

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-K**

(Mark One)

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

For the fiscal year ended December 31, 2019

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-38034

**Alteryx, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**90-0673106**

(I.R.S. Employer  
Identification No.)

**3345 Michelson Drive, Suite 400, Irvine, California**

(Address of principal executive offices)

**92612**

(Zip Code)

**(888) 836-4274**

(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Class A Common Stock, \$0.0001 par value per share	AYX	New York Stock Exchange

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

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

Indicate by check mark if 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 (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

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

Large accelerated filer	<input checked="" type="checkbox"/>		Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>		Smaller reporting company	<input type="checkbox"/>
			Emerging growth company	<input type="checkbox"/>

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

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

The aggregate market value of the registrant's voting and non-voting common equity held by non-affiliates of the registrant, as of June 28, 2019, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$5.4 billion based upon the closing price reported for such date on the New York Stock Exchange.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of February 7, 2020, there were 52,269,340 shares of the registrant's Class A common stock outstanding and 13,136,756 shares of the registrant's Class B common stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's definitive proxy statement for its 2020 Annual Meeting of Stockholders, or Proxy Statement, to be filed within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K, are incorporated by reference in Parts II and III. Except with respect to information specifically incorporated by reference in this Annual Report, the Proxy Statement shall not be deemed to be filed as part hereof.

Alteryx, Inc.  
Annual Report on Form 10-K  
For the Fiscal Year Ended December 31, 2019  
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## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K, or Annual Report, includes “forward-looking statements” within the meaning of the federal securities laws. All statements contained in this Annual Report, other than statements of historical fact, including statements regarding our future results of operations and financial position, our business strategy and plans, and our objectives for future operations, are forward-looking statements. In some cases, forward-looking statements can be identified by the use of terminology such as “believe,” “may,” “will,” “intend,” “expect,” “plan,” “anticipate,” “estimate,” “potential,” or “continue,” or other comparable terminology. Forward-looking statements contained in this Annual Report include, but are not limited to, statements about our expectations regarding:

- trends in revenue, cost of revenue, and gross margin;
- our investments in cloud infrastructure and the cost of third-party data center hosting fees;
- trends in operating expenses, including research and development expense, sales and marketing expense, and general and administrative expense, and expectations regarding these expenses as a percentage of revenue;
- expansion of our international operations and the impact on foreign tax expense;
- maintaining a valuation allowance for net deferred tax assets to the extent they are not expected to be recoverable;
- the timing and method of settlement of any series of our convertible senior notes;
- the global opportunity for our self-service data analytics solutions;
- our investments in our marketing efforts and sales organization, including indirect sales channels and headcount, and the impact of any changes to our sales organization on revenue and growth;
- the continued development of Alteryx Community, our online user community, distribution channels and other partner relationships;
- expansion of and within our customer base;
- continued investments in research and development;
- competitors and competition in our markets;
- the impact of foreign currency exchange rates;
- legal proceedings and the impact of such proceedings;
- remediation of any material weakness in our internal controls;
- cash and cash equivalents and short-term investments and any positive cash flows from operations being sufficient to support our working capital and capital expenditure requirements for at least the next 12 months; and
- other statements regarding our future operations, financial condition, and prospects and business strategies.

Although we believe that the expectations reflected in the forward-looking statements contained herein are reasonable, these expectations or any of the forward-looking statements could prove to be incorrect, and actual results could differ materially from those projected or assumed in the forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to risks and uncertainties, including, but not limited to, the factors set forth in this Annual Report under Part I, Item 1A. Risk Factors. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for us to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties, and assumptions, the forward-looking statements made in this Annual Report may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

All forward-looking statements and reasons why results may differ included in this Annual Report are made as of the date of the filing of this Annual Report, and we assume no obligation to update any such forward-looking statements or reasons why actual results may differ. The following discussion should be read in conjunction with our consolidated financial statements and notes thereto appearing in Part II, Item 8 of this Annual Report.

## PART I

### Item 1. Business.

#### Overview

We are improving business through data science and analytics by enabling analytic producers, regardless of technical acumen, to quickly and easily transform data into actionable insights and deliver improved data-driven business outcomes. Every day, our users leverage our end-to-end analytic platform to quickly and easily discover, access, prepare, and analyze data from a multitude of sources, then deploy and share analytics at scale. The ease-of-use, speed, and sophistication that our platform provides is enhanced through intuitive and highly repeatable visual workflows.

Leveraging data for actionable insights is critical to modern business success, but has become increasingly challenging as the volume, velocity, and variety of data continues to expand. Traditional data analysis tools and processes are slow, complex, difficult to use, and resource-intensive, often requiring multiple steps by data analysts, data scientists, data engineers, information technology, or IT, employees, and other data workers to complete even the most basic analysis. As a result, these tools and processes are unable to keep pace with the rapid analytics demanded by organizations today.

Our platform democratizes access to data-driven insights by expanding the capabilities and analytical sophistication available to all data producers, ranging from business analysts to expert programmers and trained data scientists. We unify the analytic process into one simple self-service experience by combining tasks that were previously distributed among multiple tools and parties. Our platform allows a single user to easily discover, access, and prepare data from a multitude of sources, perform a variety of analyses, and deliver analytical output to drive data-driven decisions and improve business outcomes. This is done through visual workflows and an intuitive drag-and-drop interface that can reduce tedious, time-consuming tasks to a few mouse-clicks while eliminating the need to write complex software code. The resulting opportunity is significant, as our platform can enable millions of underserved data workers to do their jobs more effectively.

Organizations of all sizes and across a wide variety of industries and geographies have adopted our platform. As of December 31, 2019, we had approximately 6,100 customers in more than 90 countries, including over 700 of the Global 2000 companies. Our customers include All Nippon Airways, Chevron Corporation, Federal National Mortgage Association, Nasdaq, Inc., Netflix, Inc., salesforce.com, inc., Siemens AG, Toyota Motor Corporation, Twitter, Inc., Uber Technologies, Inc., Viking Cruises, and Xerox Corporation.

We employ a “land and expand” business model. Our go-to-market approach often begins with a free trial of Alteryx Designer and is followed by an initial purchase of our platform offerings. As organizations quickly realize the benefits derived from our platform, use frequently spreads across departments, divisions, and geographies through word-of-mouth, collaboration, and standardization and automation of business processes. Over time, many of our customers find that the use of our platform is strategic and collaborative in nature and our platform becomes a fundamental element of their operational, analytical and business processes.

Customers license our platform under a subscription-based model, and we have seen rapid expansion as adoption spreads across an enterprise through an increase in the number of users, additional use cases, and additional products. For each of the last twelve quarters, including the quarter ended December 31, 2019, our dollar-based net expansion rate has exceeded 125%. See the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Business Metrics” for additional information regarding our dollar-based net expansion rate and customers. We have made significant investments to grow our business, including in sales and marketing, infrastructure, operations, and headcount.

#### Our Solution

Our analytics platform enables organizations to dramatically improve business outcomes and the productivity of their business analysts, data scientists, citizen data scientists and data engineers. Our subscription-based platform allows organizations to easily discover, access, prepare, and analyze data from a multitude of sources and benefit from data-driven decisions. Our platform is:

- **Efficient.** We offer a self-service platform that allows business analysts to perform analysis on their own that traditionally required multiple parties and work streams to complete. Our in-memory software engine is designed to ingest and process large volumes of data rapidly and enable responsive and agile analysis, delivering dramatically “faster time to insights.”

Once a workflow has been assembled, the analysis can be repeated in minutes and shared with others who can easily replicate the analysis. With our platform, data analysis is automated, repeatable, and shareable.

- **Independent.** We enable business analysts to rapidly answer challenging business questions on their own, without the need for support from expert programmers, trained data scientists, or other members of the IT department. Our platform offers analytics with easily understandable drag-and-drop tools that have easy-to-configure parameters that do not require coding. With our platform, business analysts can manage all steps in an analytic process without the assistance of their IT departments.
- **Flexible.** Our platform does not require a pre-packaged, static data set and instead allows the user to create a visual workflow to securely interact with the underlying source data. Workflows can be easily changed and reconfigured to iterate an analysis and add a new data source or logic. They also can be easily adapted to conform with changes in the underlying data to repeat the analysis. This flexibility allows workflows to be configured to address a wide range of use cases. Business analysts can build apps that let others interact with the workflow through a simple interface available on the public or private cloud or they can configure a workflow to output results directly to a database or system of record. Our platform outputs to a variety of formats, enabling users to deliver analytic output to the relevant channels.
- **Sophisticated.** Our platform provides business analysts an extensive set of analytical capabilities. Our drag-and-drop visual workflow environment includes capabilities that allow users to: access data from a variety of locations such as a local desktop, a relational database, or the cloud; prepare data for analysis; blend multiple data sources regardless of the data structure or format, including big data technologies; gain access to over 50 pre-packaged tools that enable the most widely used procedures for predictive analytics, grouping, and forecasting; and take advantage of geospatial data to drive understanding of topics such as trade areas and drive-time analysis.
- **Scalable.** Our platform offers a secure collaboration environment for even the largest organizations. Business analysts can create, publish, and share analytic applications across the organization, embed analytic processes into other internal applications, and save and access workflows within a centralized repository with version control when working across multiple teams. The ability to deploy our platform on-premise or in the cloud also provides additional flexibility to scale as each customer's business needs grow. By pushing analytical workloads to a reliable server architecture, customers can run sophisticated compute-intensive processes more efficiently than local machines allow, while automating and scheduling these workflows to give business analysts stronger control of their analytic landscape.

### Growth Strategy

Our focus on empowering business analysts and the organizations they serve to quickly and easily access data-driven insights presents a significant opportunity. Key elements of our strategy for growth include:

- **Increase our overall customer base.** We are accelerating the secular shift towards self-service analytics. As a result, we have the opportunity to increase our current customer base of approximately 6,100 customers through an active "land and expand" strategy. We plan to expand our online and offline marketing efforts to increase demand for our platform and awareness of our brand. We also plan to make significant investments in growing both our direct sales teams and indirect sales channels.
- **Expand within our current customer base.** We plan on expanding existing customers' use of our platform by identifying additional use cases, departments, and divisions for our platform and increasing the number of users within our existing customers' organizations. Over time, many of our customers find that the use of our platform is more strategic and collaborative in nature and our platform becomes a fundamental element of their operational business processes.
- **Continue to penetrate international markets.** We have continued to increase our focus on international markets. We believe that the global opportunity for self-service data analytics solutions is significant and should continue to expand as organizations outside the United States seek to adopt self-service platforms as we have experienced with our existing customers.
- **Extend our value proposition.** We intend to continue to rapidly improve the capabilities of our platform and invest in innovation and our category leadership. For example, in April 2019, we acquired ClearStory Data Inc., or ClearStory Data, to add talented developers and compelling technology to our organization; and in October 2019, we acquired Feature Labs, Inc., or Feature Labs, to augment our machine learning capabilities and establish an engineering hub on the East Coast of the U.S. We plan to continue to invest in research and development, including hiring top technical talent and maintaining an agile organization that focuses on core technology innovation. In particular, we intend to focus on further developing our cloud capabilities, improving the governance capabilities of Alteryx Server, and updating our in-memory engine.
- **Grow our distribution channels and channel partner ecosystem.** We plan to continue investing in distribution channels and our relationships with technology alliances, solution providers, strategic partners, and value-added-resellers, or VARs, to help us enter and grow in new markets while complementing our direct sales efforts. We also plan to continue to collaborate with management consulting firms to drive additional business activity.

- **Deepen our user community.** We benefit from a vibrant and engaged user community and continue to promote initiatives intended to further expand and energize our community. Alteryx Community and our live events, such as our annual Inspire user conferences, which have grown from a single conference in North America with over 270 attendees in 2012 to three separate events across the globe with over 6,400 attendees in 2019 worldwide, help us broaden and strengthen our community. Additionally, university courses and analytic clubs help evangelize the benefits of our platform and introduce its capabilities to business analysts just starting their careers. We intend to expand our community development efforts and seek to continue enriching the lives of business analysts everywhere.

