 2015 Incentive Plan, as Amended and Restated	DEF 14A	April 25, 2016	Appendix A	
10.3*	Form of Blucora, Inc. 2015 Incentive Plan Nonqualified Stock Option Grant Notice	10-Q	July 30, 2015	10.2	
10.4*	Form of Blucora, Inc. 2015 Incentive Plan Restricted Stock Unit Grant Notice	10-Q	July 30, 2015	10.3	
10.5*	Form of Nonqualified Stock Option Agreement for Executive Officers under the Blucora, Inc. 2015 Incentive Plan, as amended and restated	8-K	February 23, 2018	10.2	
10.6*	Form of Time-Based Restricted Stock Unit Agreement for Executive Officers under the Blucora, Inc. 2015 Incentive Plan, as amended and restated	8-K	February 23, 2018	10.3	
10.7*	Form of Nonqualified Stock Option Grant Notice and Agreement for Nonemployee Directors under the Blucora, Inc. 2015 Incentive Plan	10-Q	April 28, 2016	10.3	
10.8*	Blucora, Inc. 2018 Long-Term Incentive Plan	DEF 14A	April 19, 2018	Appendix A	
10.9*	First Amendment to the Blucora, Inc. 2018 Long-Term Incentive Plan	DEF 14A	April 9, 2020	Appendix B	
10.10*	Form of Nonqualified Stock Option Award Agreement for Executive Officers under the Blucora, Inc. 2018 Long-Term Incentive Plan	10-K	February 28, 2020	10.13	
10.11*	Form of Time-Based Restricted Stock Unit Award Agreement for Executive Officers under the Blucora, Inc. 2018 Long-Term Incentive Plan	10-K	February 28, 2020	10.14	
10.12*	Form of Performance-Based Restricted Stock Unit Award Agreement for Executive Officers under the Blucora, Inc. 2018 Long-Term Incentive Plan	10-K	February 28, 2020	10.15	
10.13*	Form of Director Restricted Stock Unit Grant Notice and Award Agreement for Initial Grants to New Directors under the Blucora, Inc. 2018 Long-Term Incentive Plan	10-K	February 28, 2020	10.16	
10.14*	Form of Director Restricted Stock Unit Grant Notice and Award Agreement for Annual Grants to Directors under Blucora, Inc. 2018 Long-Term Incentive Plan	10-K	February 28, 2020	10.17	
10.15*	Blucora, Inc. 2016 Equity Inducement Plan	S-8	January 29, 2016	99.1	

10.16*	Amendment No. 1 to Blucora, Inc. 2016 Inducement Plan	S-8	October 14, 2016	99.1
10.17*	Amendment No. 2 to the Blucora, Inc. 2016 Inducement Plan	8-K	May 25, 2018	10.1
10.18*	Amendment No. 3 to the Blucora, Inc. 2016 Equity Inducement Plan	8-K	May 28, 2020	10.3
10.19*	Form of Restricted Stock Unit Grant Notice and Award Agreement for Initial Grants to Newly-Hired Executive Officers Under the Blucora, Inc. 2016 Equity Inducement Plan, as amended	10-Q	October 31, 2018	10.2
10.20*	Form of Nonqualified Stock Option Grant Notice and Agreement under the Blucora, Inc. 2016 Equity Inducement Plan	10-Q	May 6, 2020	10.6
10.21*	Form of Restricted Stock Unit Grant Notice and Award Agreement under the Blucora, Inc. 2016 Equity Inducement Plan	10-Q	May 6, 2020	10.5
10.22*	Blucora, Inc. 2018 Annual Incentive Plan	8-K	February 23, 2018	10.1
10.23*	Employment Agreement by and between Blucora, Inc. and Christopher W. Walters, dated January 17, 2020	10-K	February 26, 2021	10.32
10.24*	Form of Employment Agreement for Executive Officers (entered into by and between the Company and Todd Mackay, effective April 20, 2020, entered into by and between the Company and Marc Mehlman, effective April 27, 2020, entered into by and between the Company and Ann Bruder, effective June 19, 2020, and entered into by and between the Company and Mr. Campbell, effective February 1, 2022)	8-K	February 4, 2022	10.1
10.25*	Blucora, Inc. Executive Change of Control Severance Plan, including the form of Participation Agreement as Appendix A thereto	8-K	January 19, 2021	10.1
10.26	Lease Agreement between BDDC, Inc. and Blucora, Inc., dated May 10, 2019	10-K	February 28, 2020	10.36
10.27*	Blucora, Inc., 2016 Employee Stock Purchase Plan	DEF 14A	April 25, 2016	Appendix B
10.28*	Amendment No. 1 to the Blucora, Inc. Employee Stock Purchase Plan	10-Q	August 1, 2018	99.1
10.29*	Amendment No. 2 to the Blucora, Inc. 2016 Employee Stock Purchase Plan	DEF 14A	April 9, 2020	Appendix C
10.30*	Blucora, Inc. Non-Employee Director Compensation Policy	10-Q	August 8, 2019	10.2
10.31*	Blucora, Inc. Director Tax-Smart Deferral Plan	10-K	March 1, 2019	10.51
10.32*	Blucora, Inc. Executive Officer Tax-Smart Deferral Plan	10-K	March 1, 2019	10.52
10.33*	First Amendment to Blucora, Inc. Director Tax-Smart Deferral Plan	10-K	February 28, 2020	10.42
10.34*	First Amendment to Blucora, Inc. Executive Officer Tax-Smart Deferral Plan	10-K	February 28, 2020	10.43
10.35*	Form of Indemnification Agreement	10-K	February 28, 2020	10.44
10.36*	First Amendment to the Blucora, Inc. Executive Change of Control Severance Plan	10-Q	May 4, 2022	10.1
10.37*	Consulting Agreement, dated January 24, 2023, between Blucora, Inc. and Ann Bruder	8-K	January 26, 2023	10.1
10.38	Restatement Agreement, dated January 24, 2023, among Blucora, Inc., as Borrower, and certain of its subsidiaries, as guarantors, JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, and each lender party thereto	8-K	January 24, 2023	10.1
10.39	Amendment No. 1 to the Restatement Agreement, dated February 2, 2023, among Avantax, Inc. (f/k/a Blucora, Inc.), as Borrower, and certain of its subsidiaries, as guarantors, JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, and each lender party to the First Amendment			X
10.40	Omnibus Amendment to Company Plans of Avantax, Inc. incorporated herein by reference			X
10.41*	General Release and Waiver of Claims, dated January 24, 2023, between Blucora, Inc. and Ann Bruder			X
10.42*	Employment Agreement, dated January 24, 2023, between Blucora, Inc. and Tabitha Bailey			X
21.1	Principal Subsidiaries of the Registrant			X
23.1	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm			X
24.1	Power of Attorney (contained on the signature page hereto)			X

31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X
32.1**	Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X
32.2**	Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X
101	The following financial statements from the Company's 10-K for the fiscal year ended December 31, 2020, formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Comprehensive Income, (iii) Consolidated Statements of Stockholders' Equity, (iv) Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements	X
104	Cover Page Interactive Data File (formatted as Inline XBRL and Contained in Exhibit 101)	X

* Indicates a management contract or compensatory plan or arrangement.

^ Certain portions of the exhibit have been omitted.

** The certifications attached as Exhibits 32.1 and 32.2 are not deemed filed with the Securities and Exchange Commission and are not to be incorporated by reference into any filing of Avantax, Inc. under the Securities Act of 1933, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Annual Report on Form 10-K, irrespective of any general incorporation language contained in such filing.

(c) Financial Statements and Schedules

See Item 15(a) above.

ITEM 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AVANTAX, INC.

By: /s/ Christopher W. Walters
Christopher W. Walters
President and Chief Executive Officer

Date: February 28, 2023

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Tabitha Bailey as his or her attorney-in-fact, with the power of substitution, for him or her in any and all capacities to execute any amendments to this Annual Report on Form 10-K, and to file the same, exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that the said attorney-in-fact, or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated and on the dates indicated.

Signature	Title	Date
<u>/s/ Christopher W. Walters</u> Christopher W. Walters	President, Chief Executive Officer, and Director (Principal Executive Officer)	February 28, 2023
<u>/s/ Marc Mehlman</u> Marc Mehlman	Chief Financial Officer (Principal Financial Officer)	February 28, 2023
<u>/s/ Stacy A. Murray</u> Stacy A. Murray	Chief Accounting Officer (Principal Accounting Officer)	February 28, 2023
<u>/s/ Georganne C. Proctor</u> Georganne C. Proctor	Chair and Director	February 28, 2023
<u>/s/ Steven Aldrich</u> Steven Aldrich	Director	February 28, 2023
<u>/s/ Mark A. Ernst</u> Mark A. Ernst	Director	February 28, 2023
<u>/s/ E. Carol Hayles</u> E. Carol Hayles	Director	February 28, 2023
<u>/s/ Tina Perry</u> Tina Perry	Director	February 28, 2023
<u>/s/ Karthik Rao</u> Karthik Rao	Director	February 28, 2023
<u>/s/ Jana R. Schreuder</u> Jana R. Schreuder	Director	February 28, 2023
<u>/s/ Mary S. Zappone</u> Mary S. Zappone	Director	February 28, 2023
<u>/s/ Kan Kotecha</u> Kan Kotecha	Director	February 28, 2023
<u>/s/ J. Richard Leaman III</u> J. Richard Leaman III	Director	February 28, 2023

DESCRIPTION OF SECURITIES

The following description of securities of Avantax, Inc. (the “Company,” “we,” “our,” or “us”) is a summary of the rights of our common stock and certain provisions of our restated certificate of incorporation, as amended (our “restated certificate of incorporation”), and our amended and restated bylaws (our “amended and restated bylaws”), each as currently in effect. This summary does not purport to be complete and is qualified in its entirety by reference to the applicable provisions of the Delaware General Corporation Law, as amended (the “DGCL”), and the provisions of our restated certificate of incorporation and our amended and restated bylaws, copies of which are filed as exhibits to this Annual Report on Form 10-K and are incorporated by reference herein. We encourage you to read our restated certificate of incorporation, our amended and restated bylaws, and the applicable provisions of the DGCL for additional information.

Description of Capital Stock

Common Stock

General. Our restated certificate of incorporation authorizes the issuance of 900,000,000 shares of our common stock, par value \$0.0001 per share. All of our outstanding shares of our common stock are fully paid and nonassessable.

Voting rights. Except as required by law or matters relating solely to the terms of preferred stock, the holders of our common stock are entitled to one vote for each share held of record on all matters submitted to a vote of our stockholders and do not have cumulative voting rights. For director elections, director nominees will be elected to the board of directors (the “**Board**”) if the votes cast “for” such director nominee’s election exceed the votes cast “against” such director nominee’s election (with abstentions and broker non-votes not counted as a vote cast either “for” or “against” such director nominee’s election); provided, however, that directors shall be elected by a plurality of the votes cast at any meeting of stockholders where (i) the Secretary of the Company receives a notice that a stockholder has nominated a person for election to the Board in compliance with the advance notice requirements for stockholder nominees for director set forth in our amended and restated bylaws and (ii) that nomination was not withdrawn on or prior to the tenth day preceding the date on which Company mailed notice of the meeting. Unless otherwise required by law, all other matters submitted to a vote of our stockholders require the affirmative vote of the holders of a majority in voting power of the shares of our common stock that are present in person or by proxy and who are entitled to vote on such matter.

Dividend rights. Holders of our common stock are entitled to receive dividends, if any, as may be declared from time to time by our Board out of funds legally available therefor.

Ownership Limitations. Our certificate of incorporation was amended in 2009 to reclassify our common stock and impose restrictions on its transfer under certain circumstances related to Section 382 of the Internal Revenue Code of 1986, as amended, and the related treasury regulations (the “**Transfer Restrictions**”). The Transfer Restrictions terminate on the “Restriction Release Date,” which is March 1, 2023, the date on which shares are accepted by the Company for purchase pursuant to the tender offer announced on January 27, 2023.

Other matters. Pursuant to applicable provisions of the DGCL, upon our liquidation, dissolution, or winding up, the holders of our common stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities, subject to any other distribution rights granted to holders of any outstanding preferred

stock. Holders of our common stock have no preemptive or conversion rights or other subscription rights, and no redemption or sinking fund provisions are applicable to our common stock.

Preferred Stock

Our restated certificate of incorporation permits our Board, without further action of stockholders, to issue up to 15,000,000 shares of preferred stock from time to time in one or more classes or series. Our Board also may fix the relative rights and preferences of those shares, including dividend rights, conversion rights, voting rights, redemption rights, terms of sinking funds, liquidation preferences, and the number of shares constituting any class or series or the designation of the class or series. Terms selected by our Board in the future could decrease the amount of earnings and assets available for distribution to holders of common stock or adversely affect the rights and powers, including voting rights, of the holders of common stock without any further vote or action by our stockholders. As a result, the rights of holders of our common stock will be subject to, and may be adversely affected by, the rights of the holders of any preferred stock that may be issued by us in the future, which could have the effect of decreasing the market price of our common stock. Currently, there are no shares of preferred stock outstanding.

Anti-takeover Effects of Provisions of Our Restated Certificate of Incorporation, Our Amended and Restated Bylaws, and the DGCL

Our restated certificate of incorporation, our amended and restated bylaws, and the DGCL contain several provisions that may make the acquisition of control of us by means of a tender offer, open market purchases, a proxy fight, or otherwise more difficult. Such provisions could have the effect of discouraging others from attempting an unsolicited offer to acquire the Company or preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions that stockholders may otherwise deem to be in their best interests.

Section 203 of the Delaware General Corporation Law

Section 203 of the DGCL restricts certain transactions between a corporation organized under Delaware law or its majority-owned subsidiaries and any person, referred to as an interested stockholder, who, together with such person's affiliates and associates, holds 15% or more of the corporation's outstanding voting stock. Section 203 prevents, for a period of three years following the date that a person becomes an interested stockholder, the following types of transactions between the corporation and the interested stockholder, unless certain conditions, described below, are met:

- mergers or consolidations;
- sales, leases, exchanges or other transfers of ten percent (10%) or more of the aggregate assets of the corporation;
- issuances or transfers by the corporation of any stock of the corporation which would have the effect of increasing the interested stockholder's proportionate share of the stock of any class or series of the corporation;
- any other transaction which has the effect of increasing the proportionate share of the stock of any class or series of the corporation which is owned by the interested stockholder; and
- receipt by the interested stockholder of the benefit, except proportionately as a stockholder, of loans, advances, guarantees, pledges, or other financial benefits provided by the corporation.

The three-year ban will not apply if either the proposed transaction or the transaction by which the interested stockholder became an interested stockholder is approved by the Board prior to the date such stockholder becomes an interested stockholder. Additionally, an interested stockholder may avoid the statutory restriction if, upon the consummation of the transaction whereby such stockholder becomes an interested stockholder, the stockholder owns at least 85% of the outstanding voting stock of the corporation without regard to those shares owned by the corporation's officers and directors or certain employee stock plans. Business combinations are also permitted within the three-year period if approved by the Board and authorized at an annual or special meeting of stockholders by the holders of at least two-thirds of the outstanding voting stock not owned by the interested stockholder. In addition, any transaction is exempt from the statutory ban if it is proposed at a time when the corporation has proposed, and a majority of certain continuing directors of the corporation have approved, a transaction with a party who is not (and was not during the previous three years) an interested stockholder of the corporation, or who becomes such with Board approval, if the proposed transaction involves:

- certain mergers or consolidations involving the corporation;
- a sale or other transfer of over fifty percent (50%) of the aggregate assets of the corporation; or
- a tender or exchange offer for fifty percent (50%) of more of the outstanding voting stock of the corporation.

A corporation may, at its option, exclude itself from the coverage of Section 203 by amending its certificate of incorporation or bylaws by action of its stockholders to exempt itself from coverage, provided that such bylaw or charter amendment shall not become effective until 12 months after the date it is adopted. We have not adopted such a charter or bylaw amendment.

Election and removal of directors.

Our restated certificate of incorporation requires that the Board be composed of not less than six nor more than 15 directors, with the specific number to be set by resolution of the Board. All members of our Board are of one class elected annually.

Authorized but unissued shares.

The authorized but unissued shares of our common stock and our preferred stock are available for future issuance without any further vote or action by our stockholders. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions, and employee benefit plans. The existence of authorized but unissued shares of our common stock and our preferred stock could render more difficult or discourage an attempt to obtain control over us by means of a proxy contest, tender offer, merger, or otherwise.

Stockholder action without a meeting.

Our restated certificate of incorporation and amended and restated bylaws provide that any action that is properly brought before our stockholders by or at the direction of the Board may be taken without a meeting, without prior notice and without a vote, if a written consent setting forth the action so taken is signed by the holders of outstanding shares of capital stock entitled to be voted with respect to the subject matter thereof having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Otherwise, stockholder action by written consent is prohibited. This could have the effect of delaying until the next stockholder meeting any stockholder actions, even if they are favored by the holders of a majority of our outstanding voting securities.

Stockholder action; advance notification of stockholder nominations and proposals.

Our restated certificate of incorporation and amended and restated bylaws provide that special meetings of stockholders may be called only by the Chairman of the Board, the Chief Executive Officer, or the Board. A special meeting of our stockholders shall be held if the holders of not less than thirty percent (30%) of all the votes entitled to be cast on any issue proposed to be considered at such special meeting have complied with the procedures for calling special meetings set forth in our amended and restated bylaws.

In addition, our amended and restated bylaws provide that, subject to limited circumstances, candidates for director may be nominated and other business brought before an annual meeting only by the Board or by a stockholder who gives written notice to us not less than 90 days prior to nor more than 120 days prior to the first anniversary of the last annual meeting of stockholders. These provisions may have the effect of deterring unsolicited offers to acquire the Company or delaying changes in control of our management, which could depress the market price of our common stock. These provisions could also have the effect of delaying until the next stockholder meeting any stockholder actions, even if they are favored by the holders of a majority of our outstanding voting securities.

Amendment to certificate of incorporation and bylaws.

The DGCL provides generally that the affirmative vote of a majority of the outstanding stock entitled to vote on amendments to a corporation's certificate of incorporation is required to approve such amendment, unless a corporation's certificate of incorporation requires a greater percentage. Our restated certificate of incorporation may be amended or repealed by the affirmative vote of the holders of a majority of the outstanding shares entitled vote.

Our amended and restated bylaws may be adopted, amended, or repealed by our Board (provided that our Board may not repeal or amend any bylaw that our stockholders have expressly provided may not be amended or repealed by our Board) or our stockholders. These provisions may have the effect of deferring, delaying, or discouraging the removal of any anti-takeover defenses provided for in our amended and restated certificate of incorporation and our amended and restated bylaws.

Business combinations.

Our restated certificate of incorporation provides that an affirmative vote of not less than two-thirds of the outstanding shares and, to the extent, if any, provided by resolution or resolutions of the Board providing for the issuance of a series of common or preferred stock, not less than two-thirds of the outstanding shares entitled to vote thereon, voting as a class, shall be required for the adoption or authorization of a business combination.

Notwithstanding the foregoing, if a business combination is approved by at least two-thirds of the Board, and is otherwise required by law to be approved by our stockholders, such business combination shall require the affirmative vote of not less than fifty-one percent (51%) of the outstanding shares entitled to vote thereon and, to the extent, if any, provided by resolution or resolutions of the Board providing for the issuance of a series of common or preferred stock, not less than fifty-one percent (51%) of the outstanding shares of such series, voting as a class; provided, however, that if a business combination approved by at least two-thirds of the Board is not otherwise required by law to be approved by our stockholders, then no vote of our stockholders shall be required. Pursuant to our restated certificate of incorporation, "business combination" means (i) a merger, share exchange or consolidation of the Company or any of its subsidiaries with any other corporation, (ii) the sale, lease, exchange, mortgage, pledge, transfer

or other disposition or encumbrance, whether in one transaction or a series of transactions, by the Company or any of its subsidiaries of all or a substantial part of the Company's assets otherwise than in the usual and regular course of business, or (iii) any agreement, contract or other arrangement providing for any of the foregoing transactions.

Exclusive jurisdiction of certain actions.

Our amended and restated bylaws require, to the fullest extent permitted by law, that (i) derivative actions brought in the name of the Company under Delaware law, (ii) actions against directors, officers and employees for breach of fiduciary duty, (iii) actions against directors, officers and employees arising pursuant to any provision of the DGCL, our restated certificate of incorporation, or our bylaws, (iv) actions against directors, officers, and employees governed by the internal affairs doctrine of the State of Delaware, or (v) any other action asserting an "internal corporation claim," as defined in Section 115 of the DGCL may be brought only in a state or federal court located within the state of Delaware. Although we believe this provision benefits the Company by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers. Furthermore, our amended and restated bylaws require, to the fullest extent permitted by law, that any action asserting a cause of action arising under the Securities Act of 1933, as amended, may be brought only in the federal district courts of the United States of America.

The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with any applicable action brought against us, a court could find the choice of forum provisions contained in our amended and restated bylaws to be inapplicable or unenforceable in such action. The choice of forum provision in our amended and restated bylaws does not have the effect of causing our stockholders to have waived our obligation to comply with the federal securities laws and the rules and regulations thereunder.

Limitation of Liability and Indemnification

Our restated certificate of incorporation limits the liability of our directors for monetary damages for breach of fiduciary duty to the fullest extent permitted by applicable law and our amended and restated bylaws provide that we will indemnify them to the fullest extent permitted by such law. We have entered into indemnification agreements with our current directors and executive officers and expect to enter into a similar agreement with any new directors or executive officers. We also maintain directors' and officers' liability insurance coverage.

Listing

Our common stock is listed on The Nasdaq Global Select Market under the symbol "AVTA."

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Shareowner Services LLC.

This AMENDMENT NO. 1 DATED February 2, 2023 ("AMENDMENT NO. 1"), by and among AVANTAX, INC. (f/k/a BLUCORA, INC.), a Delaware corporation (the "Borrower"), each of the Subsidiary Guarantors party hereto (the "Subsidiary Guarantors" and, together with the Borrower, the "Loan Parties"), JPMORGAN CHASE BANK, N.A., as administrative agent (in such capacity, the "Administrative Agent") and as collateral agent (in such capacity, the "Collateral Agent"), and each Lender party hereto to the Amended and Restated Credit Agreement, dated as of January 24, 2023 (as may be amended or supplemented prior to the date hereof, the "Credit Agreement" and, the Credit Agreement as amended pursuant to this Amendment No. 1, the "Amended Credit Agreement"), by and among the Borrower, the Subsidiary Guarantors party thereto, the lenders party thereto, the Administrative Agent, and the other parties thereto.

WHEREAS, the Borrower has requested an amendment to the Credit Agreement all as hereinafter set forth;

WHEREAS, Section 10.01 of the Credit Agreement permits this amendment with the consent of just the Borrower and the Required Lenders.

NOW, THEREFORE, in consideration of the promises and mutual agreements herein contained, the parties hereto hereby agree as follows:

SECTION 1. Defined Terms. Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Amended Credit Agreement. Each reference to "hereof", "hereunder", "herein" and "hereby" and each other similar reference and each reference to "this Agreement" and each other similar reference contained in the Credit Agreement shall, after this Amendment No. 1 becomes effective, refer to the Amended Credit Agreement. This Amendment No. 1 is a "Loan Document" as such term is defined under the Credit Agreement.

SECTION 2. Amendment of the Credit Agreement. Subject only to the satisfaction of the conditions set forth in Section 4(I) below, on the Amendment No. 1 Effective Date (as defined below), the Credit Agreement is hereby amended (and, for the avoidance of doubt, each Lender party hereto hereby consents to such amendments) by deleting the covenant under Section 6.15 of the Credit Agreement in its entirety and replacing it with the words "[Reserved]".

SECTION 3. Representations and Warranties. To induce the other parties hereto to enter into this Amendment No. 1, the Borrower hereby represents and warrants to the Administrative Agent and each Lender party hereto that, as of the Amendment No. 1 Effective Date:

(a) The representations and warranties of each Loan Party set forth in Article V of the Amended Credit Agreement and in each other Loan Document are true and correct in all material respects on and as of the Amendment No. 1 Effective Date with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date; *provided* that any representation and warranty that is qualified as to "materiality," "Material Adverse Effect" or similar language shall be true and correct in all respects on the

Amendment No. 1 Effective Date or on such earlier date, as the case may be; and

(b) no Default or Event of Default exists on the Amendment No. 1 Effective Date after giving effect to the effectiveness of this Amendment No. 1.

SECTION 4. Effectiveness.

(I) This Amendment No. 1 shall become effective on the first date on which the following conditions precedent are satisfied or waived (the "Amendment No. 1 Effective Date"):

(a) Counterparts. The Administrative Agent (or its counsel) shall have received counterparts of this Amendment No. 1 that, when taken together, bear the signatures of (1) each Loan Party, (2) the Administrative Agent and the Collateral Agent and (3) Lenders constituting the Required Lenders.

(b) Expenses. The Borrower shall have paid, to the extent invoiced prior to the Amendment No. 1 Effective Date, all reasonable and documented out-of-pocket expenses of Cahill Gordon & Reindel LLP, counsel to the Administrative Agent, accrued through the Amendment No. 1 Effective Date.

(c) Representations and Warranties. The representations and warranties of each Loan Party set forth in Section 3 of this Amendment No. 1 shall be true and correct.

(II) Without limiting the generality of the provisions of Section 9.04 of the Credit Agreement, for purposes of determining compliance with the conditions specified in this Section 4, each Lender that has signed this Amendment No. 1 shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Amendment No. 1 Effective Date specifying its objection thereto.

SECTION 5. Effect of this Amendment No. 1. Except as expressly set forth herein, this Amendment No. 1 shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of any Lender or the Agents under, the Credit Agreement or any other Loan Document, and shall not, except as expressly set forth herein, alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Nothing herein shall be deemed to entitle any Loan Party to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other Loan Document in similar or different circumstances. Nothing herein can or may be construed as a novation of the Credit Agreement or any other Loan Document. This Amendment No. 1 shall apply and be effective only with respect to the provisions of the Credit Agreement specifically referred to herein. After the Amendment No. 1 Effective Date, the term "this Agreement" in the Credit Agreement or any reference to the Credit Agreement shall mean the Amended Credit Agreement.

SECTION 6. Reaffirmation. Each of the Borrower and each Subsidiary Guarantor identified on the signature pages hereto (collectively, the Borrower and such Subsidiary Guarantors, the "Reaffirming Loan Parties") hereby acknowledges that it expects to receive substantial direct and indirect benefits as a result of this Amendment No. 1 and the transactions contemplated hereby. Each Reaffirming Loan Party hereby consents to this Amendment No. 1 and the transactions contemplated hereby, and hereby confirms its respective guarantees, prior pledges and prior grants of security interests, as applicable, under each of the Loan Documents to which it is party, and agrees that, after giving effect to this Amendment No. 1 and the transactions contemplated hereby, such guarantees, pledges and grants of security interests and all Liens in the Collateral granted under the Loan Documents shall continue to be in full force and effect and shall accrue to the benefit of the Collateral Agent for the benefit of the Secured Parties. Each of the Reaffirming Loan Parties hereby reaffirms its obligations under each provision of each Loan Document to which it is party.

SECTION 7. Liens Unimpaired. After giving effect to this Amendment No. 1, neither the modification of the Credit Agreement effected pursuant to this Amendment No. 1 nor the execution, delivery, performance or effectiveness of this Amendment No. 1 impairs the validity, effectiveness or priority of the Liens granted pursuant to any Loan Document, and such Liens continue unimpaired with the same priority to secure repayment of all Obligations, whether heretofore or hereafter incurred.

SECTION 8. Counterparts; Amendments. This Amendment No. 1 may neither be amended, nor may any provision hereof be waived, except pursuant to a writing signed by each of the parties hereto. This Amendment No. 1 may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery by telecopier (or other electronic transmission) of an executed counterpart of a signature page to this Amendment No. 1 shall be effective as delivery of an original executed counterpart of this Amendment No. 1. The words "execution," "signed," "signature," "delivery," and words of like import in this Amendment No. 1 shall be deemed to include electronic signatures, deliveries or the keeping of

records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that nothing herein shall require the Administrative Agent to accept electronic signatures in any form or format without its prior written consent. Without limiting the generality of the foregoing, the Borrower hereby (i) agrees that, for all purposes, including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among the Administrative Agent, the Lenders and the Loan Parties, electronic images of this Amendment No. 1 (including with respect to any signature pages thereto) shall have the same legal effect, validity and enforceability as any paper original, and (ii) waives any argument, defense or right to contest the validity or enforceability of Amendment No. 1 based solely on the lack of paper original copies of Amendment No. 1, including with respect to any signature pages hereto.

SECTION 9. Headings. Section headings used herein are for convenience of reference only, are not part of this Amendment No. 1 and are not to affect the construction of, or to be taken into consideration in interpreting, this Amendment No. 1.

SECTION 10. Governing Law; Jurisdiction, etc. This Amendment No. 1 shall be construed in accordance with and governed by the laws of the State of New York. The provisions of Sections 10.15 and 10.16 of the Credit Agreement shall apply to this Amendment No. 1, *mutatis mutandis*.

SECTION 11. Notices. All notices, requests and other communications provided for herein and under the Collateral Documents (including, without limitation, any modifications of, or waivers, requests or consents under this Amendment No. 1) shall be given or made in writing (including, without limitation, by telecopy) delivered to the intended recipient in accordance with Section 10.02 of the Amended Credit Agreement.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to be duly executed by their respective authorized officers as of the day and year first written above.

AVANTAX, INC., as Borrower

By: /s/ Marc Mehlman
Name: Marc Mehlman
Title: Chief Financial Officer

GUARANTORS

AVANTAX HOLDINGS LLC

By: /s/ Marc Mehlman
Name: Marc Mehlman
Title: Treasurer

PROJECT BASEBALL SUB, INC.

By: /s/ Marc Mehlman
Name: Marc Mehlman
Title: Chief Financial Officer & Treasurer

AVANTAX WM HOLDINGS, INC.

By: /s/ Marc Mehlman
Name: Marc Mehlman
Title: Chief Financial Officer & Treasurer

AVANTAX WEALTH MANAGEMENT, INC.

By: /s/ Todd Mackay
Name: Todd Mackay
Title: Chief Executive Officer, President, and Secretary

AVANTAX ADVISORY SERVICES, INC.

By: /s/ Todd Mackay
Name: Todd Mackay
Title: President and Secretary

AVANTAX INSURANCE AGENCY, LLC, a Texas limited liability company

By: /s/ Todd Mackay
Name: Todd Mackay
Title: Secretary

AVANTAX INSURANCE AGENCY, LLC, a Massachusetts limited liability company

By: /s/ Todd Mackay
Name: Todd Mackay
Title: Secretary

AVANTAX INSURANCE AGENCY, LLC, a Montana limited liability company

By: /s/ Todd Mackay
Name: Todd Mackay
Title: Secretary

AVANTAX PLANNING PARTNERS, INC.

By: /s/ Todd Mackay
Name: Todd Mackay
Title: President

HKFS AVIATION, LLC

By: /s/ Todd Mackay
Name: Todd Mackay
Title: President

HK ALLIANCE, LLC

By: /s/ Todd Mackay
Name: Todd Mackay
Title: President

SPIRIT ACQUISITIONS, LLC

By: /s/ Todd Mackay
Name: Todd Mackay
Title: President

1ST GLOBAL, INC.