## Our Platform

Our subscription-based software analytics platform allows organizations to easily discover, access, prepare, and analyze data from a multitude of sources and benefit from better data-driven decisions, including through consumption of results and insights discovered and through real-time model deployment. The ease-of-use, speed, and sophistication of the analysis that our platform enables are enhanced through highly repeatable visual workflows. Our platform's intuitive user interface includes over 200 drag-and-drop tools that can be used to create and share these analytics. These tools allow business analysts to assemble workflows that represent their models visually, making them easily comprehensible and highly repeatable. Our user interface allows business analysts to seamlessly view the underlying data, metadata, and applied analytics at any stage during the process.

Our platform is designed to interact with almost any data source. Native connectors exist for a wide variety of sources ranging from traditional databases, including those offered by International Business Machines Corporation, Microsoft Corporation, Oracle Corporation, and SAP SE, to an array of emerging data platforms including Amazon Web Services, Cloudera, Databricks, Microsoft Azure Services, and MongoDB. Additionally, our platform is capable of processing data from cloud applications, such as Google Analytics, Marketo, NetSuite, salesforce.com, and Workday, as well as social media platforms, such as Facebook and Twitter.

Powered by our proprietary in-memory engine, our analytics platform comprises:

- **Alteryx Designer.** Our data profiling, preparation, blending, and analytics product used to create visual workflows or analytic processes, through an intuitive drag-and-drop interface.
- **Alteryx Server.** Our secure and scalable server-based product for scheduling, sharing, and running analytic processes and applications in a web-based environment.
- **Alteryx Connect.** Our collaborative data exploration platform for discovering information assets and sharing recommendations across the enterprise.
- **Alteryx Promote.** Our advanced analytics model management product for data scientists and analytics teams to build, manage, monitor, and deploy predictive models into real-time production applications.

In addition, Alteryx Analytics Gallery, our cloud-based collaboration offering, is a key feature of our platform allowing users to share workflows in a centralized repository, and Alteryx Community allows users to gain valuable insights from one another, collaborate and share their experiences and ideas, and innovate around our platform. With Alteryx Analytics Gallery, users can share workflows with version control to enable effective and secure collaboration within and across organizations, create analytic apps and macros that can be shared both privately and publicly, and discover new analytic apps and macros to leverage best practices or to be used as the blueprint for a customized purpose-built analytic workflow.

We typically sell Alteryx Designer as single seat licenses. Alteryx Server is deployed in larger scale environments and is typically sold on a per-CPU core basis as an extension of Alteryx Designer. Alteryx Connect is sold as an extension of Alteryx Server and is typically licensed on a per-CPU core basis. Alteryx Promote is sold as part of our platform or as a standalone solution and is licensed on a per-CPU core basis.

### **Alteryx Designer**

Alteryx Designer, our self-service data profiling, preparation, blending, and analytics product, allows business analysts to perform analysis on their own in a matter of hours or even minutes. In addition to dramatically reducing the time and resources required, Alteryx Designer delivers more accurate, transparent, and sophisticated results. The ability to share workflows and analytic outputs through the Alteryx Analytics Gallery allows the analytic power of Alteryx Designer to be consumed by anyone in an organization. Key capabilities include:

- **Data profiling.** Empowers data workers and analysts to independently assess the health and quality of a dataset prior to building analytic models. For a large number of analysts, assessing data quality often requires turning to statisticians or

data scientists, delaying the model development and decision-making process. Automated data profiling accelerates the data preparation and insight development process, and can enable the analysts to maintain control of the entire analytic process.

- **Data preparation and blending.** Provides the ability to easily connect, clean, transform, and filter data significantly faster than traditional analytic tools. Business analysts can easily blend structured, unstructured, and semi-structured data sources without complex programming requirements. Business analysts use a simple visual workspace and straightforward drag-and-drop tools to clean and combine data and create a repeatable workflow. Once a workflow is assembled, it automates the analytic process and can be rerun in seconds.
- **Advanced analytics.** Enables business analysts to create analytic models ranging from basic to highly complex. Our platform supports cleansing, calculations, aggregations, and advanced analytics functions including those used to understand data relative to spatial criteria or more advanced tools used to apply statistical algorithms for predictive analysis. Business analysts can leverage a wide range of code-free tools within the product to create a data set optimized for a specific analysis, run a broad set of analytics, and share the results in a variety of formats. Data scientists can also incorporate R and Python models using Designer's code-friendly tools to bring more advanced analytic modeling into the repeatable workflows. Additionally, our platform embeds a suite of tutorials and pre-built analytic templates, and the expertise of thousands of analysts from Alteryx Community within the interface to help familiarize users with our platform's capabilities, enabling business analysts to adopt sophisticated analytic methodologies without significant training.
- **Visulytics.** Introduces visual, interactive charting and reporting into every step of a repeatable workflow within Alteryx Designer to enable more insights throughout the entire analytic process. Visulytics's interactive charts and reports can be published in Alteryx Server and Alteryx Analytics Gallery for broader consumption and collaboration across the entire organization.
- **Analytic application creation.** Offers native drag-and-drop app-building capabilities for business analysts to create, publish, and share applications for any user to execute. These applications can also be configured to share the results in a variety of formats, including visualization and dashboard programs such as those offered by Microsoft Corporation, Qlik Technologies, Inc., or Tableau Software, Inc., or to write back to a database. Business analysts can use workflows within other workflows as building blocks to leverage functionality that has already been built. These workflows can also be utilized as reusable blueprints for designing and deploying analytical applications to Alteryx Server or Alteryx Analytics Gallery.

### *Alteryx Server*

Alteryx Server is a comprehensive and scalable server-based product that enables business analysts to share and run analytic applications in a web-based environment. Alteryx Server offers enterprise-class data scalability, distribution, and security designed to maximize the value enterprises can achieve from their analytics. Key capabilities include:

- **Collaboration.** Enables business analysts to easily create, publish, share, and reference analytic workflows or applications and collaborate with others across their organizations. Business analysts can also develop analytic applications that act as front-end interfaces for their workflows, and these analytic results can be shared publicly and privately in Alteryx Analytics Gallery.
- **Workload scaling.** Allows for data-intensive workloads to be offloaded from user desktops to a server or cluster of servers, harnessing greater computing power. Business analysts can schedule and execute workflows to refresh data sets and analytic outputs automatically, without slowing down the work process.
- **Analytic application consumption.** Allows business analysts to access previously built macros or analytic models in a secure, custom application library. Business analysts can also extend the analytic tools they have built directly into other applications using our application program interfaces, or APIs, and macros.
- **Enterprise-compliant governance.** Restrict, create, edit, or revoke access to appropriate data with corporate authentication, permission, and encryption protocols through a centralized data connection manager for data access control and governance. Workflows are stored centrally with version control and governance capabilities, allowing multiple users to build, run, and reference the same workflow all within the confines of existing IT governance controls. Detailed usage reporting, auditing, and standardized logging tools enable system administrators to properly control access and security and meet service level agreements.

### *Alteryx Connect*

Alteryx Connect is a collaborative data exploration platform for the enterprise. Alteryx Connect empowers business analysts to find, manage, understand, and collaborate on the data that resides in their organization. Alteryx Connect combines data cataloging with social collaboration to accelerate insights by connecting to data, analytics, and content. Key capabilities include:



- **Asset catalog.** Allows business analysts to assemble information in one place by collecting metadata from information systems, business intelligence reports, visualizations, and workflows in a comprehensive and fully indexed data store.
- **Business glossary.** Defines standard business terms within an organization in a data dictionary and links them to assets in the catalog to ensure consistent use, as well as identify relevant sources for each item.
- **Data discovery.** Allows users to run a comprehensive search of content in the system and sort results by certification or user rating.
- **Data enrichment and collaboration.** Unlocks knowledge in an organization using social techniques to gather information about data systems. Annotates, discusses, and rates information assets to provide business context and enables the organization with relevant data.
- **Certification and trust.** Understands the trustworthiness of data and information assets through certification, lineage, and versioning.

### ***Alteryx Promote***

Alteryx Promote is an analytics model management product for the enterprise. Alteryx Promote makes deploying, managing, and monitoring predictive models easier and faster. Alteryx Promote allows data scientists and analytics teams to build, manage, and deploy predictive models to production faster and more reliably via a code-friendly and code-free environment. Key capabilities include:

- **Model deployment.** Deploys predictive models easily for users, including data scientists and business analysts, by utilizing the code-free environment of Alteryx Designer to build and deploy models. Code-friendly model deployment is also supported allowing data scientists the freedom of choice for R and Python-based models.
- **Embed models.** Embeds predictive models in any business application capable of making REST API requests, including CRM applications, web and mobile applications, and internal applications. Deploys R and Python models through standard REST API without recoding, making models quickly accessible.
- **Real-time scoring.** Executes real-time predictions in consumer-facing applications or uses batch mode for scoring from within other workflows.
- **Model management.** Ensures that analytic models deliver quality and insights by using model versioning throughout the production process, from development to staging and production.
- **Monitoring.** Understands the ongoing performance and health of production-based analytic models to ensure their effectiveness.

### **Our Technology**

Underpinning our platform is a set of technological innovations that make robust data analytics easy through an in-memory engine, sophisticated analytic models, and an open and modular core:

#### ***In-Memory Engine***

Our in-memory engine is optimized to process data within RAM and can utilize disk, when necessary, as temporary virtual memory. This facilitates significantly faster and more secure processing of data than traditional disk-based mechanisms while ensuring that the source data remains unaltered and is not duplicated. In addition to our high speed in-memory processing capabilities, our platform enables in-database processing to take advantage of computing resources where the data resides for certain use cases involving large data sets. Key features of our engine include:

- **Connected.** Business analysts can rapidly connect to data in existing formats and locations, reducing the need for time-consuming data transformation processes that typically require IT personnel.
- **Non-persisted.** Our engine leverages non-persisted data pipelines to enable users to process large amounts of data securely while applying complex logic every time they run an analytic workflow.
- **Scaled-out.** While most workflows can be run on any single desktop or laptop, when greater processing capability is required, workloads can be pushed to a server or cluster of servers, including Hadoop or Spark clusters.

#### ***Sophisticated Analytic Models***

We enable business analysts, data scientists and citizen data scientists to produce analytics ranging from basic to highly complex, including predictive, prescriptive, and spatial. Specifically, we enable predictive analytics through utilization of R, an open source programming language and software environment for statistical computing, and Python, a popular programming language for analytics with many publicly available packages. Our capabilities allow transparency and editing of the R and Python

code without requiring prior coding experience. In addition, in-database processing enables analysts to scale predictive analytics and harness the value of large sets of data without moving the data out of a database, improving predictive model development performance over traditional approaches. Deep geo-spatial tools, such as a drive time engine, create the basis for performing location-based analysis.

### ***Open and Modular Core***

Our platform is built with an open and modular core that enables additional functions and programming models to interact with it. For example, our platform can utilize R for advanced analytics while providing a simple drag-and-drop interface that abstracts the complexity of the underlying code. For sophisticated business analysts, the underlying code is available for review and adjustment. The integration of our platform with R and Python takes advantage of segmented, but integrated, main-memory resources to ensure seamless, fast operations. More recently, we introduced the JavaScript V8 engine for our platform in a similar capacity. This enables the introduction of new HTML5 UI, Server-side JavaScript, and JSON/REST APIs to all fuel the innovation being driven from our platform.

### **Our Customers**

Organizations of all sizes and across a wide variety of industries have adopted our platform. As of December 31, 2019, we served customers in more than 90 countries, including over 700 of the Global 2000 companies. Our customer base has grown from 1,398 customers as of December 31, 2015 to approximately 6,100 customers as of December 31, 2019.