By: /s/ Todd Mackay
Name: Todd Mackay
Title: President

AVANTAX ACQUISITIONS, LLC

By: /s/ Marc Mehlman
Name: Marc Mehlman
Title: Chief Financial Officer & Treasurer

JPMORGAN CHASE BANK, N.A., as Administrative Agent and Collateral Agent

By: /s/ Jennifer M. Dunneback
Name: Jennifer M. Dunneback
Title: Executive Director

JPMORGAN CHASE BANK, N.A., as a Delayed Draw Term A Lender, a
Revolving Credit Lender, and an L/C Issuer

By: /s/ Jennifer M. Dunneback
Name: Jennifer M. Dunneback
Title: Executive Director

CITIZENS BANK, N.A., as a Delayed Draw Term A Lender and Revolving
Credit Lender

By: /s/ Lauren Schilpp
Name: Lauren Schilpp
Title: Vice President

KEYBANK NATIONAL ASSOCIATION, as a Delayed Draw Term A Lender
and Revolving Credit Lender

By: /s/ Jason A. Nichols
Name: Jason A. Nichols
Title: Vice President

TRUIST BANK, as a Revolving Credit Lender and Delayed Draw Term A
Lender

By: /s/ Richard W. Jantzen, III
Name: Richard W. Jantzen, III
Title: Director

WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Revolving Credit
Lender and Delayed Draw Term A Lender

By: /s/ James Mastroianna
Name: James Mastroianna
Title: Director

TEXAS CAPITAL BANK, as a Delayed Draw Term A Lender and Revolving
Credit Lender

By: /s/ Ana Vega
Name: Ana Vega
Title: Vice President - Corporate Banking

**OMNIBUS AMENDMENT
TO COMPANY PLANS
OF AVANTAX, INC.**

January 26, 2023

This Omnibus Amendment to Company Plans (this “*Omnibus Amendment*”), entered into by Avantax, Inc., a Delaware corporation formerly known as Blucora, Inc. (the “*Company*”), effects amendments to each of the plans and agreements of the Company set forth on Schedule A (each a “*Company Plan*” and together the “*Company Plans*”) to reflect that the Company amended its certificate of incorporation, effective as of the date hereof, to change its corporate name from “Blucora, Inc.” to “Avantax, Inc.” In furtherance of the foregoing, the Company Plans are hereby amended as described below.

1. **Amendment to Company Plans.** Effective as of the date hereof, each Company Plan is hereby amended to replace each reference to “Blucora, Inc.” or “Blucora” (including, as applicable, in the title of each Company Plan) with a reference to “Avantax, Inc.” or “Avantax” (as applicable).
2. **Entire Agreement.** Except as expressly amended by Section 1 above, the terms and conditions of each Company Plan shall remain in full force and effect and shall be read to be consistent with this Omnibus Amendment.

* * * * *

This Omnibus Amendment has been executed and is effective as of the date written above.

AVANTAX, INC.

By: /s/ Christopher W. Walters
Name: Christopher W. Walters
Title: Chief Executive Officer

Schedule A

Company Plans

- Restated 1996 Flexible Stock Incentive Plan (as amended and restated)
- Blucora, Inc. 2015 Incentive Plan as Amended and Restated (including the forms of grant notice and award agreement thereunder)
- Blucora, Inc. 2018 Long-Term Incentive Plan (as amended) (including the forms of grant notice and award agreement thereunder)
- Blucora, Inc. 2016 Equity Inducement Plan (as amended) (including the forms of grant notice and award agreement thereunder)
- Blucora, Inc. 2016 Employee Stock Purchase Plan (as amended)
- Blucora, Inc. Non-Employee Director Compensation Policy (as amended)
- Blucora Director Tax-Smart Deferral Plan (as amended)
- Blucora Tax-Smart Executive Deferral Plan (as amended)
- Form of Indemnification Agreement
- Blucora, Inc. Executive Change of Control Severance Plan (as amended) (including the form of participation agreement thereunder)
- Blucora, Inc. Annual Incentive Plan
- Form of Employment Agreement for Executive Officers

Schedule A

GENERAL RELEASE AND WAIVER OF CLAIMS

This General Release and Waiver of Claims (this “Release”) is executed by Ann Bruder (“Executive”) as of the date set forth below, and will become effective as of the Effective Date (as defined in Section 9 below). This Release is being executed in consideration for the agreements sets forth herein, including payment of the Severance Benefits (as defined in the Plan (as defined below)) to be paid by Blucora, Inc. (the “Company”) to Executive pursuant to this Release and the terms of the Blucora, Inc. Executive Change of Control Severance Plan, as amended (the “Plan”), and the Participation Agreement, dated January 17, 2021, between the Company and Executive (the “Participation Agreement”). Execution of this Release without revocation by Executive will satisfy the requirement, set forth in Section 3(c) of the Plan that Executive execute a general release and waiver of claims in order to receive severance benefits under the Plan. Each of the Company and Executive is referred to herein as a “Party.”

1. Termination of Employment

Executive hereby resigns for “Good Reason” (as defined in the Plan) from Executive’s employment with the Company and any of its subsidiaries (the Company and such subsidiaries collectively, the “Company Group”), and any and all appointments she holds with any member of the Company Group, whether as officer, director, employee, consultant, agent or otherwise, as of February 1, 2023 (the “Termination Date”). Effective as of the Termination Date, except as otherwise specifically provided in a written agreement between the Company and Executive entered into (or effective) on or after the Termination Date, Executive will not exercise or purport to have any authority to act on behalf of the Company or any other member of the Company Group, nor will Executive have or exercise or purport to have or exercise such authority in the future. Executive also acknowledges and agrees that at all times, she shall remain bound by, and shall comply with, any and all applicable laws, codes, rules and canons of professional conduct and/or responsibility (as may be amended from time to time) that are applicable to her and/or her prior professional relationship with the Company and the Company Group, including without limitation her obligation to preserve the Company’s and the Company Group’s attorney-client, work product and other applicable privileges.

The Parties agree that Executive’s resignation qualifies as and constitutes a “Qualifying Termination” under the terms of the Plan and that (i) Executive provided timely notice to the Company of a material reduction of Executive’s duties, authorities and responsibilities, (ii) the Company failed to cure the condition constituting “Good Reason” under the Plan and (iii) Executive timely resigned and terminated her employment with the Company within 30 days after the expiration of the Good Reason Cure Period.

2. Severance.

- (a) Subject to the terms of this Release and provided that Executive signs and returns this Release to the Company within twenty-one (21) days after Executive’s receipt thereof, does not revoke this Release in accordance with Section 8(c) and

complies with this Release and the continuing obligations in the Plan, the Participation Agreement and the employment agreement, dated July 19, 2017 between the Company and Executive (including the Supplementary Terms of Employment attached thereto as Exhibit A) (together the “Employment Agreement”):

- (i) Severance Payments. The Company agrees to pay Executive an aggregate amount equal to the sum of (A), (B), (C) and (D) below (such aggregate amount, the “Severance Payment”), less applicable payroll taxes and withholdings, on the first payroll date following the Effective Date. The Company and Executive agree that the Severance Payment consists of the following amounts, as contemplated by Section 3(i) of the Plan:
 - A. \$1,653,000, which is the amount equal to two times the sum of Executive’s “Base Salary” plus “Annual Bonus” (in each case as defined in the Plan);
 - B. any “Accrued Bonus,” as such term is defined in the Plan;
 - C. \$34,323.29, which is the amount equal to Executive’s “Annual Bonus” multiplied by 32/365; and
 - D. \$46,270.56, which is the amount equal to the monthly COBRA premium in effect under the Company’s group health plan as of the Termination Date for the coverage in effect under such plan for Executive (and Executive’s spouse and dependent child) on such date, multiplied by 24.
- (ii) Acceleration of Outstanding Equity Awards; Option Exercise Period Extension. The Company agrees to take all required action to provide that (A) all of Executive’s time-vesting equity awards that are outstanding as of the Termination Date shall become fully vested and exercisable, as applicable, and all restrictions thereon shall lapse, (B) all of Executive’s performance-vesting equity awards that are outstanding as of the Termination Date shall become fully vested and exercisable, as applicable, all performance conditions shall be deemed satisfied at the greater of actual performance and target, and all restrictions thereon shall lapse, and (C) to the extent vested (including as a result of the acceleration provided under this sentence), all of Executive’s outstanding stock options shall remain exercisable until the first to occur of the first anniversary of the Termination Date and the original expiration date applicable to such stock option, and the Company agrees Executive shall be permitted to utilize a net cashless exercise in connection with any such stock options.

- (b) For clarity, Executive shall receive only the severance benefits set forth in this Release. Executive agrees that Executive shall not receive any other severance payments or benefits (including but not limited to the severance payments and benefits contemplated by the Employment Agreement, which Executive agrees are replaced in their entirety by the severance benefits described herein in accordance with Section 8(i)(ii) of the Plan) except as otherwise specifically provided in this Release.

3. Final Paycheck; Business Expenses; Benefits.

- (a) Regardless of whether Executive signs this Release, the Company will pay Executive her final paycheck for her employment services through the Termination Date.
- (b) The Company also will reimburse Executive for reasonable business expenses appropriately incurred by Executive prior to the Termination Date in furtherance of her employment with the Company, subject to the Company's applicable business expense reimbursement policy. Executive shall submit all requests to the Company for business expense reimbursements within twenty-one (21) days after the Termination Date. Any requests submitted thereafter shall not be eligible for reimbursement, except as required by applicable law.
- (c) Except as set forth in this Release or as otherwise required by applicable law, Executive's participation in and rights under any Company employee benefit plans and programs will be governed by the terms and conditions of those plans and programs, which plans, programs, terms and conditions may be amended, modified, suspended or terminated by the Company at any time for any or no reason to the extent permitted by law and the terms thereof.

4. Waiver and Release

- (a) Executive, for and on behalf of herself and her heirs and assigns, hereby waives and releases any and all contractual, common law, statutory or other complaints, claims, charges or causes of action relating to or arising out of Executive's employment or termination of employment with the Company Group, Executive's services, in any capacity, with the Company Group and any and all other disputes between Executive and the Company Group (collectively, "Claims"). The Claims waived and released by this Release include any and all Claims, whether known or unknown, whether in law or in equity, which Executive may now have or ever had against any member of the Company Group or any past, present or future employee, advisor, officer, director, agent, attorney, representative, trustee, administrator or fiduciary of any member of the Company Group (collectively, the "Company Releasees") up to and including the date of Executive's execution of this Release. The Claims waived and released by this Release include, without limitation, any and all Claims arising out of Executive's employment with the Company Group and includes a release of claims under the Age Discrimination in

Employment Act of 1967 (“ADEA”, a law which prohibits discrimination on the basis of age against persons age 40 and older), the National Labor Relations Act, the Civil Rights Act of 1991, the Americans With Disabilities Act of 1990, Title VII of the Civil Rights Act of 1964, the Equal Pay Act of 1963, the Lilly Ledbetter Fair Pay Act of 2009, the Fair Labor Standards Act, the Employee Retirement Income Security Act of 1974, the Family Medical Leave Act, the Genetic Information Nondiscrimination Act, the Fair Credit Reporting Act, the Securities Act of 1933, the Securities Exchange Act of 1934, the Texas Labor Code Chapter 21, the Texas Constitution and all other federal, state, local or municipal statutes, ordinances, regulations, in each case as amended, and the common law, and any and all Claims arising out of any express or implied contract, as well as any expenses, costs or attorneys’ fees, except as described in Section 4(b) below. This Release is a full and final general release by Executive of all unknown, undisclosed and unanticipated losses, wrongs, injuries, claims and damages that arise wholly or in part from any act or omission occurring on or before the date Executive signs this Release, as well as a general release by Executive of all claimed losses, wrongs, injuries, claims and damages, now known or disclosed, that arise in whole or in part as a result of any act or omission occurring on or before the date Executive signs this Release.

- (b) The waiver and release set forth in Section 4(a) is intended to be construed as broadly and comprehensively as applicable law permits. Notwithstanding anything else in this Release to the contrary, the waiver and release shall not be construed as waiving or releasing any claim or right:
- (i) to file a charge with the Equal Employment Opportunity Commission or other government agency (however, for clarity, Executive waives any right to recover monetary remedies and agrees that she will not accept any monetary remedy as a result of any such charge or as a result of any legal action taken against the Company or any of the other Company Releasees by any such agency);
 - (ii) to vested benefits under any Company employee benefit plan or policy (excluding for this purpose any rights to severance or similar benefits, which rights are specifically described in Section 2);
 - (iii) to indemnification pursuant to any applicable provision of the Company’s Amended and Restated Bylaws or Certificate of Incorporation, as amended; any organizational document of any other current or former member of the Company Group; any written indemnification agreement between Executive and the Company, any other current or former member of the Company Group; or applicable law;
 - (iv) which Executive may have solely by virtue of Executive’s status as a shareholder of the Company;

(v) to unemployment compensation to which Executive may be entitled under applicable law; and

(vi) that by law is non-waivable.

- (c) Executive represents and warrants that she is the sole owner of the actual or alleged Claims that are released in this Release, that the same have not been assigned, transferred or disposed of in fact, by operation of law or in any manner and that she has the full right and power to grant, execute and deliver the releases, undertakings and agreements contained herein. Executive represents that she has not filed any complaints, charges or lawsuits against the Company with any governmental agency or any court based on Claims that are released and waived by this Release. Executive further agrees that Executive shall not at any time become a party to, or otherwise become a class- or collective-member or other similar claimant in, any class, collective, representative, multiple-plaintiff or other consolidated or similar action in any court against any of the Company Releasees that involves or is based upon any claim waived and released by Executive in Section 4(a) above (but not specifically preserved in Section 4(b) above) and will take all steps necessary to opt out of any such actions.

5. No Admission of Wrongdoing

This Release shall not be construed as an admission by either Party of any wrongful or unlawful act or breach of contract.

6. Binding Agreement; Successors and Assigns

This Release binds Executive's heirs, administrators, representatives, executors, successors and assigns, and will inure to the benefit of the respective heirs, administrators, representatives, executors, successors and assigns of any person or entity as to whom the waiver and release set forth in Section 4 applies.

7. Other Agreements

Notwithstanding anything to the contrary set forth in this Release, this Release does not supersede or modify any of Executive's continuing obligations pursuant the Employment Agreement, the Plan or the Participation Agreement.

8. Knowing and Voluntary Agreement; Consideration and Revocation Periods

- (a) Executive acknowledges that she has been given twenty-one (21) calendar days from the date of receipt of this Release to consider all of the provisions of this Release and that if she signs this Release before the 21-day period has ended she knowingly and voluntarily waives some or all of such 21-day period. Any modification of this Release, whether material or immaterial, will not restart the twenty-one (21) calendar day consideration period.

- (b) Executive represents that (i) she has read this Release carefully, (ii) she has been and hereby is advised by the Company to consult an attorney of her choice (at her cost) before signing it, (iii) she fully understands that by signing below she is giving up certain rights which she might otherwise have against any of the Company Releasees and (iv) she has not been forced or pressured in any manner whatsoever to sign this Release and agrees to all of its terms voluntarily.
- (c) Executive shall have seven (7) calendar days from the date of her execution of this Release (the “Revocation Period”) in which she may revoke this Release. Such revocation must be in writing and delivered, prior to the expiration of the Revocation Period, to the attention of the Company’s Chief Human Resources Officer at the Company’s then-current headquarters address. If Executive revokes this Release during the Revocation Period, then the Release shall be null and void and without effect, and Executive will not be paid the Severance Benefits or receive any other benefits under this Release.
- (d) Executive further acknowledges that Executive: (i) is not relying upon any statements, understandings, representations, expectations or agreements other than those expressly set forth in this Release; (ii) has made Executive’s own investigation of the facts and is relying solely upon Executive’s own knowledge; and (iii) knowingly waives any claim that this Release was induced by any misrepresentation or nondisclosure and any right to rescind or avoid this Release based upon presently existing facts, known or unknown. The Parties stipulate that the Company, in entering into this Release, is relying on these representations and warranties, all of which survive the execution of this Release.

9. Effective Date

For purposes of this Release, the “Effective Date” means the next calendar day after the Revocation Period expires without revocation by Executive.

10. Withholding; Section 409A Compliance

All amounts and benefits payable under this Release shall be reduced by any and all required or authorized withholding and deductions. It is intended that any amounts payable under this Release will be exempt from or comply with Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), and treasury regulations relating thereto, so as not to subject Executive to the payment of any interest and tax penalty which may be imposed under Section 409A of the Code, and this Release shall be interpreted and construed accordingly; provided, however, that the Company and the other Company Releasees shall not be responsible for any taxes, penalties, interest or other losses or expenses incurred by Executive due to any failure to comply with Section 409A of the Code. The timing of the payments or benefits provided herein may be modified to comply with Section 409A of the Code. All references in this Release to the termination of Executive’s employment and to the Termination Date shall mean a separation from service within the meaning of Section 409A of the Code. Each payment

under this Release as a result of the separation of Executive's service shall be considered a separate payment for purposes of Section 409A of the Code. Any reimbursement payable to Executive pursuant to this Release shall be conditioned on the submission by Executive of all expense reports reasonably required by the Company under any applicable expense reimbursement policy and shall be paid to Executive within thirty (30) days following receipt of such expense reports, but in no event later than the last day of the calendar year following the calendar year in which Executive incurred the reimbursable expense. Any amount of expenses eligible for reimbursement or in-kind benefit provided during a calendar year shall not affect the amount of expenses eligible for reimbursement or in-kind benefit to be provided during any other calendar year. The right to reimbursement or to an in-kind benefit pursuant to this Release shall not be subject to liquidation or exchange for any other benefit.

11. Non-Interference

Notwithstanding any other provision of this Release, the Plan, Participation Agreement or the Employment Agreement, nothing in this Release shall prohibit Executive from confidentially or otherwise communicating or filing a charge or complaint with a governmental agency or regulatory (including self-regulatory) entity; participating in a governmental agency or regulatory entity investigation; or giving truthful testimony or statements to a governmental agency or regulatory entity, or if properly subpoenaed or otherwise required to do so under applicable law. Furthermore, the U.S. Defend Trade Secrets Act of 2016 provides that: (a) an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (b) an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (i) files any document containing the trade secret under seal and (ii) does not disclose the trade secret, except pursuant to court order. Nothing in this Release prohibits or creates liability for any such protected conduct.

12. Modification; Severability

This Release may be modified only in a written agreement signed by both Parties, and any Party's failure to enforce this Release in the event of one or more events which violate this Release shall not constitute a waiver of any right to enforce this Release against subsequent violations. Whenever possible, each provision of this Release shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Release is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Release.

The Section headings used herein are for convenience of reference only and are not to be considered in construction of the provisions of this Release.

13. Counterparts

This Release may be executed in two counterparts, each of which shall be deemed an original, and both of which together shall constitute one and the same instrument. A faxed, .pdf-ed or electronic signature shall operate the same as an original signature and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

[Signature on Next Page]

IN WITNESS WHEREOF, the Parties have executed this Release as of the date indicated below.

ANN BRUDER

/s/ Ann Bruder

Date: January 24, 2023

BLUCORA, INC.

By: /s/ Christopher W. Walters

Name: Christopher W. Walters

Title: President and Chief Executive Officer

Date: January 24, 2023

[General Release and Waiver of Claims]

EMPLOYMENT AGREEMENT

This Employment Agreement (this “**Agreement**”), is made and entered into as of January 24, 2023 (the “**Execution Date**”), by and between Tabitha Bailey (the “**Executive**”) and Blucora, Inc. (the “**Company**”).

RECITALS

WHEREAS, the Company desires to employ the Executive as the Chief Legal Officer and Corporate Secretary beginning on January 23, 2023 (the “**Effective Date**”), and the Executive desires to serve in such capacity;

NOW THEREFORE, in consideration of the foregoing, the mutual covenants contained herein, the employment of the Executive by the Company, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Certain Definitions

(a) “**Base Salary**” has the meaning set forth in Section 5(a).

(b) “**Board**” means the Board of Directors of the Company.

(c) “**Cause**” means, as determined by the Board in its reasonable discretion: (i) the Executive’s conviction of, or plea of guilty or nolo contendere to, an act involving dishonesty, wrongful taking of property, immoral conduct, bribery or extortion or any felony; (ii) misconduct by the Executive in connection with the business of the Company; (iii) the Executive’s continued and willful failure to substantially perform her responsibilities to the Company under this Agreement, after written demand for substantial performance has been given by the Board that specifically identifies how the Executive has not substantially performed her responsibilities; (iv) the Executive’s improper disclosure of confidential information or other material breach of this Agreement, including the Confidentiality and Non-Competition Agreement; (v) the Executive’s material fraud or dishonesty against the Company; (vi) the Executive’s breach of the Company’s written code of conduct and business ethics or other material written policy, procedure or guideline in effect from time to time relating to personal conduct; or (vii) the Executive’s willful attempt to obstruct or willful failure to cooperate with any investigation authorized by the Board or any governmental or self-regulatory entity. Any determination of Cause by the Company shall be made by the Board, provided that, with respect to Section 1(c)(iii) only, the Board must give the Executive notice and 30 days to cure the substantial nonperformance.

(d) “**Change of Control**” means the occurrence of any of the following:

(i) any “person” (as defined in Sections 13(d) and 14(d) of the Exchange Act), excluding for this purpose, (A) the Company or any subsidiary of the Company or (B) any employee benefit plan of the Company or any subsidiary of the Company, or any person or entity

organized, appointed or established by the Company for or pursuant to the terms of any such plan that acquires beneficial ownership of voting securities of the Company, is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company’s then outstanding securities;

(ii) consummation of a reorganization, merger or consolidation of the Company, in each case, unless, following such transaction, all or substantially all the individuals and entities who were the beneficial owners of outstanding voting securities of the Company immediately prior to such transaction beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the company resulting from such transaction (including, without limitation, a company that, as a result of such transaction, owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such transaction of the outstanding voting securities of the Company;

(iii) any sale or disposition by the Company, in one transaction or a series of related transactions, of all or substantially all the Company’s assets;

(iv) a “**Board Change**” which, for purposes of this Agreement, shall have occurred if a majority of the seats on the Board are occupied by individuals who were neither (A) nominated by a majority of the Incumbent Directors nor (B) appointed by directors so nominated. For purposes of this Agreement, “**Incumbent Director**” means a member of the Board who has been either (1) nominated by a majority of the directors of the Company then in office or (2) appointed by directors so nominated, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board; or

(v) an approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

(e) “**Code**” means the Internal Revenue Code of 1986, as amended.

(f) “**Compensation Committee**” means the Compensation Committee of the Board.

(g) “**Confidentiality and Non-Competition Agreement**” means the Confidentiality and Non-Competition Agreement attached hereto as Exhibit A.

(h) “**Constructive Termination**” means the occurrence, on a date that is prior to the two- month period prior to the consummation of a Change of Control or after the 12-month period following the consummation of a Change of Control, of any of the following without the Executive’s express prior written consent: (i) a material reduction of or to the Executive’s duties, authority or responsibilities; (ii) a material reduction by the Company of the Executive’s Base

Salary, unless similarly situated executives also experience a reduction; or (iii) a requirement that the Executive relocate her primary work location more than 50 miles from Irving, Texas or from any work location to which the Company transfers the Executive during the course of her employment and to which such transfer the Executive has consented. Notwithstanding the foregoing, a Constructive Termination shall not exist unless (x) the Executive delivers written notice to the Company (the “**Constructive Termination Notice**”) of the existence of the condition which the Executive believes constitutes a Constructive Termination within 30 days of the initial existence of such condition (which Constructive Termination Notice specifically identifies such condition), (y) the Company fails to remedy such condition within 30 days after the date on which it receives such notice (the “**Constructive Termination Cure Period**”), and (z) the Executive actually terminates employment within 30 days after the expiration of the Constructive Termination Cure Period.

(i) “**Disability**” means the Executive’s inability to perform her employment duties to the Company hereunder, with or without reasonable accommodation, for 180 days (in the aggregate) in any one-year period as determined by an independent physician selected by the Company.

(j) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

(k) “**Good Reason**” means the occurrence of any of the following without the Executive’s express prior written consent: (i) a material reduction of or to the Executive’s duties or responsibilities (a change in reporting relationship alone does not constitute a material reduction); (ii) a material reduction of the Executive’s Base Salary; (iii) a material reduction of the Executive’s Target Bonus; (iv) a material reduction in the kind or level of employee benefits to which the Executive is entitled that occurs within two months prior to or within 12 months following a Change of Control, unless similarly situated employees also experience a reduction; (v) a requirement that the Executive relocate her primary work location more than 50 miles from Irving, Texas or from any work location to which the Company transfers the Executive during the course of her employment and to which such transfer the Executive has consented; (vi) in connection with a Change of Control, the failure of the Company to assign this Agreement to a successor to the Company or the failure of a successor to the Company to explicitly assume and agree to be bound by this Agreement in a writing delivered to the Executive; or (vii) a material breach of this Agreement by the Company.

Notwithstanding the foregoing, termination of employment by the Executive will not be for Good Reason unless (x) the Executive delivers written notice to the Company (the “**Good Reason Notice**”) of the existence of the condition which the Executive believes constitutes Good Reason within 30 days of the initial existence of such condition (which Good Reason Notice specifically identifies such condition), the Company fails to remedy such condition within 30 days after the date on which it receives such notice (the “**Good Reason Cure Period**”), and (y) the Executive actually terminates employment within 30 days after the expiration of the Good Reason Cure Period.

(l) “**Release**” means a full release of claims against the Company substantially in the form attached hereto as **Exhibit B**; *provided, however*, that notwithstanding the foregoing, such

Release is not intended to and will not waive the Executive's rights: (i) to indemnification pursuant to any applicable provision of the Company's Bylaws or Certificate of Incorporation, as amended, pursuant to any written indemnification agreement between the Executive and the Company, or pursuant to applicable law; (ii) to vested benefits or payments specifically to be provided to the Executive under this Agreement or any Company employee benefit plans or policies; or (iii) respecting any claims the Executive may have solely by virtue of the Executive's status as a stockholder of the Company. The Release also shall not include claims that an employee cannot lawfully release through execution of a general release of claims.

(m) "**Section 409A**" means Section 409A of the Code and the Treasury Regulations and official guidance issued in respect of Section 409A of the Code.

(n) "**Target Bonus**" has the meaning set forth in Section 5(b).

2. Duties and Scope of Employment

The Company shall employ the Executive in the position of Chief Legal Officer and Corporate Secretary, reporting to the Chief Executive Officer. The Executive will render such business and professional services in the performance of the Executive's duties, consistent with the Executive's position(s) within the Company, as shall be reasonably assigned to the Executive at any time and from time to time. Upon termination of the Executive's employment for any reason, unless otherwise requested by the Company's Chief Executive Officer, the Executive will be deemed to have resigned from all positions held at the Company and its affiliates voluntarily, without any further action by the Executive, as of the end of the Executive's employment, and the Executive, at the Chief Executive Officer's request, will execute any documents necessary to reflect her resignation.

3. Obligations

While employed hereunder, the Executive will perform her duties ethically, faithfully and to the best of the Executive's ability and in accordance with law and Company policy. The Executive agrees not to actively engage in any other employment, occupation or consulting activity for any direct or indirect remuneration, or accept any Board positions without the express prior written approval of the Company's Chief Executive Officer; provided, however, that notwithstanding anything to the contrary in the Confidentiality and Non-Competition Agreement, the Executive may engage in charitable activities so long as such activities do not materially interfere with the Executive's responsibilities to the Company.

4. Agreement Term

Unless earlier terminated as provided in Section 6 herein, the term of this Agreement shall be for a period of three years commencing on the Effective Date (the "**Initial Term**"), subject to the terms and provisions of this Agreement. After the expiration of the Initial Term, this Agreement shall be automatically renewed for additional one-year terms (each a "**Renewal Term**") unless earlier terminated as provided in Section 6 herein. Any election by the Company or the Executive not to renew such employment at the end of the Initial Term or any Renewal

Term shall be at the sole, absolute discretion of the Company or the Executive, respectively. The period the Executive is actually employed hereunder during the Initial Term and any such Renewal Terms is referred to herein as the “**Agreement Term**.”

5. Compensation and Benefits

(a) Base Salary. The Company agrees to pay the Executive a base salary (the “**Base Salary**”) at an annual rate of not less than \$350,000, payable in accordance with the regular payroll practices of the Company, but not less frequently than monthly. The Executive’s Base Salary shall be subject to annual review by the Board (or a committee thereof).

(b) Annual Bonus. The Executive shall be eligible to participate in the Company’s bonus and other incentive compensation plans at a level commensurate with her position. The Executive shall be eligible to earn an annual target bonus (the “**Target Bonus**”) measured against criteria to be determined by the Board (or a committee thereof), in its sole discretion. The payout of any annual bonus will occur following the end of the Company’s Executive Bonus Plan (the “**Plan**”) year, which is December 31st of each year, and will be paid in accordance with the terms and conditions of the Plan. Payment of any bonus pursuant to this Section 5(b) is subject to the Executive’s employment by the Company on the date required in the Plan. The Company reserves the right to change the Plan at any time at its discretion.

(c) Equity Awards. The Executive will be eligible to participate in the Company’s long-term equity incentive programs extended at levels commensurate with the Executive’s position, which participation and levels shall be determined by the Board (or a committee thereof), in its sole discretion. Any grant of restricted stock units and/or stock options shall be subject to the terms of the Company’s equity incentive plan, and the terms of the relevant award agreement, which terms will include, without limitation, a requirement that if the Executive’s employment with the Company is terminated for any reason on or before a vesting date, the restricted stock units and/or stock options then-subject to vesting will not vest and will be automatically forfeited. The officers of the Company will recommend to its Board of Directors, or the appropriate committee thereof, that the Executive receive an initial equity grant, within thirty (30) days of the Effective Date, of \$393,750 worth of equity (determined based on the value of the Company’s common stock on the date of grant), in a combination of restricted stock units and/or stock options, as determined by the Company in its discretion.

(d) Benefits. The Executive and her eligible dependents shall be eligible to participate in the employee benefit plans that are available or that become available to other employees of the Company, with the adoption or maintenance of such plans to be in the discretion of the Company, subject in each case to the generally applicable terms and conditions of the plan or program in question and to the determination of any committee administering such plan or program. Such benefits shall include participation in the group medical, life, disability, and retirement plans that are made generally available to employees of the Company, and any supplemental plans available to senior executives of the Company from time to time. The Company reserves the right to change or terminate its employee benefit plans and programs at any time.

(e) Expenses. The Company shall reimburse the Executive for reasonable business expenses incurred by the Executive in the furtherance of or in connection with the performance of the Executive's duties hereunder, in accordance with the Company's expense reimbursement policy as in effect from time to time.

6. Termination of Employment

(a) General Provisions. This Agreement and the Executive's employment with the Company may be terminated by either the Executive or the Company at will at any time with or without Cause; provided, however, that the parties' rights and obligations upon such termination during the Agreement Term shall be as set forth in applicable provisions of this Agreement.

(b) Any Termination by Company or the Executive. In the event of any termination of the Executive's employment with the Company, whether by the Company or by the Executive, (i) the Company shall pay the Executive any unpaid Base Salary due for periods prior to the date of termination of employment ("**Termination Date**"); (ii) the Company shall pay the Executive any unpaid bonus compensation pursuant to Section 5(b), to the extent earned through the Termination Date, subject to the terms of the Company's Bonus Plan (or any successor plan thereto); and (iii) following submission of proper expense reports by the Executive, the Company shall reimburse the Executive for all business expenses reasonably and necessarily incurred by the Executive in connection with the business of the Company through the Termination Date (collectively, the "**Accrued Obligations**"). The Accrued Obligations shall be paid promptly upon termination and within the period of time mandated by applicable law (but, in any event, within 30 days after the Termination Date). The Accrued Obligations paid or provided pursuant to this Section 6(b) shall be in addition to the payments and benefits, if any, to be provided to the Executive upon his termination of employment pursuant to Section 6(c), 6(d), 6(e) or 6(f), as applicable. Except as expressly stated herein or as required by law or this Agreement, the Executive shall receive no further compensation in any form other than as set forth in this Section 6(b).