Our customers include All Nippon Airways, Chevron Corporation, Federal National Mortgage Association, Nasdaq, Inc., Netflix, Inc., salesforce.com, inc., Siemens AG, Toyota Motor Corporation, Twitter, Inc., Uber Technologies, Inc., Viking Cruises, and Xerox Corporation.

No customer represented more than 10% of our revenue in each of the years ended December 31, 2019, 2018, and 2017.

### **Support and Training**

Although our platform is designed to operate on a self-service basis, we also provide technical support, instruction, and customer service to further our customer experience. Our customer support team is available to assist with questions about installation, licensing, workflow development, technical and functional matters, and our APIs and software development kit. Additionally, we provide our customers with support five days a week across multiple geographies as well as additional support offerings to cover 24x7 requirements. We also rely on our engaged user community to enhance the support experience of our customers through Alteryx Community.

In order to facilitate adoption and rapid benefits from the use of our platform, we offer free online training through our website that includes hundreds of hours of training videos and sample analytic workflows. We also provide a variety of fee-based training options ranging from instructor-led courses in a traditional classroom setting to online courses.

### **Our Community**

We have built a strong and growing community of employees, users, customers, potential customers, and channel partners who are passionate about our platform and mission. The purpose of Alteryx Community is to create a support channel for all constituents to gain valuable insights from one another, collaborate and share their experiences and ideas, and innovate around our platform.

Alteryx Community currently offers:

- discussions and knowledge bases that help users, customers, and channel partners learn about topics of interest, ask questions, and share ideas and insights;
- user groups, which are independent volunteer organizations that provide a platform for users to meet locally throughout the year and provide other users with an opportunity to network with peers and share ideas, experiences, and best practices;
- an avenue for users, customers, and channel partners to share product suggestions with us;
- interactive lessons, live trainings, weekly challenges and an opportunity to become certified via Alteryx Academy; and
- blogs and news and events portals.

We also organize events to engage and foster our user community. At such events, our users, customers, potential customers, and channel partners have the opportunity to network, learn best practices, attend training sessions and workshops, and present their questions and suggestions directly to our software developers, executives, and other employees. We also host roadshows and workshops domestically and internationally with our channel partners to teach our users how self-service data analytics simplifies and automates the analysis of data.

## **Employees and Culture**

Our corporate culture is a critical component of our success. Our employees, who we refer to as associates, are the lifeblood of our company and we strive to create an environment where they can advance their careers, work hard, and have fun at the same time. Our culture focuses on fostering an environment of growth and development and we offer a series of collaborative activities for our associates including leadership activities and teambuilding workshops. Each day our associates bring passion and energy towards further developing our platform and serving our customers by embodying the following core values: customer focus; innovation; accountability; character; and compassion.

Our “Alteryx for Good” program provides our associates with the opportunity to use volunteer hours each year to partner with charity organizations of their choice to make a difference. The program also provides universities, not-for-profit organizations, and government entities the opportunity to obtain a license to use our platform to help them achieve their goals.

As of December 31, 2019, we had over 1,200 full-time associates, including approximately 360 associates located outside the United States. None of our associates are represented by a labor union or covered by a collective bargaining agreement. We have not experienced any work stoppages, and we consider our relations with our associates to be good.

## **Sales and Marketing**

Our sales and marketing teams work closely together to increase market awareness, drive demand for our platform, and cultivate customer relationships to drive revenue growth.

### ***Sales***

We sell our platform through our direct sales organization and indirect channel partners both internationally and domestically. Our sales strategy relies on a “land and expand” model. Prospective customers can download a fully functional free trial of Alteryx Designer from our website and, as a result, become leads for our sales and marketing teams. Our initial deployments with new customers are typically individual business analysts focused on a single use case such as data preparation and data blending. These initial deployments frequently expand across departments, divisions, and geographies as additional use cases are identified and deployed, and through word-of-mouth, collaboration, and standardization of business processes. As our platform expands throughout organizations and becomes increasingly strategic in nature, our platform is recognized by corporate executives, IT personnel, and organization leaders as the solution to their analytics needs.

Our sales organization is comprised of inside sales teams dedicated to selling to new customers and direct field sales teams responsible for identifying and maximizing future expansion opportunities with our existing customers. Our inside sales and direct field sales teams are tightly integrated to promote an efficient customer acquisition model and seamless growth for expansion opportunities. Our customer success and support organizations are responsible for post-sales training and support, maintaining customer relationships, and renewing existing contracts.

The majority of our domestic sales are through our direct sales organization. We serve Asia-Pacific, Europe, the Middle East, and Africa, and Latin America regions, and select other emerging countries through our direct sales organization and a variety of channel partners, including VARs and solution providers.

### ***Marketing***

Our marketing organization is responsible for increasing awareness of and generating demand for our platform, creating high quality leads for our salesforce through a mix of volume demand generation and account-based marketing, and fostering our community of users. A central focus of our marketing efforts is to drive awareness of our platform and increase website traffic. These goals are intended to increase downloads of our free trials of our platform and encourage use of our free online training, which are integral parts of our customer acquisition process. We utilize a wide range of online and offline marketing initiatives including our website, social media, paid search, email, webinars, channel partner events, and field events often with analytic

leaders and data scientists. Our annual U.S., European, and Asia-Pacific Inspire user conferences play a key role in providing current and prospective customers with a better understanding of our platform through interactions with peers, training, and the highlighting of customer use cases and best practices.

### **Strategic Partnerships**

We have cultivated strong relationships with channel partners to help us extend the reach of our sales and marketing efforts, especially internationally. Our partnerships are primarily with strategic alliances, solution providers, and a growing network of VARs.

#### ***Strategic Alliance Partnerships***

Our strategic alliance partnerships include global system integrators, strategic consulting and advisory firms, independent software vendors, cloud and data platforms, and solution and augmented technology offerings that enhance and extend our platform and solutions. We work closely with over 20 partners to deliver a seamless platform and solutions experience. We have optimized integrations and solutions for a variety of independent software vendor solutions, data platforms and software-as-a-service, or SaaS, offerings, including Microsoft Azure Services, Amazon Web Services, Inc., leading robotic process automation, or RPA, solutions, and solutions offered by Google, LLC, International Business Machines Corporation, Oracle Corporation, salesforce.com, inc., SAP SE, and Snowflake Computing, Inc, machine learning and artificial intelligence applications. We natively support output to most visual formats such as those offered by Microsoft Corporation, Qlik Technologies, Inc., and Tableau Software, Inc.

#### ***Solution Providers***

Our solution providers consist of system integrators, management consulting firms, and value-added resellers, or VARs. Solution providers bring product expertise and implementation services and best practices to our customers globally. As of December 31, 2019, we had approximately 450 solution providers and VARs that create scale for our platform through their network of trained consultants, on-point analytic services, and deep domain expertise. They provide vertical expertise and technical advice while solving complex business challenges and generating repeatable analytic workflows and applications in addition to reselling or bundling our software. Our reseller program is designed to scale growth, help generate new opportunities, optimize customer experience and care, increase profitability, and increase sales efficiency.

### **Research and Development**

Our research and development efforts focus on improving current technology, developing new technologies in current and adjacent markets, and supporting existing customer deployments. Our research and development team, which consisted of 302 employees as of December 31, 2019 located primarily in California, Colorado, and Massachusetts in the United States as well as the Czech Republic, Ukraine, and the United Kingdom, comprises dedicated research employees, software engineers, quality assurance engineers, user experience experts, site and site operations engineers, and product managers. We leverage agile development methodologies and work with the latest technologies, resulting in a dynamic, state of the art, automated software development process that has allowed us to deliver high-quality products and services and adapt to market changes and new requirements quickly.

### **Competition**

The market for self-service data analytics solutions is new and rapidly evolving. In many cases, our primary competitors are manual, spreadsheet-driven processes and custom-built approaches in which potential customers have made significant investments. In addition, we compete with large software companies, including providers of traditional business intelligence tools that offer one or more capabilities that are competitive with our platform. These capabilities include data preparation and/or advanced analytic modeling tools from International Business Machines Corporation, Microsoft Corporation, Oracle Corporation, SAP SE, and SAS Institute Inc. Additionally, data visualization companies which already offer products and services in adjacent markets have recently introduced products and services that may become competitive with our offerings in the future. We could also face competition from new market entrants, some of whom might be our current technology partners. In addition, some business analytics software companies offer niche data preparation options that are competitive with some of the features within

our platform, such as Dataiku Inc., MicroStrategy Incorporated, Paxata, Inc., Talend S.A., Tableau Software, Inc., TIBCO Software, Inc., and Trifacta, Inc.

Many of our current and potential competitors, particularly the large software companies named above, have longer operating histories, significantly greater financial, technical, marketing, distribution, professional services, or other resources and greater name recognition than us. We expect competition to increase as other established and emerging companies enter the self-service data analytics software market, as customer requirements evolve, and as new products and services and technologies are introduced.

We believe the principal competitive factors in our market include:

- ease of use;
- platform features, quality, functionality, reliability, performance, and effectiveness;
- ability to automate analytical tasks or processes;
- ability to integrate with other technology infrastructures;
- vision for the market and product innovation;
- software analytics expertise;
- total cost of ownership;
- adherence to industry standards and certifications;
- strength of sales and marketing efforts;
- brand awareness and reputation; and
- customer experience, including support.

We believe we compete favorably with our competitors on the basis of the factors described above. Our ability to remain competitive will largely depend on our ongoing performance and quality of our platform.

### **Intellectual Property**

Intellectual property is an important aspect of our business, and we seek protection for our intellectual property as appropriate. We currently rely on a combination of patents, copyrights, trademarks, trade secrets, confidentiality procedures, contractual commitments, and other legal rights to protect our intellectual property. We pursue the registration of our domain names and trademarks and service marks in the United States and in certain locations outside the United States. We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with other parties.

Intellectual property laws, procedures, and restrictions provide only limited protection and any of our intellectual property rights may be challenged, invalidated, circumvented, infringed, or misappropriated. Further, the laws of certain countries do not protect proprietary rights to the same extent as the laws of the United States and, therefore, in certain jurisdictions, we may be unable to protect our proprietary technology. Despite our efforts to protect our proprietary technology and our intellectual property rights, unauthorized parties may attempt to copy or obtain and use our technology to develop applications with the same functionality as our applications. Policing unauthorized use of our technology and intellectual property rights is difficult.

We expect that software and other applications in our industry may be subject to third-party infringement claims as the number of competitors grows and the functionality of applications in different industry segments overlaps. Any of these third parties might make a claim of infringement against us at any time.

### **Corporate Information**

We were organized in California in March 1997 as SRC, LLC. We changed our name to Alteryx, LLC in March 2010 and converted into a Delaware corporation in March 2011 under the name Alteryx, Inc. Our principal executive offices are located at 3345 Michelson Drive, Suite 400, Irvine, California 92612, and our telephone number is (888) 836-4274. Our website address is [www.alteryx.com](http://www.alteryx.com). The information contained on, or that can be accessed through, our website is not incorporated by reference into, and is not a part of, this Annual Report.

Unless the context indicates otherwise, the terms “Alteryx,” “the Company,” “we,” “us,” and “our” refer to Alteryx, Inc., a Delaware corporation, together with its consolidated subsidiaries, unless otherwise noted.

Alteryx, the Alteryx logo, Alteryx Designer, Alteryx Server, Alteryx Analytics Gallery, Alteryx Connect, Alteryx Promote, Semanta, Yhat, ClearStory Data, Feature Labs, and other registered or common law trade names, trademarks, or service marks of Alteryx appearing in this Annual Report are the property of Alteryx. This Annual Report contains additional trade names, trademarks, and service marks of other companies that are the property of their respective owners. We do not intend our use or display of other companies' trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us, by these other companies. Solely for convenience, our trademarks and tradenames referred to in this Annual Report appear without the ® and ™ symbols, but those 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 right of the applicable licensor, to these trademarks and tradenames.