(c) Termination by Company Without Cause or Constructive Termination. If, other than in connection with a Change of Control as described in Section 6(d), the Executive's employment with the Company is terminated by the Company without Cause or the Executive terminates employment with the Company under circumstances constituting a Constructive Termination, then subject to Section 6(g), the Executive shall receive the following payments and benefits in addition to those in Section 6(b) above:

(i) severance payments totaling an amount equal to twelve months of the Executive's Base Salary in effect as of the Termination Date (or if the Executive terminates employment under circumstances constituting a Constructive Termination due to a material reduction of the Executive's Base Salary, in effect immediately prior to such reduction) (less applicable withholding taxes), which amount shall be payable in twelve equal installments starting on the first payroll date that is at least 30 days following the Termination Date (but, in any event, by no later than March 15 of the calendar year immediately following the calendar year that includes the Termination Date), in accordance with Section 14(b)(ii); and

(ii) a lump-sum payment in an amount equal to the monthly COBRA premium in effect under the Company's group health plan as of the Termination Date for the coverage in effect under such plan for the Executive (and the Executive's spouse and dependent children) on such date multiplied by 12 (less applicable withholding taxes), which amount shall be payable in a single lump sum on the first payroll date that is at least 60 days following the Termination Date (but, in any event, by no later than March 15 of the calendar year immediately following the calendar year that includes the Termination Date), in accordance with Section 14(b)(ii); provided, however, that notwithstanding the foregoing or any other provision in this Agreement to the contrary, the Company (or its successor) may unilaterally amend this Section 6(c)(ii) or eliminate the benefit provided hereunder to the extent it deems necessary to avoid the imposition of excise taxes, penalties or similar charges on the Company or any of its subsidiaries, affiliates or successors, including, without limitation, under Section 4980D of the Code.

Notwithstanding any provision to the contrary in any Company equity compensation plan or any outstanding equity award agreement, if, during the Agreement Term, the Executive terminates employment with the Company under circumstances described in this Section 6(c), there shall be no acceleration of vesting or exercisability of any outstanding equity awards or extension of any option post-termination exercise period.

For the avoidance of doubt, under no circumstances will the Executive be entitled to payments and benefits under both this Section 6(c) and Section 6(d).

(d) Termination of Employment in Connection With a Change of Control. If the Company terminates the Executive's employment without Cause or the Executive terminates employment with the Company for Good Reason (1) on the day of or during the 12-month period immediately following the consummation of a Change of Control or (2) during the 2-month period prior to the consummation of a Change of Control but at the request of any third party participating in or causing the Change of Control or otherwise in connection with the Change of Control, then subject to Section 6(g) and with respect to clause (2), subject to the consummation of such Change of Control, the Executive shall receive the following payments and benefits in addition to those in Section 6(b) above:

(i) a severance payment in an amount equal to one times the Executive's Base Salary in effect as of the Termination Date and her then current Target Bonus amount (or if the Executive terminates employment for Good Reason due to a material reduction of the Executive's Base Salary or Target Bonus, in effect immediately prior to such reduction) (in each case less applicable withholding taxes), which amount shall be payable in a single lump sum on the first payroll date that is at least 60 days following the Termination Date (but, in any event, by no later than March 15 of the calendar year immediately following the calendar year that includes the Termination Date), in accordance with Section 14(b)(ii);

(ii) a lump-sum payment in an amount equal to the monthly COBRA premium in effect under the Company's group health plan as of the Termination Date for the coverage in effect under such plan for the Executive (and the Executive's spouse and dependent children) on such date multiplied by 12 (less applicable withholding taxes), which amount shall be payable in a single lump sum on the first payroll date that is at least 60 days following the Termination Date

(but, in any event, by no later than March 15 of the calendar year immediately following the calendar year that includes the Termination Date), in accordance with Section 14(b)(ii); provided, however, that notwithstanding the foregoing or any other provision in this Agreement to the contrary, the Company (or its successor) may unilaterally amend this Section 6(d)(ii) or eliminate the benefit provided hereunder to the extent it deems necessary to avoid the imposition of excise taxes, penalties or similar charges on the Company or any of its subsidiaries, affiliates or successors, including, without limitation, under Section 4980D of the Code; and

(iii) notwithstanding any provision to the contrary in any applicable equity compensation plan or any outstanding equity award agreement, the treatment of the Executive's outstanding equity awards shall be governed solely by the following provisions: (A) all of the Executive's then-outstanding time-vesting equity awards shall fully vest and all restrictions thereon shall lapse, and (B) to the extent vested (including as a result of the acceleration provided under this Section 6(d)(iii)), all of the Executive's outstanding stock options shall remain exercisable until the first to occur of 12 months following the Termination Date and each such stock option's original expiration date.

If a Change of Control is consummated prior to the expiration of the Agreement Term, this Section 6(d) shall apply to a termination of the Executive's employment by the Company without Cause or by the Executive for Good Reason during the 12-month period immediately following the consummation of the Change of Control even if such 12-month period extends past the expiration of the Agreement Term. Moreover, notwithstanding the expiration of the Agreement Term, if a Change of Control is consummated within two months after the expiration of the Agreement Term, then this Section 6(d) shall apply to a termination of the Executive's employment by the Company without Cause or by the Executive for Good Reason (i) on the day of or during the 12-month period immediately following the consummation of the Change of Control or (ii) during the 2-month period prior to the consummation of the Change of Control but at the request of any third party participating in or causing the Change of Control or otherwise in connection with the Change of Control.

For the avoidance of doubt, the payments and benefits described under this Section 6(d) and the Accrued Obligations shall be the only payments and benefits to which the Executive is entitled in the event that the Executive's employment terminates under this Section 6(d).

Notwithstanding the foregoing or otherwise in this Agreement to the contrary, if at the time of Executive's termination of employment, Executive is eligible to receive severance benefits under the Blucora, Inc. Executive Change of Control Severance Plan (as amended) in connection with such termination of employment, the Executive shall not be entitled to receive any payments or benefits pursuant to this Agreement in connection with such termination of employment.

(e) Death. In the event of the Executive's death while employed hereunder, and subject to Section 6(g), the Executive's beneficiary (or such other person(s) specified by will or the laws of descent and distribution) shall be entitled to receive a lump-sum payment in an amount equal to three months' Base Salary in effect as of the Termination Date (less applicable withholding taxes), which amount shall be payable in a single lump sum on the first payroll date

that is at least 60 days following the Termination Date (but, in any event, by no later than March 15 of the calendar year immediately following the calendar year that includes the Termination Date), in accordance with Section 14(b)(ii).

(f) Disability. In the event of the Executive's termination of employment with the Company due to Disability, and subject to Section 6(g), the Executive shall be entitled to receive a lump-sum payment in an amount equal to six months' Base Salary in effect as of the Termination Date (less applicable withholding taxes), which amount shall be payable in a single lump sum on the first payroll date that is at least 60 days following the Termination Date (but, in any event, by no later than March 15 of the calendar year immediately following the calendar year that includes the Termination Date), in accordance with Section 14(b)(ii).

(g) Release and Other Conditions. The payments and benefits described in Sections 6(c) through 6(f) are expressly conditioned on (i) the Executive (or, in the case of the Executive's death, the Executive's representative) signing and delivering (and not revoking thereafter) a Release in favor of the Company (which, in the case of the Executive's death, also releases any claims by the Executive's estate or survivors), which Release is executed, delivered and effective no later than 30 days following the Termination Date and (ii) the Executive continuing to satisfy any obligations to the Company under this Agreement, the Release and the Confidentiality and Non-Competition Agreement that are incorporated herein by reference, and any other agreement(s) between the Executive and the Company. In the event the Release described in this Section 6(g) is not executed, delivered and effective by the 30th day after the Termination Date, the Executive shall not be eligible to receive the payments and benefits described in Sections 6(c) through 6(f), and none of such payments or benefits shall be provided to the Executive.

7. Section 280G

(a) Amount of Payments and Benefits. Notwithstanding anything to the contrary herein, in the event that the Executive becomes entitled to receive or receives any payments, options, awards or benefits (including, without limitation, the monetary value of any noncash benefits and the accelerated vesting of equity-based awards) under this Agreement or under any other plan, agreement or arrangement with the Company or any person affiliated with the Company (collectively, the "**Payments**"), that may separately or in the aggregate constitute "parachute payments" within the meaning of Section 280G of the Code and the Treasury Regulations promulgated thereunder (or any similar or successor provision) (collectively, "**Section 280G**") and it is determined that, but for this Section 7(a), any of the Payments will be subject to any excise tax pursuant to Section 4999 of the Code or any similar or successor provision (the "**Excise Tax**"), the Company shall pay to the Executive either (i) the full amount of the Payments or (ii) an amount equal to the Payments, reduced by the minimum amount necessary to prevent any portion of the Payments from being an "excess parachute payment" (within the meaning of Section 280G) (the "**Capped Payments**"), whichever of the foregoing amounts results in the receipt by the Executive, on an after-tax basis, of the greatest amount of Payments notwithstanding that all or some portion of the Payments may be subject to the Excise Tax. For purposes of determining whether the Executive would receive a greater after-

tax benefit from the Capped Payments than from receipt of the full amount of the Payments, (i) there shall be taken into account any Excise Tax and all applicable federal, state and local taxes required to be paid by the Executive in respect of the receipt of such payments and (ii) such payments shall be deemed to be subject to federal income taxes at the highest rate of federal income taxation applicable to individuals that is in effect for the calendar year in which the payments and benefits are to be paid, and state and local income taxes at the highest rate of taxation applicable to individuals in the state and locality of the Executive's residence on the effective date of the relevant transaction described under Section 280G(b)(2)(A)(i) of the Code, net of the maximum reduction in federal income taxes that could be obtained from deduction of such state and local taxes (as determined by assuming that such deduction is subject to the maximum limitation applicable to itemized deductions under Section 68 of the Code and any other limitations applicable to the deduction of state and local income taxes under the Code).

(b) Computations and Determinations. All computations and determinations called for by this Section 7 shall be made by an independent accounting firm or independent tax counsel appointed by the Company (the "**Tax Counsel**"), and all such computations and determinations shall be conclusive and binding on the Company and the Executive. For purposes of such calculations and determinations, the Tax Counsel may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Tax Counsel shall submit its determination and detailed supporting calculations to both the Executive and the Company within 15 days after receipt of a notice from either the Company or the Executive that the Executive may receive payments which may be considered "parachute payments." The Company and the Executive shall furnish to the Tax Counsel such information and documents as the Tax Counsel may reasonably request in order to make the computations and determinations called for by this Section 7. The Company shall bear all costs that the Tax Counsel may reasonably incur in connection with the computations and determinations called for by this Section 7.

(c) Reduction Methodology. In the event that Section 7(a) applies and a reduction is required to be applied to the Payments thereunder, the Payments shall be reduced by the Company in its reasonable discretion in the following order: (i) reduction of any Payments that are subject to Section 409A on a pro-rata basis or such other manner that complies with Section 409A, as determined by the Company, and (ii) reduction of any Payments that are exempt from Section 409A.

8. No Impediment to Agreement

The Executive hereby represents to the Company that the Executive is not, as of the date hereof, and will not be, during the Executive's employment with the Company, employed under contract, oral or written, by any other person, firm or entity, and is not and will not be bound by the provisions of any restrictive covenant or confidentiality agreement that would constitute an impediment to, or restriction upon, the Executive's ability to enter this Agreement and to perform the duties of the Executive's employment.

9. Confidentiality and Non-Competition Agreement

The Confidentiality and Non-Competition Agreement is incorporated by reference as if set forth fully herein. The Confidentiality and Non-Competition Agreement shall survive the termination of this Agreement and/or the Executive's employment with the Company.

10. Cooperation

The Executive hereby agrees to provide the Executive's full cooperation, at the request of the Company, with any of the Company Releases (as defined in the Release) in any and all such lawsuits, investigations or other legal, equitable or business matters or proceedings which involve any matters for which the Executive worked on or had responsibility during the Executive's employment with the Company. The Executive also agrees to be available to the Company and its representatives (including attorneys) to provide general advice or assistance as requested by the Company. This includes but is not limited to testifying (and preparing to testify) as a witness in any proceeding or otherwise providing information or reasonable assistance to the Company in connection with any investigation, claim or suit, and cooperating with the Company regarding any investigation, litigation, claims or other disputed items involving the Company that relate to matters within the knowledge or responsibility of the Executive. Specifically, the Executive agrees (i) to meet with the Company's representatives, its counsel or other designees at reasonable times and places with respect to any items within the scope of this provision; (ii) to provide truthful testimony regarding same to any court, agency or other adjudicatory body; (iii) to provide the Company with immediate notice of contact or subpoena by any non-governmental adverse party (known to the Executive to be adverse to the Company or its interests); and (iv) to not voluntarily assist any such non-governmental adverse party or such non-governmental adverse party's representatives. The Executive acknowledges and understands that the Executive's obligations of cooperation under this Section 10 are not limited in time and may include, but shall not be limited to, the need for or availability for testimony. The Executive shall receive no additional compensation for time spent assisting the Company pursuant to this Section 10 other than the compensation and benefits provided for in this Agreement, provided that the Executive shall be entitled to be reimbursed for any reasonable out-of-pocket expenses incurred in fulfilling the Executive's obligations pursuant to subsections (i) and (ii) above. Notwithstanding the foregoing, nothing in this Section 10 is intended to interfere with the Executive's No Interference rights set forth in Section 1(c) of the Confidentiality and Non-Competition Agreement.

11. Arbitration

(a) The Executive agrees that any dispute and/or claim between the Company (including without limitation its officers, directors, employees agents or shareholders and its subsidiaries) and the Executive that underlies, relates to and/or results from the Executive's employment relationship with the Company or the termination of that relationship or any of the terms of this Agreement, except for any (i) dispute or claim arising from or relating to the Confidentiality and Non-Competition Agreement, and (ii) any claim covered by the Ending Forced Arbitration of Sexual Assault and Sexual Harassment Act of 2021, that cannot be resolved by mutual agreement of the Company and the Executive will be exclusively submitted

to final, binding arbitration to the maximum extent permitted by law in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association that are then in effect. This arbitration provision includes, but is not limited to, claims of wrongful discharge, infliction of emotional distress, breach of contract (including breach of this Agreement), breach of any covenant of good faith and fair dealing, and claims of retaliation and/or discrimination in violation of any local, state or federal law. Examples of such laws include Title VII of the Civil Rights Act of 1964; the Age Discrimination in Employment Act of 1967; the Americans with Disabilities Act of 1990; and the Family and Medical Leave Act of 1993, and all amendments to each such law as well as the regulations issued thereunder. This arbitration provision does not affect the Executive's right to pursue worker's compensation or unemployment compensation benefits for which she may be eligible in accordance with state law, nor does it affect the Executive's right to file and/or to cooperate in the investigation of an administrative charge of discrimination.

(b) Notwithstanding this arbitration provision, either the Executive or the Company may apply to any court of competent jurisdiction for a temporary restraining order, preliminary injunction, or other interim or conservatory relief, as necessary, without breach of this Agreement and without abridgement of the powers of the arbitrator.

(c) This arbitration provision does not apply to any dispute or claim arising from or relating to the Confidentiality and Non-Competition Agreement.

(d) The Company, as further consideration for the Executive's agreement to arbitrate covered disputes, agrees to pay for the arbitrator's fees and other costs directly associated with the arbitration that would not otherwise be charged if the parties pursued civil litigation in court.

12. Successors; Personal Services

The services and duties to be performed by the Executive hereunder are personal and may not be assigned or delegated. This Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns, and the Executive and the Executive's heirs and representatives.

13. Notices

Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of the Executive, mailed notices shall be addressed to the Executive at the home address the Executive most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its President and Chief Executive Officer.

14. Section 409A

(a) The parties intend that this Agreement and the payments and benefits provided hereunder be exempt from the requirements of Section 409A, to the maximum extent possible, whether pursuant to the short-term deferral exception described in Treasury Regulation Section 1.409A-1(b)(4), the involuntary separation pay plan exception described in Treasury Regulation Section 1.409A-1(b)(9)(iii), or otherwise. To the extent Section 409A is applicable to this Agreement, the parties intend that this Agreement and any payments and benefits thereunder comply with the deferral, payout and other limitations and restrictions imposed under Section 409A. Notwithstanding anything herein to the contrary, this Agreement shall be interpreted, operated and administered in a manner consistent with such intentions.