### Available Information

We file annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to reports filed or furnished pursuant to Sections 13(a), 14, and 15(d) of the Exchange Act. The Securities and Exchange Commission, or SEC, maintains a website at <http://www.sec.gov> that contains reports, and other information regarding us and other companies that file materials with the SEC electronically. Copies of our reports on Forms 10-K, Forms 10-Q, and Forms 8-K, may be obtained, free of charge, electronically through our corporate website at [www.alteryx.com](http://www.alteryx.com) as soon as reasonably practicable after we file such material electronically with, or furnish to, the SEC.

### Item 1A. Risk Factors.

*An investment in our Class A common stock involves a high degree of risk. You should carefully consider the risks described below and the other information in this Annual Report and in our other public filings before making an investment decision. Our business, prospects, financial condition, or operating results could be harmed by any of these risks, as well as other risks not currently known to us or that we currently consider immaterial. If any of such risks and uncertainties actually occurs, our business, prospects, financial condition, or operating results could differ materially from the plans, projections, and other forward-looking statements included in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this Annual Report and in our other public filings. The trading price of our Class A common stock could decline due to any of these risks, and, as a result, you may lose all or part of your investment.*

### Risks Related to Our Business and Industry

***We have been growing rapidly and expect to continue to invest in our growth for the foreseeable future. If we are unable to manage our growth effectively, our revenue and profits could be adversely affected.***

We have experienced rapid growth in a relatively short period of time. Our number of full-time employees has increased significantly over the last year, from 817 employees as of December 31, 2018 to over 1,200 employees as of December 31, 2019. We have also established and expanded our operations in a number of countries outside the United States.

We plan to continue to expand our operations and headcount significantly, and we anticipate that further significant expansion will be required. In addition, we license our platform to customers in more than 90 countries and have employees in the United States, Australia, Austria, Canada, Czech Republic, France, Germany, Japan, Netherlands, Singapore, Ukraine, the United Arab Emirates and the United Kingdom. We plan to continue to expand our operations into other countries in the future, which will place additional demands on our resources and operations. Our future operating results depend to a large extent on our ability to manage this expansion and growth successfully. Sustaining our growth will place significant demands on our management as well as on our administrative, operational, and financial resources. To manage our growth, we must continue to improve our operational, financial, and management information systems and expand, motivate, and manage our workforce. If we are unable to manage our growth successfully without compromising our quality of service or our profit margins, or if new systems that we implement to assist in managing our growth do not produce the expected benefits, our revenue and profits could be harmed. Risks that we face in undertaking future expansion include:

- effectively recruiting, integrating, training, and motivating a large number of new employees, including our direct sales force and engineering and development employees, while retaining existing employees, maintaining the beneficial aspects of our corporate culture, and effectively executing our business plan;
- satisfying existing customers and attracting new customers;
- successfully improving and expanding the capabilities of our platform and introducing new products and services;
- expanding our channel partner ecosystem;
- controlling expenses and investments in anticipation of expanded operations;

- implementing and enhancing our administrative, operational, and financial infrastructure, systems, and processes;
- addressing new markets; and
- expanding operations in the United States and international regions.

A failure to manage our growth effectively could harm our business, operating results, financial condition, and ability to market and sell our platform.

Further, due to our recent rapid growth, we have limited experience operating at our current scale and potentially at a larger scale, and, as a result, it may be difficult for us to fully evaluate future prospects and risks. Our recent and historical growth should not be considered indicative of our future performance. We have encountered in the past, and will encounter in the future, risks and uncertainties frequently experienced by growing companies in rapidly changing industries. If our assumptions regarding these risks and uncertainties, which we use to plan and operate our business, are incorrect or change, or if we do not address these risks successfully, our financial condition and operating results could differ materially from our expectations, our growth rates may slow and our business would be adversely impacted.

***Our revenue growth and ability to sustain profitability depends on being able to expand our skilled talent base and increase their productivity, particularly with respect to our direct sales force and software engineers.***

In the software industry, there is substantial and continuous competition for engineers with high levels of experience in designing, developing and managing software, as well as competition for experienced sales personnel. We may not be successful in, and from time to time have experienced difficulty in, recruiting, training and retaining qualified personnel.

Our ability to achieve significant revenue growth will depend, in large part, on our success in recruiting, training, and retaining sufficient numbers of direct sales personnel and software engineers to support our growth. New hires require significant training and sales personnel typically take six months or more to achieve full productivity. Our recent hires and planned hires may not become productive as quickly as we expect and if our new sales employees do not become fully productive on the timelines that we have projected or at all, our revenue will not increase at anticipated levels and our ability to achieve long term projections may be negatively impacted. We may also be unable to hire or retain sufficient numbers of qualified individuals in the markets where we do business or plan to do business. Furthermore, hiring personnel in new countries requires additional set up and upfront costs that we may not recover if those personnel fail to achieve full productivity. In addition, as we continue to grow rapidly, a large percentage of our talent will be new to our company and our platform, which may adversely affect our revenue if we cannot train our talent quickly or effectively. Attrition rates may increase, and we may face integration challenges as we continue to seek to aggressively expand our talent base. If we are unable to hire and train sufficient numbers of effective sales personnel, if we are unable to identify and recruit sufficient numbers of software engineers with the skills and technical knowledge that we require, if the sales personnel are not successful in obtaining new customers or increasing sales to our existing customer base, or if the software engineers are unable to timely contribute to the development of our products, our business will be adversely affected.

Further, to date, the majority of our revenue has been attributable to the efforts of our direct sales force in the United States. In order to increase our revenue and sustain profitability, we must, and we intend to, increase the size of our direct sales force, both in the United States and internationally, to generate additional revenue from new and existing customers. We periodically change and make adjustments to our sales organization in response to market opportunities, competitive threats, management changes, product introductions or enhancements, acquisitions, sales performance, increases in sales headcount, cost levels and other internal and external considerations. Any future sales organization changes may result in a temporary reduction of productivity, which could negatively affect our rate of growth. In addition, any significant change to the way we structure the compensation of our sales organization may be disruptive and may affect our revenue growth.

***We have incurred net losses in the past, anticipate increasing our operating expenses in the future, and may not sustain profitability.***

Although we generated net income in recent periods, we have incurred net losses in the past, and could incur net losses in the future. We expect our operating expenses to increase substantially in the foreseeable future as we implement initiatives designed to grow our business, including increasing our overall customer base and expanding sales within our current customer base, continuing to penetrate international markets, investing in research and development to improve the capabilities of our platform, growing our distribution channels and channel partner ecosystem, deepening our user community, hiring additional employees, expanding our operations and infrastructure, both domestically and internationally, and in connection with legal, accounting, and other administrative expenses related to operating as a public company. These efforts may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently, or at all, to offset these higher expenses and to sustain profitability. Growth of our revenue may slow or revenue may decline for a number of possible reasons, including a decrease in our ability to attract and retain customers, a failure to increase our number of channel partners, increasing competition, decreasing

growth of our overall market, and an inability to timely and cost-effectively introduce new products and services that are favorably received by customers and partners. A shortfall in revenue could lead to operating results being below expectations because we may not be able to quickly reduce our fixed operating expenses in response to short-term business changes. If we are unable to meet these risks and challenges as we encounter them, our business and operating results may be adversely affected.

***If we cannot maintain our corporate culture as we grow, we could lose the innovation, teamwork, passion, and focus on execution that we believe contribute to our success, and our business may be harmed.***

We believe that our corporate culture has been vital to our success, including in attracting, developing, and retaining personnel, as well as our customers. As we continue to grow and face industry challenges, it may become more challenging to maintain that culture. In addition, we plan to expand our international operations into other countries in the future, which may impact our culture as we seek to find, hire, and integrate additional employees while maintaining our corporate culture. If we are unable to maintain our corporate culture, we could lose the innovation, passion, and dedication of our team and as a result, our business and ability to focus on our corporate objectives may be harmed.

***We derive a large portion of our revenue from our software platform, and our future growth is dependent on its success.***

Nearly all of our revenue has come from sales of our subscription-based software platform and because we expect these sales to account for a large portion of our revenue for the foreseeable future, the continued growth in market demand for our platform is critical to our continued success. Since 2017, we have announced two new products for our software platform, Alteryx Connect and Alteryx Promote, but cannot be certain that either product will generate significant revenue. In addition, Alteryx Connect is designed to be used with our Alteryx Server product and is not sold independently. Accordingly, our business and financial results will continue to be substantially dependent on our single software platform.

***If we are unable to attract new customers, expand sales to existing customers, both domestically and internationally, and maintain the subscription amount and subscription term to renewing customers, our revenue growth could be slower than we expect and our business may be harmed.***

Our future revenue growth depends in part upon increasing our customer base. Our ability to achieve significant growth in revenue in the future will depend, in large part, upon the effectiveness of our marketing efforts, both domestically and internationally, and our ability to attract new customers. In particular, we are dependent upon lead generation strategies to drive our sales and revenue. If these marketing strategies fail to continue to generate sufficient sales opportunities necessary to increase our revenue and to the extent that we are unable to successfully attract and expand our customer base, we will not realize the intended benefits of these marketing strategies and our ability to grow our revenue may be adversely affected.

Demand for our platform by new customers may also be affected by a number of factors, many of which are beyond our control, such as continued market acceptance of our platform for existing and new use cases, the timing of development and new releases of our software, technological change, growth or contraction in our addressable market, and accessibility across operating systems. In addition, if competitors introduce lower cost or differentiated products or services that are perceived to compete with our products and services, our ability to sell our products and services based on factors such as pricing, technology and functionality could be impaired. As a result, we may be unable to attract new customers at rates or on terms that would be favorable or comparable to prior periods, which could negatively affect the growth of our revenue. Attracting new customers may also be particularly challenging where an organization has already invested substantial personnel and financial resources to integrate traditional data analytics tools into its business, as such organization may be reluctant or unwilling to invest in new products and services. If we fail to attract new customers and maintain and expand those customer relationships, our revenue will grow more slowly than expected and our business will be harmed.

Even if we continue to attract new customers, the cost of new customer acquisition may prove so high as to prevent us from sustaining profitability. Our future revenue growth also depends upon expanding sales and renewals of subscriptions to our platform with existing customers. If our customers do not purchase additional licenses or capabilities, our revenue may grow more slowly than expected, may not grow at all or may decline. Additionally, increasing incremental sales to our current customer base requires increasingly sophisticated and costly sales efforts that are targeted at senior management. We plan to continue expanding our sales efforts, both domestically and internationally, but we may be unable to hire qualified sales personnel, may be unable to successfully train those sales personnel that we are able to hire, and sales personnel may not become fully productive on the timelines that we have projected or at all. Additionally, although we dedicate significant resources to sales and marketing programs, including Internet and other online advertising, these sales and marketing programs may not have the desired effect and may not expand sales. We cannot assure you that our efforts would result in increased sales to existing customers, and additional revenue. If our efforts to upsell to our customers are not successful, our business and operating results would be adversely affected.



Our customers generally enter into license agreements with one to three year subscription terms and generally have no obligation or contractual right to renew their subscriptions after the expiration of their initial subscription period. New customers may enter into license agreements for lower subscription amounts or for shorter subscription terms than we anticipate, which reduces our ability to forecast revenue growth accurately. Moreover, our customers may not renew their subscriptions and those customers that do renew their subscriptions may renew for lower subscription amounts or for shorter subscription terms. Customer renewal rates may decline or fluctuate as a result of a number of factors, including the breadth of early deployment, reductions in our customers' spending levels, our pricing or pricing structure, the pricing or capabilities of products or services offered by our competitors, our customers' satisfaction or dissatisfaction with our platform, or the effects of economic conditions. If our customers do not renew their agreements with us, or renew on terms less favorable to us, our revenue may decline.

***If we are unable to develop and release product and service enhancements and new products and services to respond to rapid technological change in a timely and cost-effective manner, our business, operating results, and financial condition could be adversely affected.***

The market for our platform is characterized by rapid technological change, frequent new product and service introductions and enhancements, changing customer demands, and evolving industry standards. The introduction of products and services embodying new technologies can quickly make existing products and services obsolete and unmarketable. Analytics products and services are inherently complex, and it can take a long time and require significant research and development expenditures to develop and test new or enhanced products and services. The success of any enhancements or improvements to our platform or any new products and services depends on several factors, including timely completion, competitive pricing, adequate quality testing, integration with existing technologies and our platform, and overall market acceptance. We cannot be sure that we will succeed in developing, marketing, and delivering on a timely and cost-effective basis enhancements or improvements to our platform or any new products and services that respond to technological change or new customer requirements, nor can we be sure that any enhancements or improvements to our platform or any new products and services will achieve market acceptance. Any new products that we develop may not be introduced in a timely or cost-effective manner, may contain errors or defects, or may not achieve the broad market acceptance necessary to generate sufficient revenue. Moreover, even if we introduce new products and services, we may experience a decline in revenue of our existing products and services that is not offset by revenue from the new products or services. For example, customers may delay making purchases of new products and services to permit them to make a more thorough evaluation of these products and services or until industry and marketplace reviews become widely available. Some customers may hesitate migrating to a new product or service due to concerns regarding the complexity of migration and product or service infancy issues on performance. Further, we may make changes to our platform that customers do not find useful and we may also discontinue certain features or increase the price or price structure for our platform. In addition, we may lose existing customers who choose a competitor's products and services rather than migrate to our new products and services. This could result in a temporary or permanent revenue shortfall and adversely affect our business.

Further, the emergence of new industry standards related to analytics products and services may adversely affect the demand for our platform. This could happen if new Internet standards and technologies or new standards in the field of operating system support emerged that were incompatible with customer deployments of our platform. For example, if we are unable to adapt our platform on a timely basis to new database standards, the ability of our platform to access customer databases and to analyze data within such databases could be impaired. In addition, because part of our platform is cloud-based, we need to continually enhance and improve our platform to keep pace with changes in Internet-related hardware, software, communications, and database technologies and standards.

Any failure of our platform to operate effectively with future infrastructure platforms and technologies could reduce the demand for our platform. If we are unable to respond to these changes in a timely and cost-effective manner, our platform may become less marketable, less competitive, or obsolete, and our operating results may be adversely affected.

Moreover, SaaS business models have become increasingly demanded by customers and adopted by other software providers, including our competitors. While part of our platform is cloud-based, most of our platform is currently deployed on premise and therefore, if customers demand that our platform be provided through a SaaS business model, we would be required to make additional investments to our infrastructure in order to be able to more fully provide our platform through a SaaS model so that our platform remains competitive. Such investments may involve expanding our data centers, servers, and networks and increasing our technical operations and engineering teams.

***The competitive position of our software platform depends in part on its ability to operate with third-party products and services, and if we are not successful in maintaining and expanding the compatibility of our platform with such third-party products and services, our business, financial position, and operating results could be adversely impacted.***

The competitive position of our software platform depends in part on its ability to operate with products and services of third parties, software services and infrastructure. As such, we must continuously modify and enhance our platform to adapt to changes in hardware, software, networking, browser, and database technologies. In the future, one or more technology companies may choose not to support the operation of their hardware, software, or infrastructure, or our platform may not support the capabilities needed to operate with such hardware, software, or infrastructure. In addition, to the extent that a third party were to develop software or services that compete with ours, that provider may choose not to support our platform. We intend to facilitate the compatibility of our software platform with various third-party hardware, software, and infrastructure by maintaining and expanding our business and technical relationships. If we are not successful in achieving this goal, our business, financial condition, and operating results could be adversely impacted.

***We face intense and increasing competition, and we may not be able to compete effectively, which could reduce demand for our platform and adversely affect our business, revenue growth, and market share.***

The market for self-service data analytics solutions is new and rapidly evolving. In many cases, our primary competitors are manual, spreadsheet-driven processes and custom-built approaches in which potential customers have made significant investments. In addition, we compete with large software companies, including providers of traditional business intelligence tools that offer one or more capabilities that are competitive with our platform. These capabilities include data preparation and/or advanced analytic modeling tools from International Business Machines Corporation, Microsoft Corporation, Oracle Corporation, SAP SE, and SAS Institute Inc. Additionally, data visualization companies which already offer products and services in adjacent markets have introduced products and services that may become competitive with our offerings in the future. We could also face competition from new market entrants, some of whom might be our current technology partners. In addition, some business analytics software companies offer data preparation options that are competitive with some of the features within our platform, such as Dataiku Ltd., MicroStrategy Incorporated, Paxata, Inc., Tableau Software, Inc., Talend S.A., TIBCO Software Inc., and Trifacta, Inc.

Many of our current and potential competitors, particularly the large software companies named above, have longer operating histories, significantly greater financial, technical, marketing, distribution, professional services, or other resources and greater name recognition than us. We expect competition to increase as other established and emerging companies enter the self-service data analytics software market, as customer requirements evolve, and as new products and services and technologies are introduced. In addition, many of our current and potential competitors have strong relationships with current and potential customers and extensive knowledge of the business analytics industry. As a result, our current and potential competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, or customer requirements or devote greater resources than we can to the development, promotion, and sale of their products and services. Moreover, many of these companies are bundling their analytics products and services into larger deals or subscription renewals, often at significant discounts as part of a larger sale. In addition, some current and potential competitors may offer products or services that address one or a number of functions at lower prices or at no cost, or with greater depth than our platform. Further, our current and potential competitors may develop and market new technologies with comparable functionality to our platform. As a result of the foregoing or other developments, we may experience fewer customer orders, reduced gross margins, longer sales cycles, and loss of market share. This could lead us to decrease prices, implement alternative pricing structures, or introduce products and services available for free or a nominal price in order to remain competitive. We may not be able to compete successfully against current and future competitors, and our business, operating results, and financial condition will be harmed if we fail to meet these competitive pressures.

Our ability to compete successfully in our market depends on a number of factors, both within and outside of our control. We believe the principal competitive factors in our market include: ease of use; platform features, quality, functionality, reliability, performance, and effectiveness; ability to automate analytical tasks or processes; ability to integrate with other technology infrastructures; vision for the market and product innovation; software analytics expertise; total cost of ownership; adherence to industry standards and certifications; strength of sales and marketing efforts; brand awareness and reputation; and customer experience, including support. Any failure by us to compete successfully in any one of these or other areas may reduce the demand for our platform, as well as adversely affect our business, operating results, and financial condition.

Moreover, current and future competitors may also make strategic acquisitions or establish cooperative relationships among themselves or with others, including our current or future technology partners. By doing so, these competitors may increase their ability to meet the needs of our customers or potential customers. In addition, our current or prospective indirect sales channel partners may establish cooperative relationships with our current or future competitors. These relationships may limit our ability to sell or certify our platform through specific distributors, technology providers, database companies, and distribution channels and allow our competitors to rapidly gain significant market share. These developments could limit our ability to obtain revenue from existing and new customers. If we are unable to compete successfully against current and future competitors, our business, operating results, and financial condition would be harmed.

***If the market for analytics products and services fails to grow as we expect, or if businesses fail to adopt our platform, our business, operating results, and financial condition could be adversely affected.***

Nearly all our revenue has come from licenses of our subscription-based software platform, and we expect these sales to account for a large portion of our revenue for the foreseeable future. Although demand for analytics products and services has grown in recent years, the market for analytics products and services continues to evolve and the secular shift towards self-service analytics may not be as significant as we expect. We cannot be sure that this market will continue to grow or, even if it does grow, that businesses will adopt our platform. Our future success will depend in large part on our ability to further penetrate the existing market for business analytics software, as well as the continued growth and expansion of what we believe to be an emerging market for analytics products and services that are faster, easier to adopt, easier to use, and more focused on self-service capabilities. Our ability to further penetrate the business analytics market depends on a number of factors, including the cost, performance, and perceived value associated with our platform, as well as customers' willingness to adopt a different approach to data analysis. We have spent, and intend to keep spending, considerable resources to educate potential customers about analytics products and services in general and our platform in particular. However, we cannot be sure that these expenditures will help our platform achieve any additional market acceptance. Furthermore, potential customers may have made significant investments in legacy analytics software systems and may be unwilling to invest in new products and services. In addition, resistance from consumer and privacy groups to increased commercial collection and use of data on spending patterns and other personal behavior and governmental restrictions on the collection and use of personal data may impair the further growth of this market by reducing the value of data to organizations, as may other developments. If the market fails to grow or grows more slowly than we currently expect or businesses fail to adopt our platform, our business, operating results, and financial condition could be adversely affected.

***We use channel partners and if we are unable to establish and maintain successful relationships with them, our business, operating results, and financial condition could be adversely affected.***

In addition to our direct sales force, we use channel partners such as technology alliances, solutions providers, strategic partners, and VARs to sell and support our platform. Channel partners are becoming an increasingly important aspect of our business, particularly with regard to enterprise, governmental, and international sales. Our future growth in revenue and ability to sustain profitability depends in part on our continuing ability to identify, establish, and retain successful channel partner relationships in the United States and internationally, which will take significant time and resources and involve significant risk. We intend to continue making significant investments to grow our indirect sales channel. If we are unable to maintain our relationships with these channel partners, or otherwise develop and expand our indirect distribution channel, our business, operating results, financial condition, or cash flows could be adversely affected.

We cannot be certain that we will be able to identify suitable indirect sales channel partners. To the extent we do identify such partners, we will need to negotiate the terms of a commercial agreement with them under which the partner would distribute our platform. We cannot be certain that we will be able to negotiate commercially-attractive terms with such channel partner. In addition, all channel partners must be trained to distribute our platform. In order to develop and expand our distribution channel, we must continue developing and improving our processes for channel partner introduction and training. If we do not succeed in identifying suitable indirect sales channel partners, our business, operating results, and financial condition may be adversely affected.

We also cannot be certain that we will be able to maintain successful relationships with any channel partners and, to the extent that our channel partners are unsuccessful in selling our platform, our ability to sell, and our channel partners' willingness to sell, our platform and our business, operating results, and financial condition could be adversely affected. Our channel partners may offer customers the products and services of several different companies, including products and services that compete with our platform. Because our channel partners generally do not have an exclusive relationship with us, we cannot be certain that they will prioritize or provide adequate resources to selling our platform. Moreover, divergence in strategy by any of these channel partners may materially adversely affect our ability to develop, market, sell, or support our platform. We cannot assure you that our channel partners will continue to cooperate with us. Further, we rely on our channel partners to operate in accordance with the terms of their contractual agreements with us and any actions taken or omitted to be taken by such parties may adversely affect us. For example, our agreements with our channel partners limit the terms and conditions pursuant to which they are authorized to resell or distribute our platform and offer technical support and related services. We also typically require our channel partners to represent to us the dates and details of licenses sold through to our customers. If our channel partners do not comply with their contractual obligations to us, our business, operating results, and financial condition may be adversely affected.

In addition, all our sales to Federal government entities have been made indirectly through our channel partners. Government entities may have statutory, contractual, or other legal rights to terminate contracts with our channel partners for convenience or due to a default, and, in the future, if the portion of government contracts that are subject to renegotiation or termination at the election of the government entity are material, any such termination or renegotiation may adversely impact our future operating

results. In the event of such termination, it may be difficult for us to arrange for another channel partner to sell our platform to these government entities in a timely manner, and we could lose sales opportunities during the transition. Government entities routinely investigate and audit government contractors' administrative processes, and any unfavorable audit could result in the government entity refusing to renew its subscription to our platform, a reduction of revenue, or fines or civil or criminal liability if the audit uncovers improper or illegal activities.