(b) Without limiting the generality of the foregoing, and notwithstanding any other provision of this Agreement to the contrary:

(i) if the Executive is deemed on the date of termination to be a “specified employee” within the meaning of that term under Section 409A, then with regard to any payment that is considered a “deferral of compensation” under Section 409A payable on account of a “separation from service,” such payment shall be made on the date which is the earlier of (A) the date that is six months and one day after the date of such “separation from service” of the Executive and (B) the date of the Executive’s death (the “**Delay Period**”), to the extent required under Section 409A. Within ten business days following the expiration of the Delay Period, all payments delayed pursuant to this Section 14(b)(i) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid to the Executive in a lump sum, and all remaining payments due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for those payments in this Agreement;

(ii) to the extent that any payments or benefits under this Agreement are conditioned on a Release, if the Release is executed and delivered by the Executive to the Company and becomes irrevocable and effective within the specified 30-day post-termination period, then, subject to Section 14(b)(i) and to the extent not exempt under Section 409A, such payments or benefits shall be made or commence on the first payroll date after the date that is 60 days after the Termination Date (but, in any event, by no later than March 15 of the calendar year immediately following the calendar year that includes the Termination Date). If a payment or benefit under this Agreement is conditioned on a Release and such Release is not executed, delivered and effective by the 30th day after the Termination Date, such payment or benefit shall not be paid or provided to the Executive;

(iii) all expenses or other reimbursements under this Agreement shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by the Executive. No such reimbursement or expenses eligible for reimbursement in any taxable year shall in any way affect the expenses eligible for reimbursement in any other taxable year, and the Executive’s right to reimbursement shall not be subject to liquidation or exchange for any other benefit;

(iv) for purposes of Section 409A, the Executive's right to receive a series of installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., "payment shall be made within 30 days"), the actual date of payment within the specified period shall be within the sole discretion of the Company;

(v) in no event shall any payment under this Agreement that constitutes a "deferral of compensation" for purposes of Section 409A be offset by any other payment pursuant to this Agreement or otherwise; and

(vi) to the extent required for purposes of compliance with Section 409A, termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A, and for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service."

(c) The Company and the Executive agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions that may be necessary, appropriate, or desirable to avoid imposition of additional tax or income recognition on the Executive under Section 409A, in each case to the maximum extent permitted by applicable law. Notwithstanding any provision of this Agreement to the contrary, (i) in no event will the Company be liable for any additional tax, interest or penalty that may be imposed on the Executive by Section 409A or damages for failing to comply with Section 409A and (ii) the Executive acknowledges and agrees that the Executive will not have any claim or right of action against the Company or any of its employees, officers, directors or agents in the event it is determined that any payment or benefit provided hereunder does not comply with Section 409A.

15. Miscellaneous Provisions

(a) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Executive and by an authorized officer of the Company (other than the Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(b) Entire Agreement. This Agreement (including all exhibits) shall supersede and replace all prior agreements or understandings relating to the subject matter hereof, and no agreements, representations or understandings (whether oral or written or whether express or implied) that are not expressly set forth in this Agreement have been made or entered into by either party with respect to the relevant matters hereof. This Agreement may not be modified except expressly in a writing signed by both parties.

(c) Disclaimer of Reliance. Except for the specific representations expressly made by the Company in this Agreement, the Executive specifically disclaims that the Executive is relying upon or has relied upon any communications, promises, statements, inducements, or representation(s) that may have been made, oral or written, regarding the subject matter of this Agreement. The Executive represents that the Executive relied solely and only on the Executive's own judgment in making the decision to enter into this Agreement.

(d) Choice of Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the internal substantive laws of the State of Texas without reference to any choice of law rules.

(e) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(f) No Assignment of Benefits. The rights of any person to payments or benefits under this Agreement shall not be made subject to option or assignment, either by voluntary or involuntary assignment or by operation of law, in respect of bankruptcy, garnishment, attachment or other creditor's process, and any action in violation of this Section 15(f) shall be void.

(g) Employment Taxes. All payments made pursuant to this Agreement will be subject to withholding of all applicable income, employment and other taxes.

(h) Assignment by Company. The Company may assign its rights under this Agreement to an affiliate (as defined under the Exchange Act), and an affiliate may assign its rights under this Agreement to another affiliate of the Company or to the Company. In the case of any such assignment, the term "**Company**" when used in a section of this Agreement shall mean the corporation that actually employs the Executive.

(i) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year first above written.

BLUCORA, INC.

By: /s/ Christopher W. Walters
Name: Christopher W. Walters
Title: President and Chief Executive Officer

EXECUTIVE:

/s/ Tabitha Bailey
Tabitha Bailey

Exhibit A

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

This Confidentiality and Non-Competition (“**Agreement**”) is entered into by and between Blucora, Inc., its subsidiaries, affiliates, successors and/or assigns (the “**Company**”) and Tabitha Bailey (“**Executive**”). The Effective Date of this Agreement is the date of Executive’s execution of this Agreement. The Company and Executive shall be referred to herein individually as a “**Party**” and collectively as the “**Parties**.”

NOW, THEREFORE, in consideration of the mutual covenants set forth herein, Executive’s position with the Company, the Confidential Information (defined below), compensation and benefits provided to Executive, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

1. **Confidential Information and Executive’s Non-Disclosure Agreement.**

(a) **Confidential Information.** During Executive’s employment with the Company, the Company shall provide Executive with Confidential Information (defined below), which is not known to the Company’s competitors or within the Company’s industry generally, which was developed by the Company over a long period of time and/or at its substantial expense, and which is of great competitive value to the Company. For purposes of this Agreement, “**Confidential Information**” includes all documents or information, in whatever form or medium, concerning or relating to any of the following: all trade secrets and confidential and proprietary information of or relating to the Company, including, but not limited to: (A) financial models, business records, business plans or processes, strategies (including, without limitation, economic and market research selection and analysis strategies and business development and market segment exploitation strategies), tactics, policies, resolutions, processes, inventions, patents, trademarks, trade secrets, know how, patent or trademark applications and other intellectual property, (B) information regarding litigation or negotiations, (C) any marketing information, sales or product plans, prospects and market research data relating to the business, (D) financial information, cost and performance data and any debt arrangements, equity ownership or securities transaction information, (E) technical information, technical drawings and designs, (F) personnel information, personnel lists, resumes, personnel data, organizational structure, compensation and performance evaluations, (G) customer, consumer, consultants or supplier information, including but not limited to any data regarding any current, prospective or former customers, consumers, consultants or suppliers of Company, (H) information regarding the existence or terms of any agreement or relationship between the Company or any of its subsidiaries or affiliates and any other party, (I) information subject to Section 628 of the Fair Credit Reporting Act and any regulations or guidelines thereunder and (J) any other information of whatever nature, including, without limitation, information which gives to the Company or any of its subsidiaries or affiliates an opportunity to obtain an advantage over its competitors who or which do not have access to such information. Confidential Information, whether prepared or compiled by Executive and/or the Company or furnished to Executive during Executive’s employment with the Company, shall be the sole and exclusive property of the

Company, and none of such Confidential Information or copies thereof, shall be retained by Executive. Executive agrees not to dispute, contest, or deny any such ownership rights either during or after Executive's employment with the Company. Executive acknowledges that the Company does not voluntarily disclose Confidential Information, but rather takes precautions to prevent dissemination of Confidential Information beyond those employees such as Executive entrusted with such information. Executive further acknowledges that the Confidential Information: (a) is entrusted to Executive because of Executive's position with the Company; and (b) is of such value and nature as to make it reasonable and necessary for Executive to protect and preserve the confidentiality and secrecy of the Confidential Information. Executive acknowledges and agrees that the Confidential Information is proprietary to and a trade secret of the Company and, as such, is a valuable, special and unique asset of the Company, the unauthorized use or disclosure of which will cause irreparable harm, substantial injury and loss of profits and goodwill to the Company. "**Confidential Information**" does not include any information which is generally available to and known by the public or becomes generally available to and known by the public (other than as a result of Executive's breach of this Agreement or any other agreement or obligation to keep such information confidential).

(b) Non-Disclosure.

(i) Executive agrees to preserve and protect the confidentiality of all Confidential Information. Executive agrees that during the period of Executive's employment with the Company and at any time thereafter (regardless of the reason for Executive's separation or termination of employment): (A) Executive shall hold all Confidential Information in the strictest confidence, take all reasonable precautions and steps to safeguard all Confidential Information and prevent its wrongful use by or wrongful or inadvertent disclosure or dissemination to any unauthorized person or entity, and follow all policies and procedures of the Company protecting or regarding the Confidential Information; and (B) without prior written authorization of the Company, Executive shall not, directly or indirectly, use for Executive's own account, use in any way or for any other purpose, disclose to anyone, publish, exploit, destroy, copy or remove from the offices of the Company, nor solicit, allow or assist another person or entity to use, disclose, publish, exploit, destroy, copy or remove from the offices of the Company, any Confidential Information or part thereof, except: (1) as permitted in the proper performance of Executive's duties for the Company; (2) as permitted in the ordinary course of the Company's business for the benefit of the Company; or (3) as otherwise permitted or required by law. Executive shall immediately notify the Company if Executive learns of or suspects any actual or potential unauthorized use or disclosure of Confidential Information concerning the Company. Further, the Executive shall not, directly or indirectly, use the Company's Confidential Information to: (1) call upon, solicit business from, attempt to conduct business with, conduct business with, interfere with or divert business away from any customer, client, service provider, supplier or vendor of the Company with whom or which the Company conducted business; and/or (2) recruit, solicit, hire or attempt to recruit, solicit, or hire, directly or by assisting others, any persons employed by the Company. In the event Executive is subpoenaed, served with any legal process or notice, or otherwise requested to produce or divulge, directly or indirectly, any Confidential Information by any entity, agency or person in any formal or informal proceeding including, but not limited to, any interview, deposition,

administrative or judicial hearing and/or trial, except where prohibited by law, Executive should immediately notify the Company and deliver a copy of the subpoena, process, notice or other request to the Company as promptly as possible, but under no circumstances more than ten (10) days following Executive's receipt of same; provided, however, Executive is not required to notify the Company or provide a copy of the subpoena, process, notice or other request where Executive is permitted to make such disclosure of Confidential Information pursuant to this Agreement or applicable law or regulation, as set forth in Section 1(c) and Section 1(d).

(ii) Subject to Section 1(b)(iii), Executive agrees that Executive will not use or disclose any confidential, proprietary or trade secret information belonging to any former employer or third party, and Executive will not bring onto the premises of the Company or onto any Company property, any confidential, proprietary or trade secret information belonging to any former employer or third party without such third party's written consent. Executive acknowledges that that the Company has specifically instructed Executive not to disclose to the Company, use, or induce the Company to use, any confidential, proprietary or trade secret information belonging to any previous employer or others.

(iii) During Executive's employment, the Company will receive from third parties their confidential and/or proprietary information, subject to a duty on the Company's part to maintain the confidentiality of and to use such information only for certain limited purposes. Executive agrees to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person or organization or to use it except as necessary in the course of Executive's employment with the Company and in accordance with the Company's agreement with such third party.

(iv) Except in the proper performance of Executive's duties and responsibilities, Executive agrees that Executive shall not remove, destroy, deface, damage or delete any Property of the Company. For purposes of this Agreement, the term "**Property**" means all property or information, in whatever form or media, and all copies thereof whether or not the original was deleted or destroyed, of the Company, including, without limitation, any Confidential Information, software, hardware, including any and all Company-issued equipment, devices, cellular telephones, tablets, computers, laptops, hard drives, keys, access cards, access codes or passwords belonging to the Company, databases, files, records, reports, memoranda, research, plans, proposals, lists, forms, drawings, specifications, notebooks, manuals, correspondence, materials, e-mail, electronic or magnetic recordings or data, and any other physical or electronic documents that Executive receives from or sends to any employee of the Company, that Executive copies from the files or records of the Company, or that Executive otherwise has access to during Executive's employment.

(c) No Interference. Notwithstanding any other provision of this Agreement, (i) Executive may disclose Confidential Information when required to do so by a court of competent jurisdiction, by any governmental agency having authority over Executive or the business of the Company or by any administrative body or legislative body (including a committee thereof) with jurisdiction to order Executive to divulge, disclose or make accessible such information; and (ii) nothing in this Agreement is intended to interfere with Executive's

right to (A) report possible violations of state or federal law or regulation to any governmental or law enforcement agency or entity; (B) make other disclosures that are protected under the whistleblower provisions of state or federal law or regulation; (C) file a claim or charge with any governmental agency or entity; or (D) testify, assist, or participate in an investigation, hearing, or proceeding conducted by any governmental or law enforcement agency or entity, or any court. For purposes of clarity, in making or initiating any such reports or disclosures or engaging in any of the conduct outlined in subsection (ii) above, Executive may disclose Confidential Information to the extent necessary to such governmental or law enforcement agency or entity or such court, need not seek prior authorization from the Company, and is not required to notify the Company of any such reports, disclosures or conduct.

(d) Defend Trade Secrets Act. Executive is hereby notified in accordance with the Defend Trade Secrets Act of 2016 that Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding.

(e) Inventions.

(i) Prior Inventions Retained and Licensed. In Exhibit A-1 to this Agreement, Executive has provided a list describing all Inventions (defined below) that Executive: (A) conceived, created, developed, made, reduced to practice or completed, either alone or with others, prior to Executive's employment with the Company; (B) claims a proprietary right or interest in; and (C) does not assign to the Company hereunder (collectively referred to as the "**Prior Inventions**"). If no such list is attached, Executive represents that there are no such Prior Inventions. Executive understands and agrees that the Company makes no attempt to verify Executive's claim of ownership to any of the Prior Inventions. Executive agrees that Executive shall not incorporate in any work that Executive performs for the Company any Prior Inventions or any of the technology described in any Prior Inventions. Nonetheless, if in the course of Executive's employment with the Company, Executive incorporates Prior Inventions into a product, service, process or machine of the Company, Executive hereby grants and shall be deemed to have granted the Company a nonexclusive, royalty-free, irrevocable, sublicensable, transferable, perpetual, and worldwide license to make, have made, modify, use, import, reproduce, distribute, prepare and have prepared derivative works of, offer to sell, sell and otherwise exploit such Prior Inventions. For purposes of this Agreement, the term "**Inventions**" means all tangible and intangible materials, work product, information, methods, designs, computer programs, software, databases, formulas, models, prototypes, reports, discoveries, ideas, improvements, know-how, compositions of matter, processes, photographs, drawings, illustrations, sketches, developments, and all related intellectual property, including inventions, original works of authorship, moral rights, mask works, trade secrets and trademarks.

(ii) Assignment of Inventions. During Executive's employment with the Company and following the termination of Executive's employment for any reason, Executive agrees that Executive shall promptly make full written disclosure to the Company, shall hold in

trust for the sole right and benefit of the Company, and hereby assigns and shall be deemed to have assigned to the Company or its designee, all of Executive's right, title, and interest in and to any and all Inventions that have been or may be conceived, created, developed, completed, reduced to practice or otherwise made by Executive, solely or jointly with others, during the period of Executive's employment with the Company which (A) relate in any manner to the existing or contemplated business, work, or investigations of the Company; (B) are suggested by, result from, or arise out of any work that Executive may do for or on behalf of the Company; (C) result from or arise out of any Confidential Information that may have been disclosed or otherwise made available to Executive as a result of duties assigned to Executive by the Company; or (D) are otherwise made through the use of the time, information, equipment, facilities, supplies or materials of the Company, even if developed, conceived, reduced to practice or otherwise made during other than working hours (collectively referred to as "***Company Inventions***"). Executive further acknowledges that all original works of authorship that are made by Executive (solely or jointly with others) within the scope of Executive's employment with the Company and that are protectable by copyright are "***Works Made for Hire***," as that term is defined in the United States Copyright Act. Executive understands and agrees that the decision whether or not to commercialize or market any Company Inventions is within the Company's sole discretion and for the Company's sole benefit, and that no royalty will be due to Executive as a result of the Company's efforts to commercialize or market any such Company Invention.

(iii) Maintenance of Records. Executive agrees to keep and maintain adequate and current hard-copy and electronic records of all Company Inventions. The records will be available to and remain the sole property of the Company during Executive's employment with the Company and at all times thereafter.

(f) Patent and Copyright Registrations. Executive agrees to assist the Company or its designee, at the Company's expense, in every proper way to secure the Company's rights in Company Inventions in any and all countries, including the disclosure to the Company of all pertinent information and data with respect thereto, the execution of all applications, specifications, oaths, assignments, affidavits, and all other instruments which the Company shall deem necessary in order to apply for and obtain such rights and in order to assign and convey to the Company and/or its successors, assigns and nominees, the sole and exclusive rights, title and interest in and to such Company Inventions. Executive further agrees that Executive's obligation to execute or cause to be executed, when it is in Executive's power to do so, any such instrument or papers shall continue after the termination of this Agreement. Executive hereby appoints the General Counsel of the Company as Executive's attorney-in-fact to execute documents on Executive's behalf for this purpose. Executive agrees that this appointment is coupled with an interest and will not be revocable.

(g) Return of Company Property. Upon request by the Company or upon the termination of Executive's employment for any reason, Executive shall immediately return and deliver to the Company any and all Property, including, without limitation, Confidential Information, software, hardware, including any and all Company-issued equipment, devices, cellular telephones, tablets, computers, laptops, hard drives, keys, access cards, access codes or

passwords, databases, files, documents, records, reports, memoranda, research, plans, proposals, lists, papers, books, forms, drawings, specifications, notebooks, manuals, correspondence, materials, e-mail, electronic or magnetic recordings or data, including all copies thereof (in electronic or hard copy format), which belong to the Company or which relate to the Company's business and which are in Executive's possession, custody or control, whether prepared by Executive or others. Executive further agrees that after Executive provides such Property to the Company, Executive will immediately destroy any information or documents, whether prepared by Executive or others, containing or reflecting any Confidential Information or relating to the business of the Company from any computer, cellular phone or other digital or electronic device in Executive's possession, custody or control, and Executive shall certify such destruction in writing to the Company. Upon request by the Company, Executive shall provide such computer, cellular phone or other digital or electronic device to the Company or the Company's designee for inspection to confirm that such information and documents have been destroyed. If at any time after the termination of Executive's employment for any reason, Executive or the Company determines that Executive has any Property in Executive's possession, custody or control, Executive shall immediately return all such Property, including all copies and portions thereof, to the Company.

2. Restrictive Covenants. In consideration for (i) the Company's promise to provide Confidential Information; (ii) the substantial economic investment made by the Company in the Confidential Information and goodwill of the Company, and/or the business opportunities disclosed or entrusted to Executive; (iii) access to the customers and clients of the Company; and (iv) the Company's employment of Executive in an executive position and the compensation and other benefits provided by the Company to Executive, to protect the Confidential Information and business goodwill of the Company, Executive agrees to the following restrictive covenants.

(a) **Non-Competition.** Executive agrees that during the Executive's employment with the Company and for a period of twelve (12) months after the Executive's employment terminates for any reason (the "***Restricted Period***"), other than in connection with Executive's performance of her duties for the Company, Executive shall not, and shall not use any Confidential Information to, without the prior written consent of an officer of the Company, directly or indirectly, either individually or as a principal, partner, stockholder, manager, agent, consultant, contractor, distributor, employee, lender, investor, or as a director or officer of any corporation or association, or in any other manner or capacity whatsoever, (i) control, manage, operate, establish, take steps to establish, lend money to, invest in, solicit investors for, or otherwise provide capital to, or (ii) become employed by, join, perform services for, consult for, do business with or otherwise engage in any Competing Business within the Restricted Area. For purposes of this Consulting Agreement, given the scope of Confidential Information to be provided to Executive and job duties to be performed by the Executive, "***Restricted Area***" means the United States, and any other geographic area for which Executive performed any services or about which Executive received Confidential Information. For purposes of this Agreement, "***Competing Business***" means any business, individual, partnership, firm, corporation or other entity that is competing or that is preparing to compete with any aspect of the Company's business, which includes, but is not limited to (a) investment and insurance products or services,

and related advice and brokerage services, provided to or through tax professionals or in conjunction with tax preparation services, (b) providing tax advice, enabling the provision of tax advice or using tax relationships or data to inform or enable the provision of investment advice and guidance and (c) any other business the Company engages in or develops during the Employee's employment with the Company.

(b) Non-Solicitation. During the Restricted Period, other than in connection with Executive's duties for the Company, Executive shall not, and shall not use any Confidential Information to, directly or indirectly, either as a principal, manager, agent, employee, consultant, officer, director, stockholder, partner, investor or lender or in any other capacity, and whether personally or through other persons, (i) solicit business, or attempt to solicit business, from any partner, affiliate firm, investment advisor, Customer or Prospective Customer, (ii) interfere with, or attempt to interfere with, the Company's relationship, contracts or business with any partner, investment advisor, affiliate firm, Customer or Prospective Customer, or (iii) induce or persuade in any manner, or attempt to induce or persuade, any partner, investment advisor, affiliate firm, Customer or Prospective Customer to curtail or cancel any business or contracts with the Company. For purposes of this Agreement, "**Customer or Prospective Customer**" means any customer or prospective customer with whom the Company did business or who the Company solicited within the preceding two years. This restriction applies only to business which is in the scope of services or products provided by the Company.

(c) Non-Recruitment. During the Restricted Period, other than in connection with Executive's duties for the Company, Executive shall not, on behalf of Executive or on behalf of any other person or entity, directly or indirectly, hire, solicit or recruit, or attempt to hire, solicit or recruit, or encourage to leave or otherwise cease his/her employment or engagement with the Company, any individual who is an employee, independent contractor affiliate firm or advisor of the Company or who was an employee, independent contractor affiliate firm or advisor of the Company within the twelve (12) month period prior to Executive's separation from employment with the Company.

(d) Non-Disparagement. Executive agrees that the Company's goodwill and reputation are assets of great value to the Company, which have been obtained and maintained through great costs, time and effort. Therefore, Executive agrees that during Executive's employment and after the termination of Executive's employment, Executive shall not make, publish or otherwise transmit any disparaging, defamatory or libelous statements, whether written or oral, regarding the Company (including its subsidiaries) and its officers, directors, executives, employees, contractors, affiliate firms, investment advisors, consultants, products, services, business or business practices. A violation or threatened violation of this Section 2(d) may be enjoined by the courts. The rights afforded the Company under this provision are in addition to any and all rights and remedies otherwise afforded by law. However, nothing in this Section 2(d) restricts or prevents Executive from providing truthful testimony as required by court order or other legal process or is intended to interfere with Executive's rights set forth in Section 1(c).

(e) **Tolling.** If Executive violates any of the covenants contained in this Section 2, the Restricted Period applicable to such covenant(s) shall be suspended and shall not run in favor of Executive from the time of the commencement of such violation until the time that Executive cures the violation to the satisfaction of the Company and the period of time in which Executive is in breach shall be added to the Restricted Period applicable to such covenant(s).

3. Reasonableness. Executive hereby represents to the Company that Executive has read and understands, and agrees to be bound by, the terms of Section 1 and Section 2. Executive acknowledges that the scope and duration of the restrictions and covenants contained in Section 1 and Section 2 are fair and reasonable in light of (i) the nature and scope of the operations of the Company's business; and (ii) the amount of compensation and Confidential Information (including, without limitation, trade secrets) that Executive is receiving in connection with Executive's employment with the Company. It is the desire and intent of the Parties that the provisions of Section 1 and Section 2 be enforced to the fullest extent permitted under applicable law, whether now or hereafter in effect and therefore, to the extent permitted by applicable law, Executive and the Company hereby waive any provision of applicable law that would render any provision of Section 1 and/or Section 2 invalid or unenforceable.

4. Remedies. Executive acknowledges that the restrictions and covenants contained in Section 1 and Section 2, in view of the nature of the Company's business and Executive's position with the Company, are reasonable and necessary to protect the Company's legitimate business interests, goodwill and reputation, and that any violation of Section 1 and Section 2 would result in irreparable injury and continuing damage to the Company, and that money damages would not be a sufficient remedy to the Company for any such breach or threatened breach. Therefore, Executive agrees that the Company shall be entitled to a temporary restraining order and injunctive relief restraining Executive from the commission of any breach or threatened breach of Section 1 and/or Section 2, without the necessity of establishing irreparable harm or the posting of a bond, and to recover from Executive damages incurred by the Company as a result of the breach, as well as the Company's attorneys' fees, costs and expenses related to any breach or threatened breach of this Agreement and enforcement of this Agreement. Nothing contained in this Agreement shall be construed as prohibiting the Company from pursuing any other remedies available to it for any breach or threatened breach, including, without limitation, the recovery of money damages, attorneys' fees, and costs. The existence of any claim or cause of action by Executive against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the restrictions or covenants contained in Section 1 or Section 2, or preclude injunctive relief.

5. Business Opportunities. Executive, without further compensation, assigns and agrees to assign to the Company and its successors, assigns or designees, all of Executive's right, title and interest in and to all Business Opportunities (defined below), and further acknowledges and agrees that all Business Opportunities constitute the exclusive property of the Company. Executive shall present all Business Opportunities to the Company, and shall not exploit a Business Opportunity. For purposes of this Agreement, "**Business Opportunities**" means all business ideas, prospects, or proposals pertaining to any aspect of the Company's business and any business the Company prepared to conduct or contemplated conducting during Executive's

employment with the Company, which are developed by Executive or originated by any third party and brought to the attention of Executive, together with information relating thereto. For the avoidance of doubt, this Section 5 is not intended to limit or narrow Executive's duties or obligations under federal or state law with respect to corporate opportunities.

6. Conflicting Activities. Executive agrees that, during Executive's employment with the Company, Executive shall not engage in any employment, consulting relationship, business or other activity that (i) is in any way competitive with the business or proposed business of the Company (except that Executive may invest less than one percent (1%) of the shares of a company traded on a registered stock exchange); (ii) conflicts with Executive's duty of loyalty, responsibilities or obligations to the Company or interferes with the independent exercise of Executive's judgment in the Company's best interests; or (iii) adversely affects the performance of Executive's job duties and responsibilities with the Company. Executive agrees to not assist any other person or organization in competing with the Company or in preparing to engage in competition with the Company or proposed business of the Company. Executive further agrees that, during Executive's employment with the Company, Executive shall not actively engage in any other employment, occupation or consulting activity for any direct or indirect remuneration without the prior approval of Executive's direct supervisor or the Company's Legal Department. Executive has listed on the Company's Outside Activity Disclosure form, attached hereto as Exhibit A-1, any business activities or ventures with which Executive is involved. If no such list is attached, Executive represents that there are no such outside activities as of the date of this Agreement.

7. Breach Executive acknowledges that Executive is subject to immediate dismissal by the Company for any breach of this Agreement and that such a dismissal will not relieve Executive from any continuing obligations under this Agreement or from the imposition by a court of any judicial remedies, including, without limitation, money damages and/or injunctive relief for such breach.

8. Notice. If Executive, in the future, seeks or is offered employment, or any other position or capacity with another company, entity or person, Executive agrees to inform each such company, entity or person of the existence of the restrictions in Section 1 and Section 2. The Company shall be entitled to advise such company, entity or person and third parties of the provisions of Section 1 and Section 2 and to otherwise deal with such company, entity, person or third party to ensure that the provisions of Section 1 and Section 2 are enforced and duly discharged.

9. Reformation. The Company and Executive agree that in the event any of the terms, provisions, covenants or restrictions contained in this Agreement, or any part thereof, shall be held by any court of competent jurisdiction to be effective in any particular area or jurisdiction only if said term, provision, covenant or restriction is modified to limit its duration or scope, then the court shall have such authority to so reform the term, provision, covenant or restriction and the Parties hereto shall consider such term, provision, covenant or restriction to be amended and modified with respect to that particular area or jurisdiction so as to comply with the order of any such court and, as to all other jurisdictions, the term, provision, covenant or

restriction contained herein shall remain in full force and effect as originally written. By agreeing to this contractual modification prospectively at this time, the Company and Executive intend to make Section 1 and Section 2 enforceable under the law or laws of all applicable jurisdictions so that the restrictive covenants in their entirety and this Agreement as prospectively modified shall remain in full force and effect and shall not be rendered void or illegal.

10. Severability. In the event any court of competent jurisdiction or any foreign, federal, state, county or local government or any other governmental regulatory or administrative agency or authority holds any provision of this Agreement to be invalid, illegal or unenforceable, such invalid, illegal or unenforceable portion(s) shall be limited or excluded from this Agreement to the minimum extent required, and the remaining provisions shall not be affected or invalidated and shall remain in full force and effect.

11. Binding Effect of Agreement and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, successors, legal representatives and permitted assigns. Executive may not assign this Agreement to a third party. The Company may assign its rights, together with its obligations hereunder, to any affiliate and/or subsidiary of the Company or any successor thereto or any purchaser of substantially all of the assets of the Company, without Executive's consent and without advance notice.

12. Survival. Executive agrees that Executive's obligations under this Agreement shall continue in effect after the termination of Executive's employment, regardless of the reason(s) for termination, and whether such termination is voluntary or involuntary.

13. Waiver. The failure of either Party to insist in any one or more instances upon performance of any terms or conditions of this Agreement shall not be construed as a waiver of future performance of any such term, covenant or condition, but the obligations of either Party with respect thereto shall continue in full force and effect. No waiver of any breach of this Agreement shall be construed to be a waiver as to succeeding breaches and no waiver of any provisions of this Agreement shall constitute a waiver of any other provision of this Agreement. The breach by one Party to this Agreement shall not preclude equitable relief, injunctive relief or the obligations in Section 1 or Section 2.

14. Controlling Law. This Agreement shall be governed by and construed under the laws of the State of Texas, without regard to any applicable conflict of law or choice of law rules.

15. Venue. Venue of any dispute arising out of, in connection with or in any way related to this Agreement shall be in a state district court of competent jurisdiction in Dallas County, Texas, or the United States District Court for the Northern District of Texas. Executive consents to personal jurisdiction of the state district courts of Dallas County, Texas and to the United States District Court for the Northern District of Texas for any dispute arising out of, in connection with or in any way related to this Agreement, and agrees that Executive shall not challenge personal jurisdiction in such courts. Executive waives any objection that Executive may now or hereafter have to the venue or jurisdiction of any proceeding in such courts or that

any such proceeding was brought in an inconvenient forum (and agrees not to plead or claim the same).

16. WAIVER OF JURY TRIAL. WITH RESPECT TO ANY DISPUTE BETWEEN EXECUTIVE AND THE COMPANY ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS AGREEMENT, EMPLOYEE AGREES TO RESOLVE SUCH DISPUTE(S) BEFORE A JUDGE WITHOUT A JURY. EMPLOYEE HAS KNOWLEDGE OF THIS PROVISION, AND WILL PROVIDE SERVICES TO THE COMPANY THEREAFTER, HEREBY WAIVING EXECUTIVE'S RIGHT TO TRIAL BY JURY AND AGREES TO HAVE ANY DISPUTE(S) ARISING BETWEEN THE COMPANY AND EXECUTIVE ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS AGREEMENT RESOLVED BY A JUDGE OF A COMPETENT COURT IN DALLAS COUNTY, TEXAS, SITTING WITHOUT A JURY.

17. Entire Agreement. The Employment Agreement dated January 24, 2023 including all exhibits (the "Employment Agreement") and this Agreement shall supersede and replace all prior agreements or understandings relating to the subject matter thereof and hereof, and no agreements, representations or understandings (whether oral or written or whether express or implied) that are not expressly set forth in the Employment Agreement or this Agreement have been made or entered into by either party with respect to the relevant matters hereof; provided, however, that nothing in this Agreement shall limit or release the Executive from any other obligation regarding confidentiality, intellectual or other property, or post-employment competitive activities that the Executive has or may have to the Company, including but not limited to obligations under other agreement with the Company, any applicable law or regulation or the Company's policies and procedures. Except as otherwise provided in Section 9 and Section 10 above, this Agreement may not be modified except expressly in a writing signed by both parties.