***We depend on technology and data licensed to us by third parties that may be difficult to replace or cause errors or failures that may impair or delay implementation of our products and services or force us to pay higher license fees.***

We license third-party technologies and data that we incorporate into, use to operate, or provide to be used with our platform. We cannot assure you that the licenses for such third-party technologies or data will not be terminated or that we will be able to license third-party software or data for future products and services. Third parties may terminate their licenses with us for a variety of reasons, including actual or perceived failures or breaches of security or privacy. In addition, we may be unable to renegotiate acceptable third-party replacement license terms in the event of termination, or we may be subject to infringement liability if third-party software or data that we license is found to infringe intellectual property or privacy rights of others. In addition, the data that we license from third parties for potential use in our platform may contain errors or defects, which could negatively impact the analytics that our customers perform on or with such data. This may have a negative impact on how our platform is perceived by our current and potential customers and could materially damage our reputation and brand.

Changes in or the loss of third-party licenses could lead to our platform becoming inoperable or the performance of our platform being materially reduced resulting in our potentially needing to incur additional research and development costs to ensure continued performance of our platform or a material increase in the costs of licensing, and we may experience decreased demand for our platform.

***The nature of our platform makes it particularly vulnerable to undetected errors or bugs, which could cause problems with how our platform performs and which could, in turn, reduce demand for our platform, reduce our revenue, and lead to product liability claims against us.***

Because our platform is complex, it may contain errors or defects, especially when new updates or enhancements are released. Our software is often installed and used in large-scale computing environments with different operating systems, system management software, and equipment and networking configurations, which may cause errors or failures of our software or other aspects of the computing environment into which it is deployed. In addition, deployment of our software into these computing environments may expose previously undetected errors, compatibility issues, failures, or bugs in our software. Although we test our platform extensively, we have in the past discovered software errors in our platform after introducing new updates or enhancements. Despite testing by us and by our current and potential customers, errors may be found in new updates or enhancements after deployment by our customers. Real or perceived errors, failures, vulnerabilities, or bugs in our platform could result in negative publicity, loss of customer data, loss of or delay in market acceptance of our platform, loss of competitive position, or claims by customers for losses sustained by them, all of which could negatively impact our business and operating results and materially damage our reputation and brand. We may also have to expend resources and capital to correct these defects. Alleviating any of these problems could require significant expenditures of our capital and other resources and could cause interruptions, delays, or cessation in the sale of our platform, which could cause us to lose existing or potential customers and could adversely affect our operating results and growth prospects.

Our agreements with customers typically contain provisions designed to limit our exposure to product liability, warranty, and other claims. However, these provisions do not eliminate our exposure to these claims. In addition, it is possible that these provisions may not be effective under the laws of certain domestic or international jurisdictions and we may be exposed to product liability, warranty, and other claims. A successful product liability, warranty, or other similar claim against us could have an adverse effect on our business, operating results, and financial condition.

***Our long-term success depends, in part, on our ability to expand the licensing of our software platform to customers located outside of the United States and our current, and any further, expansion of our international operations exposes us to risks that could have a material adverse effect on our business, operating results, and financial condition.***

We are generating a growing portion of our revenue from international licenses, and conduct our business activities in various foreign countries, including some emerging markets where we have limited experience, where the challenges of conducting our business can be significantly different from those we have faced in more developed markets and where business practices may create internal control risks. There are certain risks inherent in conducting international business, including:

- fluctuations in foreign currency exchange rates;
- new, or changes in, regulatory requirements;
- tariffs, export and import restrictions, restrictions on foreign investments, sanctions, and other trade barriers or protection measures;
- costs of localizing products and services;
- lack of acceptance of localized products and services;
- the need to make significant investments in people, solutions and infrastructure, typically well in advance of revenue generation;
- challenges inherent in efficiently managing an increased number of employees over large geographic distances, including the need to implement appropriate systems, policies, benefits and compliance programs;
- difficulties in maintaining our company culture with a dispersed and distant workforce;
- tax issues, including with respect to our corporate operating structure and intercompany arrangements;
- different or weaker protection of our intellectual property;
- economic weakness or currency-related crises;
- compliance with multiple, conflicting, ambiguous or evolving governmental laws and regulations, including employment, tax, privacy, anti-corruption, import/export, antitrust, data transfer, storage and protection, and industry-specific laws and regulations, including rules related to compliance by our third-party resellers and our ability to identify and respond timely to compliance issues when they occur;
- generally longer payment cycles and greater difficulty in collecting accounts receivable;
- our ability to adapt to sales practices and customer requirements in different cultures;
- the lack of reference customers and other marketing assets in regional markets that are new or developing for us, as well as other adaptations in our market generation efforts that we may be slow to identify and implement;
- dependence on certain third parties, including resellers with whom we do not have extensive experience;
- corporate espionage; and
- political instability and security risks in the countries where we are doing business.

We have undertaken, and might undertake additional, corporate operating restructurings that involve our group of foreign country subsidiaries through which we do business abroad. We consider various factors in evaluating these restructurings, including the alignment of our corporate legal entity structure with our organizational structure and its objectives, the operational and tax efficiency of our group structure, and the long-term cash flows and cash needs of our business. Such restructurings increase our operating costs, and if ineffectual, could increase our income tax liabilities and our global effective tax rate.

Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. The U.S. enacted significant tax reform in December 2017, and we are continuing to evaluate its impact as new guidance and regulations are published. In addition, the Organization for Economic Co-operation and Development, or OECD, issued final action items or proposals related to its initiative to combat base erosion and profit shifting, or BEPS. The OECD urged its members to adopt the proposals to counteract the effects of taxpayers' use of tax havens and preferential tax regimes globally. One BEPS proposal redefines a "permanent establishment" under treaty tax law, and changes how profits would be attributed to the permanent establishment. Some countries have incorporated the BEPS proposals into their laws and we expect other countries to follow suit, including the adoption of market-based, income sourcing provisions that assign a greater share of taxable income of a non-resident taxpayer to the country of its customer's location than do traditional "arm's length" income sourcing provisions.

Some of the BEPS and related proposals, if enacted into law in the United States and in the foreign countries where we do business, could increase the burden and costs of our tax compliance. Moreover, such changes could increase the amount of taxes we incur in those jurisdictions, and in turn, increase our global effective tax rate.

In addition, compliance with foreign and U.S. laws and regulations that are applicable to our international operations is complex and may increase our cost of doing business in international jurisdictions, and our international operations could expose us to fines and penalties if we fail to comply with these regulations. These laws and regulations include import and export requirements and anti-bribery laws, such as the United States Foreign Corrupt Practices Act of 1977, as amended, or the FCPA, the United Kingdom Bribery Act 2010, or the Bribery Act, and local laws prohibiting corrupt payments to governmental officials. Although we have implemented policies and procedures designed to help ensure compliance with these laws, we cannot assure you that our employees, partners, and other persons with whom we do business will not take actions in violation of our policies or these laws. Any violations of these laws could subject us to civil or criminal penalties, including substantial fines or prohibitions on our ability to offer our platform in one or more countries, and could also materially damage our reputation and our brand. These factors may have an adverse effect on our future sales and, consequently, on our business, operating results, and financial condition.

***Political and economic uncertainty, particularly in the United Kingdom and the European Union, could cause disruptions to, and create uncertainty surrounding, our business in the United Kingdom and the European Union, including affecting our relationships with our existing and prospective customers, partners, and employees, and could have a material impact on our operations in the United Kingdom.***

In a June 2016 referendum, the United Kingdom voted in favor of leaving the European Union, and in March 2017, the United Kingdom notified the European Union of its plan to leave the European Union, a process commonly referred to as “Brexit.” Brexit occurred on January 31, 2020 and continues to create political and economic uncertainty. For example, our U.K.-headquartered subsidiary co-develops and licenses our products to customers outside the United States, many of which are in the European Union. Although the United Kingdom is expected to continue its trading relationships with the European Union under a transition agreement running to year end 2020, our U.K. subsidiary could lose access to the E.U. single market and to E.U. trade agreements with other jurisdictions after that transition period, which could disrupt our business and our relationships with existing and prospective customers, partners, and employees. In addition, depending on the final terms of Brexit and formal agreements or arrangements between the European Union and the United Kingdom, we could face new regulatory costs and burdens, including imposition of customs duties, or tariffs, on our products licensed to customers in the European Union. We are unable to predict how and to what extent Brexit will impact our future results of operations and cash flows.

***The nature of our business requires the application of complex revenue recognition rules and changes in financial accounting standards or practices may cause adverse, unexpected financial reporting fluctuations and affect our reported operating results.***

U.S. generally accepted accounting principles, or U.S. GAAP, is subject to interpretation by the Financial Accounting Standards Board, or FASB, the SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in accounting standards or practices can have a significant effect on our reported results and may even affect our reporting of transactions completed before the change is effective, as occurred in connection with our adoption of ASU, 2014-09, *Revenue from Contracts with Customers* (Topic 606), or ASC 606. New accounting pronouncements and varying interpretations of accounting pronouncements have occurred and may occur in the future. Changes to existing rules or the questioning of current practices may adversely affect our reported financial results or the way we conduct our business.

Accounting for revenue from sales of subscriptions to software is particularly complex, is often the subject of intense scrutiny by the SEC and will evolve as FASB continues to consider applicable accounting standards in this area. For example, ASC 606 became effective for our annual reporting period for the year ended December 31, 2018 and had a material impact on our operating results for the year ended December 31, 2018. ASC 606 is principles-based and interpretation of those principles may vary from company to company based on their unique circumstances. It is possible that interpretation, industry practice and guidance may evolve. Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of securities analysts and investors, resulting in a decline in our stock price.

We also implemented changes to our accounting processes, internal controls and disclosures to support ASC 606. For example, the timing by which we recognize revenue from each of our products differs as a result of our transition to ASC 606. If a shift in our product mix favors the sale of one or more product(s) over our other product offerings, our revenue may be affected and may grow more slowly than it has in the past, or decline, and our operating results may be adversely impacted. In addition, industry and financial analysts may have difficulty understanding any shifts in our product mix, resulting in changes in financial estimates or failure to meet investor expectations. Furthermore, if we are unsuccessful in adapting our business to the requirements of the new revenue recognition standard, or if changes to our go-to-market strategy create new risks, then we may experience greater volatility in our quarterly and annual operating results, which may have a material adverse effect on the trading price of our Class A common stock.

In addition, in February 2016, FASB issued an accounting standards update on leases, requiring lessees, among other things, to recognize lease assets and lease liabilities on the balance sheet for those leases classified as operating leases under previous authoritative guidance. Effective January 1, 2019, we adopted Accounting Standards Update, or ASU, 2016-02, *Leases*, or ASC 842. Under ASC 842, we determine if an arrangement is a lease at contract inception. Operating leases are included in operating lease right-of-use assets, other current liabilities and operating lease liabilities in our consolidated balance sheets. Operating lease charges are recorded in operating expenses in our consolidated statements of operations and comprehensive income (loss). Other companies in our industry may apply these accounting principles differently than we do, adversely affecting the comparability of our consolidated financial statements. Any difficulties in implementing these and other new accounting pronouncements could cause us to fail to meet our financial reporting obligations, which could result in regulatory discipline and harm investors’ confidence in us.

***If we fail to develop, maintain, and enhance our brand and reputation cost-effectively, our business and financial condition may be adversely affected.***

We believe that developing, maintaining, and enhancing awareness and integrity of our brand and reputation in a cost-effective manner is important to achieving widespread acceptance of our platform and is an important element in attracting new customers and maintaining existing customers. We believe that the importance of our brand and reputation will increase as competition in our market further intensifies. Successful promotion of our brand will depend on the effectiveness of our marketing efforts, our ability to provide a reliable and useful platform at competitive prices, the perceived value of our platform, and our ability to provide quality customer support. Brand promotion activities may not yield increased revenue, and even if they do, the increased revenue may not offset the expenses we incur in building and maintaining our brand and reputation. We also rely on our customer base and community of end-users in a variety of ways, including to give us feedback on our platform and to provide user-based support to our other customers. If we fail to promote and maintain our brand successfully or to maintain loyalty among our customers, or if we incur substantial expenses in an unsuccessful attempt to promote and maintain our brand, we may fail to attract new customers and partners or retain our existing customers and partners and our business and financial condition may be adversely affected. Any negative publicity relating to our employees or partners, or others associated with these parties, may also tarnish our own reputation simply by association and may reduce the value of our brand. Damage to our brand and reputation may result in reduced demand for our platform and increased risk of losing market share to our competitors. Any efforts to restore the value of our brand and rebuild our reputation may be costly and may not be successful.

***We have limited experience with respect to determining the optimal prices and pricing structures for our products and services.***

We expect that we may need to change our pricing model from time to time, including as a result of competition, global economic conditions, reductions in our customers' spending levels generally or changes in how information technology infrastructure is broadly consumed. Similarly, as we introduce new products and services, or as a result of the evolution of our existing products and services, we may have difficulty determining the appropriate price structure for our products and services. In addition, as new and existing competitors introduce new products or services that compete with ours, or revise their pricing structures, we may be unable to attract new customers at the same price or based on the same pricing model as we have used historically. Moreover, as we continue to target selling our products and services to larger organizations, these larger organizations may demand substantial price concessions. As a result, we may be required from time to time to revise our pricing structure or reduce our prices, which could adversely affect our business, operating results, and financial condition.

***As we continue to pursue sales to large enterprises, our sales cycle, forecasting processes, and deployment processes may become more unpredictable and require greater time and expense.***

Sales to large enterprises involve risks that may not be present or that are present to a lesser extent with sales to smaller organizations and, accordingly, our sales cycle may lengthen as we continue to pursue sales to large enterprises. As we seek to increase our sales to large enterprise customers, we also face more complex customer requirements, substantial upfront sales costs, and less predictability in completing some of our sales than we do with smaller customers. With larger organizations, the decision to subscribe to our platform frequently requires the approvals of multiple management personnel and more technical personnel than would be typical of a smaller organization and, accordingly, sales to larger organizations may require us to invest more time educating these potential customers. In addition, large enterprises often require extensive configuration, integration services, and pricing negotiations, which increase our upfront investment in the sales effort with no guarantee that these customers will deploy our platform widely enough across their organization to justify our substantial upfront investment. Purchases by large enterprises are also frequently subject to budget constraints and unplanned administrative, processing, and other delays, which means we may not be able to come to agreement on the terms of the sale to large enterprises. In addition, our ability to successfully sell our platform to large enterprises is dependent on us attracting and retaining sales personnel with experience in selling to large organizations. If we are unable to increase sales of our platform to large enterprise customers while mitigating the risks associated with serving such customers, our business, financial position, and operating results may be adversely impacted. Furthermore, if we fail to realize an expected sale from a large customer in a particular quarter or at all, our business, operating results, and financial condition could be adversely affected for a particular period or in future periods.

***Our sales are generally more heavily weighted toward the end of each quarter which could cause our billings and revenue to fall below expected levels.***

As a result of customer purchasing patterns, our quarterly sales cycles are generally more heavily weighted toward the end of each quarter with an increased volume of sales in the last few weeks and days of the quarter. This impacts the timing of recognized revenue and billings, cash collections and delivery of professional services. Furthermore, the concentration of contract negotiations in the last few weeks and days of the quarter could require us to expend more in the form of compensation for additional sales, legal and finance employees and contractors. Compression of sales activity to the end of the quarter also greatly increases the likelihood that sales cycles will extend beyond the quarter in which they are forecasted to close for some sizable transactions, which may harm forecasting accuracy and adversely impact new customer acquisition metrics for the quarter in which they are forecasted to close.

***We are exposed to collection and credit risks, which could impact our operating results.***

Our accounts receivable and contract assets are subject to collection and credit risks, which could impact our operating results. These assets may include upfront purchase commitments for multiple years of subscription-based software licenses, which may be invoiced over multiple reporting periods, increasing these risks. For example, our operating results may be impacted by significant bankruptcies among customers, which could negatively impact our revenues and cash flows. Although we have processes in place that are designed to monitor and mitigate these risks, we cannot guarantee these programs will be effective. If we are unable to adequately control these risks, our business, operating results and financial condition could be harmed.

***Our operating results may fluctuate from quarter to quarter, which makes our future results difficult to predict.***

Our quarterly operating results have fluctuated in the past and may fluctuate in the future. Additionally, we have a limited operating history with the current scale of our business, which makes it difficult to forecast our future results. As a result, you should not rely upon our past quarterly operating results as indicators of future performance. You should take into account the risks and uncertainties frequently encountered by companies in rapidly evolving markets. Our operating results in any given quarter can be influenced by numerous factors, many of which are unpredictable or are outside of our control, including:

- our ability to generate significant revenue from new products and services;
- our ability to maintain and grow our customer base;
- our ability to expand our number of partners and distribution of our platform;
- the development and introduction of new products and services by us or our competitors;
- increases in and timing of operating expenses that we may incur to grow and expand our operations and to remain competitive;
- the timing of significant new purchases or renewals by our customers;
- purchasing patterns of our customers, including as a result of seasonality or changes in product mix;
- the timing of our Inspire user conferences;
- costs related to the acquisition of businesses, talent, technologies, or intellectual property, including potentially significant amortization costs and possible write-downs;
- actual or perceived failures or breaches of security or privacy, and the costs associated with remediating any actual failures or breaches;
- adverse litigation, judgments, settlements, or other litigation-related costs;
- changes in the legislative or regulatory environment, such as with respect to privacy;
- the application of new or changing financial accounting standards or practices, including the adoption of ASC 606;
- fluctuations in currency exchange rates and changes in the proportion of our revenue and expenses denominated in foreign currencies; and
- general economic conditions in either domestic or international markets.

***Our business is affected by seasonality.***

Our business is affected by seasonality. Due to the budgeting cycles of our current and potential customers, historically, we enter into more agreements with new customers and more renewed agreements with existing customers in the fourth quarter of each calendar year than in any other quarter. The impact of seasonality is heightened on new licenses that are multi-year in nature with more revenue recognized at a point in time when the platform is first made available to the customers, or the beginning of the subscription term, if later. Additionally, seasonal patterns may be affected by the timing of particularly large transactions. For example, we may achieve higher revenue growth in the first fiscal quarter than in the second fiscal quarter due to the effect of one or more large contracts that are entered into in the first fiscal quarter.

In addition, we have experienced increased sales and marketing expenses associated with our annual company kickoff and our annual U.S., European and Asia-Pacific Inspire user conferences in the period in which each occurs. Our rapid growth in recent years may obscure the extent to which seasonality trends have affected our business and may continue to affect our business. Seasonality in our business can also be impacted by introductions of new or enhanced products and services, including the costs



associated with such introductions. Moreover, seasonal and other variations related to our revenue recognition or otherwise may cause significant fluctuations in our operating results and cash flows, may make it challenging for an investor to predict our performance on a quarterly or annual basis and may prevent us from achieving our quarterly or annual forecasts or meeting or exceeding the expectations of research analysts or investors, which in turn may cause our stock price to decline. Additionally, yearly or quarterly comparisons of our operating results may not be useful and our operating results in any particular period will not necessarily be indicative of the results to be expected for any future period.

***If we are unable to recruit or retain skilled personnel, or if we lose the services of any of our senior management or other key personnel, our business, operating results, and financial condition could be adversely affected.***

Our future success depends on our continuing ability to attract, train, assimilate, and retain highly skilled personnel. We face intense competition for qualified individuals from numerous software and other technology companies. We may not be able to retain our current key employees or attract, train, assimilate, or retain other highly skilled personnel in the future. We may incur significant costs to attract and retain highly skilled personnel, and we may lose new employees to our competitors or other technology companies before we realize the benefit of our investment in recruiting and training them. As we continue to move into new geographies, we will need to attract and recruit skilled personnel in those areas. If we are unable to attract and retain suitably qualified individuals who are capable of meeting our growing technical, operational, and managerial requirements, on a timely basis or at all, our business may be adversely affected. Volatility or lack of performance in our stock price may also affect our ability to attract and retain our key employees.

Our future success also depends in large part on the continued service of senior management and other key personnel. In particular, we are highly dependent on the services of our senior management team, many of whom are critical to the development of our technology, platform, future vision, and strategic direction. We rely on our leadership team in the areas of operations, security, marketing, sales, support, and general and administrative functions, and on individual contributors on our research and development team. Our senior management and other key personnel are all employed on an at-will basis, which means that they could terminate their employment with us at any time, for any reason and without notice. If we lose the services of senior management or other key personnel, if our senior management team cannot work together effectively, or if we are unable to attract, train, assimilate, and retain the highly skilled personnel we need, our business, operating results, and financial condition could be adversely affected.

***We are obligated to develop and maintain proper and effective internal control over financial reporting. We previously identified a material weakness in our internal control over financial reporting. Although we believe the material weakness has since been remediated, we may identify additional material weaknesses in the future, or otherwise fail to maintain an effective system of internal control over financial reporting in the future, and may not be able to accurately or timely report our financial condition or operating results, which may adversely affect investor confidence in our company and, as a result, the value of our Class A common stock.***

As a public company, we are required, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting. Effective internal control over financial reporting is necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation, could cause us to fail to meet our reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our Class A common stock.

This report will need to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting, as well as a statement that our independent registered public accounting firm has issued an opinion on our internal control over financial reporting. Section 404(b) of the Sarbanes-Oxley Act requires our independent registered public accounting firm to annually attest to the effectiveness of our internal control over financial reporting, which has required, and will continue to require, increased costs, expenses, and management resources. An independent assessment of the effectiveness of our internal controls could detect problems that our management's assessment might not. Undetected material weaknesses in our internal controls could lead to financial statement restatements and require us to incur the expense of remediation. We are required to disclose changes made in our internal controls and procedures on a quarterly basis. To comply with the requirements of being a public company, we have undertaken, and may need to further undertake in the future, various actions, such as implementing new internal controls and procedures and hiring additional accounting or internal audit staff.

We previously identified a material weakness in our internal control over financial reporting. Although we believe the material weakness has since been remediated, we cannot assure you that the measures we have taken to date, and are continuing to implement, or any measures we may take in the future, will be sufficient to identify or prevent future material weaknesses. If other material

weaknesses or other deficiencies occur, our ability to accurately and timely report our financial position could be impaired, which could result in a material misstatement of our financial statements that would not be prevented or detected on a timely basis.

If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion on the effectiveness of our internal control, including as a result of any identified material weakness, we could lose investor confidence in the accuracy and completeness of our financial reports, which would cause the price of our Class A common stock to decline, and we may be subject to investigation or sanctions by the SEC. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the New York Stock Exchange.

***We have experienced, and may in the future experience, security breaches and if unauthorized parties obtain access to our customers' data, our data, or our platform, networks, or other systems, our platform may be perceived as not being secure, our reputation may be harmed, demand for our platform may be reduced, our operations may be disrupted, we may incur significant legal liabilities, and our business could be materially adversely affected.***

As part of our business, we process, store, and transmit our customers' information and data as well as our own confidential and/or proprietary business information and trade secrets, including in our platform, networks, and other systems, and we rely on third parties that are not directly under our control to do so as well. We, and our third-party partners, have security measures and disaster response plans in place to help protect our customers' data, our own data and information, and our platform, networks, and other systems against unauthorized access or inadvertent exposure. However, we cannot assure you that these security measures and disaster response plans will be effective against all security threats and natural disasters. Our and our third-party partners' security measures have in the past been, and may in the future be, breached as a result of third-party action, including intentional misconduct by computer hackers, fraudulent inducement of employees or customers to disclose sensitive information such as user names or passwords, and the errors or malfeasance of our or our third-party partners' personnel. Such a breach could result in someone obtaining unauthorized access to our customers' data, our own data, confidential and/or proprietary business information, trade secrets, personal data, or our platform, networks, or other systems. Although we have incurred significant costs and expect to incur additional significant costs to prevent such unauthorized access, because there are many different security threats and the security threat landscape continues to evolve, we and our third-party partners may be unable to anticipate attempted security breaches and implement adequate preventative measures. Third parties may also conduct attacks designed to temporarily deny customers access to our services.