18. Disclaimer of Reliance. Except for the specific representations expressly made by the Company in this Agreement, Executive specifically disclaims that Executive is relying upon or has relied upon any communications, promises, statements, inducements, or representation(s) that may have been made, oral or written, regarding the subject matter of this Agreement. Executive represents that Executive relied solely and only on Executive's own judgment in making the decision to enter into this Agreement.

19. Voluntary Agreement. Executive (i) acknowledges that Executive has read and understands the terms of this Agreement and believes them to be reasonable, (ii) agrees that the consideration provided by the Company for this Agreement is reasonable, and (iii) is voluntarily executing this Agreement as signified by Executive's signature hereto,.

20. Execution in Multiple Counterparts. This Agreement may be executed in multiple counterparts, whether or not all signatories appear on these counterparts, and each counterpart shall be deemed an original for all purposes.

[Signature Page Follows]

The signatures below indicate that the Parties have read, understand and will comply with this Agreement.

EXECUTIVE:

Signature: /s/ Tabitha Bailey

Printed Name: Tabitha Bailey

Date: January 26, 2023

THE COMPANY:

Blucora, Inc.

Signature: /s/ Christopher W. Walters

Printed Name: Christopher W. Walters

Title: President and Chief Executive Officer

Date: January 26, 2023

T A-1
LIST OF PRIOR INVENTIONS

Title	Date	Identifying Number or Brief Description

☐ No Inventions

☐ Additional Sheets Attached

/s/ Tabitha Bailey
Signature of Employee

Tabitha Bailey
Print Name of Employee

January 26, 2023
Date

EXHIBIT A-2
OUTSIDE ACTIVITIES DISCLOSURE

Exhibit B

GENERAL RELEASE OF ALL CLAIMS

This General Release and Waiver of Claims (this “**Release**”) is executed by Tabitha Bailey (“**Executive**”) and Blucora, Inc. (the “**Company**”) as of the date set forth below, and will become effective as of the “**Effective Date**” as defined below. This Release is in consideration of severance benefits to be paid to Executive by the Company pursuant to the Employment Agreement between Executive and the Company dated as of, 2023 (the “**Employment Agreement**”). Execution of this Release without revocation by Executive will satisfy the requirement, set forth in Section 6(e) of the Employment Agreement, that Executive execute a general release and waiver of claims in order to receive severance benefits pursuant to the Employment Agreement.

1. Termination of Employment

Executive acknowledges that her employment with the Company and any of its subsidiaries (collectively, the “**Company Group**”) and any and all appointments she held with any member of the Company Group, whether as officer, director, employee, consultant, agent or otherwise, terminated as of _____ (the “**Termination Date**”). Effective as of the Termination Date, Executive has not had or exercised or purported to have or exercise any authority to act on behalf of the Company or any other member of the Company Group, nor will Executive have or exercise or purport to have or exercise such authority in the future.

2. Consideration

The Company shall pay Executive the severance benefits pursuant to the Employment Agreement. The Parties agree that but for signing this Release, Executive would not be entitled to the severance benefits set forth in the Employment Agreement. The severance benefits are adequate to make this Release final and binding, and are in addition to payments and benefits to which Executive would otherwise be entitled to as an employee or former employee of the Company.

3. Waiver and Release

(a) Executive, for and on behalf of herself and her heirs and assigns, hereby waives and releases any common law, statutory or other complaints, claims, charges or causes of action arising out of or relating to Executive’s employment or termination of employment with, or Executive’s serving in any capacity in respect of any member of the Company Group (collectively, “**Claims**”). The Claims waived and released by this Release include any and all Claims, whether known or unknown, whether in law or in equity, which Executive may now have or ever had against any member of the Company Group or any shareholder, employee, officer, director, agent, attorney, representative, trustee, administrator or fiduciary of any member of the Company Group (collectively, the “**Company Releasees**”) up to and including the date of Executive’s execution of this Agreement. The Claims waived and released by this Release include, without limitation, any and all Claims arising out of Executive’s employment

with the Company Group under, by way of example and not limitation, the Age Discrimination in Employment Act of 1967 (“**ADEA**”, a law which prohibits discrimination on the basis of age against persons age 40 and older), the National Labor Relations Act, the Civil Rights Act of 1991, the Americans With Disabilities Act of 1990, Title VII of the Civil Rights Act of 1964, the Employee Retirement Income Security Act of 1974, the Family Medical Leave Act, the Securities Act of 1933, the Securities Exchange Act of 1934, and the Texas Labor Code Chapter 21, all as amended, and all other federal, state and local statutes, ordinances, regulations and the common law, and any and all Claims arising out of any express or implied contract, except as described in Paragraphs 2(b) and 2(c) below.

(b) The waiver and release set forth in this Section 3 is intended to be construed as broadly and comprehensively as applicable law permits. The waiver and release shall not be construed as waiving or releasing any claim or right that as a matter of law cannot be waived or released, including Executive’s right to file a charge with the Equal Employment Opportunity Commission or other government agency.

(c) Notwithstanding anything else in this Release, Executive does not waive or release claims with respect to:

(i) Executive’s entitlement, if any, to severance benefits pursuant to the Employment Agreement;

(ii) vested benefits or payments specifically to be provided to the Executive pursuant to the Employment Agreement or any Company employee benefit plans or policies;

(iii) indemnification pursuant to any applicable provision of the Company’s Bylaws or Certificate of Incorporation, as amended, pursuant to any written indemnification agreement between the Executive and the Company, or pursuant to applicable law;

(iv) any claims which the Executive may have solely by virtue of the Executive’s status as a shareholder of the Company; or

(v) unemployment compensation to which Executive may be entitled under applicable law.

(d) Executive represents and warrants that she is the sole owner of the actual or alleged Claims that are released hereby, that the same have not been assigned, transferred, or disposed of in fact, by operation of law, or in any manner, and that she has the full right and power to grant, execute and deliver the releases, undertakings, and agreements contained herein.

(e) Subject to Section 4, Executive represents that Executive has not filed any complaints, charges or lawsuits against the Company with any governmental agency or any court based on Claims that are released and waived by this Release.

4. No Interference

Nothing in this Agreement is intended to interfere with Executive's right to report possible violations of federal, state or local law or regulation to any governmental or law enforcement agency or entity, or to make other disclosures that are protected under the whistleblower provisions of federal, state or local law or regulation. Executive further acknowledges that nothing in this Agreement is intended to interfere with Executive's right to file a claim or charge with, or testify, assist, or participate in an investigation, hearing, or proceeding conducted by, the Equal Employment Opportunity Commission (the "**EEOC**"), any state human rights commission, or any other government agency or entity. However, by executing this Agreement, Executive hereby waives the right to recover any damages or benefits in any proceeding Executive may bring before the EEOC, any state human rights commission, or any other government agency or entity or in any proceeding brought by the EEOC, any state human rights commission, or any other government agency or entity on Executive's behalf with respect to any claim released in this Agreement *except that* Executive may receive bounty money awarded by the U.S. Securities and Exchange Commission pursuant to Section 21F of the Securities Exchange Act of 1934 or any similar provision.

5. No Admission of Wrongdoing

This Release shall not be construed as an admission by either party of any wrongful or unlawful act or breach of contract.

6. Legal Disclosure

Subject to Section 4, by signing this Agreement, Executive warrants and represents that Executive has reported to Human Resources or Legal all pending and/or threatened legal proceedings of any kind involving or relating to the Company that Executive became aware of during Executive's tenure with the Company. Executive further warrants and represents that Executive has reported to Human Resources or Legal any alleged violations of law (including alleged securities violations) by the Company that Executive became aware of during Executive's tenure with the Company.

7. Binding Agreement; Successors and Assigns

This Release binds Executive's heirs, administrators, representatives, executors, successors, and assigns, and will inure to the benefit of the respective heirs, administrators, representatives, executors, successors, and assigns of any person or entity as to whom the waiver and release set forth in Section 3 applies.

8. Other Agreements

This Release does not supersede or modify in any way Executive's continuing obligations pursuant to the Employment Agreement or the Confidentiality and Non-Competition Agreement (Exhibit A thereto) or the dispute resolution provisions of the Employment Agreement.

9. Knowing and Voluntary Agreement; Consideration and Revocation Periods

(a) Executive acknowledges that Executive has been given twenty-one (21) calendar days from the date of receipt of this Release to consider all of the provisions of this Release and that if Executive signs this Release before the 21-day period has ended she knowingly and voluntarily waives some or all of such 21-day period.

(b) Executive represents that (i) Executive has read this Release carefully, (ii) Executive has hereby been advised by the Company to consult an attorney of her choice and has either done so or voluntarily chosen not to do so, (iii) Executive fully understands that by signing below she is giving up certain rights which she might otherwise have to sue or assert a claim against any of the Company Releasees, and (iv) Executive has not been forced or pressured in any manner whatsoever to sign this Release, and agrees to all of its terms voluntarily.

(c) Executive shall have seven (7) calendar days from the date of her execution of this Release (the “**Revocation Period**”) in which Executive may revoke this Release. Such revocation must be in writing and delivered, prior to the expiration of the Revocation Period, to the attention of the Company’s Chief Executive Officer at the Company’s then-current headquarters address. If Executive revokes this Release during the Revocation Period, then the Release shall be null and void and without effect.

10. Disclaimer of Reliance

Except for the specific representations expressly made by the Company in the Employment Agreement, Executive specifically disclaims that Executive is relying upon or has relied upon any communications, promises, statements, inducements, or representation(s) that may have been made, oral or written, regarding the subject matter of this Release. Executive represents that Executive relied solely and only on Executive’s own judgment in making the decision to enter into this Release.

11. Execution in Multiple Counterparts

This Release may be executed by the parties in multiple counterparts, whether or not all signatories appear on these counterparts (including via electronic signatures and exchange of PDF documents via email), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

12. Effective Date

The Effective Date of this Release will be day after the Revocation Period expires without revocation by Executive.

[Signature Page Follows]

EXECUTIVE HAS ELECTED FREELY AND VOLUNTARILY TO EXECUTE THIS RELEASE, TO FULFILL THE PROMISES SET FORTH IN THE EMPLOYMENT AGREEMENT, AND TO RECEIVE THEREBY THE PAYMENT AND OTHER CONSIDERATION DESCRIBED IN THE EMPLOYMENT AGREEMENT. EXECUTIVE UNDERSTANDS THAT, BY SIGNING THIS RELEASE, EXECUTIVE IS AGREEING TO WAIVE AND SETTLE T H E RELEASED CLAIMS H E R E I N THAT EXECUTIVE HAS OR MIGHT HAVE AGAINST THE COMPANY, INCLUDING CLAIMS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT. EXECUTIVE’S SIGNATURE BELOW MEANS THAT EXECUTIVE HAS READ THE RELEASE AND UNDERSTANDS AND AGREES THAT EXECUTIVE IS RELEASING ALL CLAIMS AND AGREES AND CONSENTS TO THE TERMS AND CONDITIONS OF THIS EMPLOYMENT AGREEMENT AND THIS RELEASE.

EXECUTIVE:

Signature:	<u>/s/ Tabitha Bailey</u>
Printed Name:	<u>Tabitha Bailey</u>
Date:	<u>January 26, 2023</u>

THE COMPANY:

Blucora, Inc.:

Signature:	<u>/s/ Christopher W. Walters</u>
Printed Name:	<u>Christopher W. Walters</u>
Title:	<u>CEO</u>
Date:	<u>January 26, 2023</u>

Subsidiaries of the registrant

1G Acquisitions, LLC, a Delaware Limited Liability Company
1st Global Consulting, Inc., a Texas corporation
1st Global Retirement Services, Inc., a Texas corporation
1st Global Ventures, Inc., a Texas corporation
1st Global, Inc., a Texas corporation
1st Partners & Co, Inc., a Delaware corporation
Avantax Acquisitions, LLC, a Delaware Limited Liability Company
Avantax Acquisition Services, LLC, a Delaware Limited Liability Company
Avantax Advisory Services, Inc., a Texas corporation
Avantax Holdings, Inc., a Delaware corporation
Avantax Insurance Agency LLC, a Massachusetts Limited Liability Company
Avantax Insurance Agency LLC, a Montana Limited Liability Company
Avantax Insurance Agency LLC, a Texas Limited Liability Company
Avantax Insurance Services, Inc., a Texas corporation
Avantax Investment Services, Inc., a Texas corporation
Avantax Planning Partners, Inc., an Iowa corporation
Avantax Wealth Management, Inc., a Texas corporation
Avantax WM Holdings, Inc., a Delaware corporation
AWM Data, LLC, a Delaware Limited Liability Company
BCOR Administrative Services, LLC, a Delaware Limited Liability Company
Financial BluPrint, LLC, a Delaware Limited Liability Company
Go2Net, Inc., a Delaware corporation
HK Alliance, LLC, an Iowa Limited Liability Company
HKFS Aviation, LLC, a Wisconsin Limited Liability Company
Project Baseball Sub, Inc., a Delaware corporation
Spirit Acquisitions, LLC, a Delaware Limited Liability Company

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the following Registration Statements:

- Registration Statement (Form S-8 No. 333-238566) pertaining to the Avantax, Inc. 2016 Employee Stock Purchase Plan,
- Registration Statement (Form S-8 No. 333-211625) pertaining to the Avantax, Inc. 2016 Employee Stock Purchase Plan,
- Registration Statement (Form S-8 No. 333- 225495) pertaining to the Avantax, Inc. 2018 Incentive Plan,
- Registration Statement (Form S-8 No. 333-238561) pertaining to the Avantax, Inc. 2018 Incentive Plan,
- Registration Statement (Form S-8 No. 333-169691) pertaining to the Avantax, Inc. Restated 1996 Flexible Stock Incentive Plan,
- Registration Statement (Form S-8 No. 333-198645) pertaining to the Avantax, Inc. Restated 1996 Flexible Stock Incentive Plan,
- Registration Statement (Form S-8 No. 333-204585) pertaining to the Avantax, Inc. 2015 Incentive Plan,
- Registration Statement (Form S-8 No. 333-209218) pertaining to the Avantax, Inc. 2016 Equity Inducement Plan, and
- Registration Statement (Form S-8 No. 333-214117) pertaining to the Avantax, Inc. 2016 Equity Inducement Plan,

of our reports dated February 28, 2023, with respect to the consolidated financial statements of Avantax, Inc. and the effectiveness of internal control over financial reporting of Avantax, Inc. included in this Annual Report (Form 10-K) of Avantax, Inc., for the year ended December 31, 2022.

/s/ ERNST & YOUNG LLP

Dallas, Texas
February 28, 2023

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
(EXCHANGE ACT RULES 13a-14(a) and 15d-14(a))**

I, Christopher W. Walters, certify that:

1. I have reviewed this Annual Report on Form 10-K of Avantax, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 28, 2023

/s/ Christopher W. Walters

Christopher W. Walters
Chief Executive Officer and President
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
(EXCHANGE ACT RULES 13a-14(a) and 15d-14(a))**

I, Marc Mehlman, certify that:

1. I have reviewed this Annual Report on Form 10-K of Avantax, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 28, 2023

/s/ Marc Mehlman

Marc Mehlman
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)**

I, Christopher W. Walters, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of Avantax, Inc. for the year ended December 31, 2022 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Avantax, Inc.

Dated: February 28, 2023

By: /s/ Christopher W. Walters
Name: Christopher W. Walters
Title: Chief Executive Officer and President
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002
(18 U.S.C. SECTION 1350)**

I, Marc Mehlman, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report on Form 10-K of Avantax, Inc. for the year ended December 31, 2022 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Avantax, Inc.

Dated: February 28, 2023

By: /s/ Marc Mehlman
Name: Marc Mehlman
Title: Chief Financial Officer
(Principal Financial Officer)