Any actual or perceived security breach or compromise or failure of our or our third-party partners' systems, networks, data or confidential information, could result in actual or alleged breaches of applicable laws or our contractual obligations, regulatory investigations and orders, litigation, indemnity obligations, damages, penalties, fines, costs, and other liabilities. Any such incident could also materially damage our reputation and harm our business, operating results, and financial condition, including reducing our revenue, resulting in our customers or third-party partners terminating their relationship with us, subjecting us to costly notification and remediation requirements, or harming our brand. For example, in 2018, we were subject to lawsuits filed against us related to potential access to a commercially available, third-party marketing dataset that provided consumer marketing information intended to help marketing professionals advertise and sell their products. While these lawsuits were ultimately resolved in 2018, future litigation or similar proceedings could be resolved less favorably and adversely affect our business or operations.

***Cybersecurity risks and cyber incidents could result in the compromise of confidential data or critical data systems and give rise to potential harm to customers, remediation and other expenses, consumer protection laws, or other common law theories, subject us to litigation and federal and state governmental inquiries, damage our reputation, and otherwise be disruptive to our business and operations.***

Cyber incidents can result from deliberate attacks or unintentional events. We collect and store on our networks sensitive information, including intellectual property, proprietary business information and personally identifiable information of individuals, such as our customers and employees. The secure maintenance of this information and technology is critical to our business operations. We have implemented multiple layers of security measures to protect the confidentiality, integrity, availability and privacy of this data and the systems and devices that store and transmit such data. We utilize current security technologies, and our defenses are monitored and routinely tested internally and by external parties. Despite these efforts, threats from malicious persons and groups, new vulnerabilities and advanced new attacks against information systems create risk of cybersecurity incidents. These incidents can include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently and may not immediately produce signs of intrusion, we may be unable to anticipate these incidents or techniques, timely discover them, or implement adequate preventative measures.

These threats can come from a variety of sources, ranging in sophistication from an individual hacker to malfeasance by employees, consultants or other service providers to state-sponsored attacks. Cyber threats may be generic, or they may be custom-crafted against our information systems. Over the past several years, cyber-attacks have become more prevalent and much harder to detect and defend against. Our network and storage applications may be vulnerable to cyber-attack, malicious intrusion, malfeasance, loss of data privacy or other significant disruption and may be subject to unauthorized access by hackers, employees, consultants or other service providers. In addition, hardware, software or applications we develop or procure from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Unauthorized parties may also attempt to gain access to our systems or facilities through fraud, trickery or other forms of deceiving our employees, contractors and temporary staff.

There can be no assurance that we will not be subject to cybersecurity incidents that bypass our security measures, impact the integrity, availability or privacy of data that may be subject to privacy laws or disrupt our information systems, devices or business. As a result, cybersecurity, physical security and the continued development and enhancement of our controls, processes and practices designed to protect our enterprise, information systems and data from attack, damage or unauthorized access remain a priority for us. As cyber threats continue to evolve, we may be required to expend significant additional resources to continue to modify or enhance our protective measures or to investigate and remediate any cybersecurity vulnerabilities. The occurrence of any of these events could result in:

- harm to customers;
- business interruptions and delays;
- the loss, misappropriation, corruption or unauthorized access of data;
- litigation, including potential class action litigation, and potential liability under privacy, security and consumer protection laws or other applicable laws;
- reputational damage;
- increase to insurance premiums; and
- foreign, federal and state governmental inquiries, any of which could have a material, adverse effect on our financial position and results of operations and harm our business reputation.

We maintain cyber liability insurance policies covering certain security and privacy damages. However, we cannot be certain that our coverage will be adequate for liabilities actually incurred or that insurance will continue to be available to us on economically reasonable terms, or at all. Risks related to cybersecurity will increase as we continue to grow the scale and functionality of our platform and process, store, and transmit increasingly large amounts of our customers' information and data, which may include proprietary or confidential data or personal data.

***Any failure to offer high-quality technical support may harm our relationships with our customers and have a negative impact on our business and financial condition.***

Once our platform is deployed, our customers depend on our customer support team to resolve technical and operational issues relating to our platform. Our ability to provide effective customer support is largely dependent on our ability to attract, train, and retain qualified personnel with experience in supporting customers on platforms such as ours. The number of our customers has grown significantly and that has and will put additional pressure on our customer support team. We may be unable to respond quickly enough to accommodate short-term increases in customer demand for technical support. We also may be unable to modify the future, scope, and delivery of our technical support to compete with changes in the technical support provided by our competitors. Increased customer demand for support, without corresponding revenue, could increase costs and negatively affect our operating results. In addition, as we continue to grow our operations and expand internationally, we need to be able to provide efficient customer support that meets our customers' needs globally at scale and our customer support team will face additional challenges, including those associated with delivering support, training, and documentation in languages other than English. If we are unable to provide efficient customer support globally at scale, our ability to grow our operations may be harmed and we may need to hire additional support personnel, which could negatively impact our operating results. In addition, we provide self-service support resources to our customers. Some of these resources, such as Alteryx Community, rely on engagement and collaboration by and with other customers. If we are unable to continue to develop self-service support resources that are easy to use and that our customers utilize to resolve their technical issues, or if our customers choose not to collaborate or engage with other customers on technical support issues, customers may continue to direct support requests to our customer support team instead of relying on our self-service support resources and our customers' experience with our platform may be negatively impacted. Any failure to maintain high-quality support, or a market perception that we do not maintain high-quality support, could harm our reputation, our ability to sell our platform to existing and prospective customers, and our business, operating results, and financial condition.

***Future acquisitions of, or investments in, other companies, products, or technologies could require significant management attention, disrupt our business, dilute stockholder value, and adversely affect our operating results.***

Our business strategy has included, and may in the future include, acquiring other complementary products, technologies, or businesses. For example, we acquired Feature Labs, Inc. in October 2019 to augment our machine learning capabilities and establish an engineering hub on the East Coast of the U.S., and ClearStory Data Inc. in April 2019 to add talented developers and compelling technology to our organization. We also may enter into relationships with other businesses in order to expand our platform, which could involve preferred or exclusive licenses, additional channels of distribution, or discount pricing or investments in other companies. Negotiating these transactions can be time-consuming, difficult, and expensive, and our ability to close these transactions may be subject to third-party approvals, such as government regulatory approvals, which are beyond our control. Consequently, we can make no assurance that these transactions, once undertaken and announced, will close.

These kinds of acquisitions or investments may result in unforeseen operating difficulties and expenditures. If we acquire businesses or technologies, we may not be able to integrate the acquired personnel, operations, and technologies successfully, or effectively manage the combined business following the acquisition. We also may not achieve the anticipated benefits from the acquired business due to a number of factors, including:

- inability to integrate or benefit from acquired technologies or services in a profitable manner;
- unanticipated costs or liabilities associated with the acquisition;
- incurrence of acquisition-related costs;
- difficulty integrating the accounting systems, operations, and personnel of the acquired business;
- difficulties and additional expenses associated with supporting legacy products and hosting infrastructure of the acquired business;
- difficulty converting the customers of the acquired business onto our platform and contract terms;
- diversion of management's attention from other business concerns;
- adverse effects to our existing business relationships with business partners and customers as a result of the acquisition;
- the potential loss of key employees;
- use of resources that are needed in other parts of our business; and
- use of substantial portions of our available cash to consummate the acquisition.

Moreover, we cannot assure you that the anticipated benefits of any acquisition or investment would be realized or that we would not be exposed to unknown liabilities.

In connection with these types of transactions, we may issue additional equity securities that would dilute our stockholders, use cash that we may need in the future to operate our business, incur debt on terms unfavorable to us or that we are unable to repay, incur large charges or substantial liabilities, encounter difficulties integrating diverse business cultures, and become subject to adverse tax consequences, substantial depreciation, or deferred compensation charges. These challenges related to acquisitions or investments could adversely affect our business, operating results, financial condition, and prospects.

***Failure to protect our intellectual property could adversely affect our business.***

We currently rely on a combination of patents, copyrights, trademarks, trade secrets, confidentiality procedures, contractual commitments, and other legal rights to protect our intellectual property. Despite our efforts, the steps we take to protect our intellectual property may be inadequate. Unauthorized third parties may try to copy or reverse engineer portions of our platform or otherwise obtain and use our intellectual property. In addition, we may not be able to obtain sufficient intellectual property protection for important features of our platform, in which case our competitors may discover ways to provide similar features without infringing or misappropriating our intellectual property rights.

Any patents that we may own and rely on may be challenged or circumvented by others or invalidated through administrative process or litigation. Our current and future patent applications may not be issued with the scope of the claims we seek, if at all. In addition, any patents issued in the future may not provide us with competitive advantages, may not be enforceable in actions against alleged infringers or may be successfully challenged by third parties.

Moreover, recent amendments to U.S. patent law, developing jurisprudence regarding U.S. patent law, and possible future changes to U.S. or foreign patent laws and regulations may affect our ability to protect our intellectual property and defend against claims of patent infringement. In addition, the laws of some countries do not provide the same level of protection of our intellectual property as do the laws of the United States. As we expand our international activities, our exposure to unauthorized copying and use of our platform and proprietary information will likely increase. Despite our precautions, it may be possible for unauthorized third parties to infringe upon or misappropriate our intellectual property, to copy our platform, and use information that we regard as proprietary to create products and services that compete with ours. Effective intellectual property protection may not be available

to us in every country in which our platform is available and mechanisms for enforcement of intellectual property rights in those countries may be inadequate. For example, some foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. In addition, many countries limit the enforceability of patents against certain third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit. We may need to expend additional resources to defend our intellectual property rights domestically or internationally, which could impair our business or adversely affect our domestic or international expansion. If we cannot protect our intellectual property against unauthorized copying or use, we may not remain competitive and our business, operating results, and financial condition may be adversely affected.

We enter into confidentiality and invention assignment agreements with our employees and consultants and enter into confidentiality agreements with other parties. We cannot assure you that these agreements will be effective in controlling access to, use of, and distribution of our proprietary information or in effectively securing exclusive ownership of intellectual property developed by our employees and consultants. Further, these agreements may not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our platform.

In order to protect our intellectual property rights, we may be required to spend significant resources to acquire, maintain, monitor, and protect our intellectual property rights. We cannot assure you that our monitoring efforts will detect every infringement of our intellectual property rights by a third party. Litigation may be necessary in the future to enforce our intellectual property rights and to protect our trade secrets. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming, and distracting to management, and could result in the impairment or loss of portions of our intellectual property. Further, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could delay further sales or the implementation of our platform, impair the functionality of our platform, delay introductions of new products and services, result in our substituting inferior or more costly technologies into our platform, or damage our brand and reputation.

Additionally, the United States Patent and Trademark Office and various foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process and to maintain issued patents. There are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. If this occurs, it could have a material adverse effect on our business operations and financial condition.

***Our platform may infringe the intellectual property rights of third parties and this may create liability for us or otherwise harm our business.***

Third parties may claim that our current or future products and services infringe their intellectual property rights, and such claims may result in legal claims against our customers and us. These claims may damage our brand and reputation, harm our customer relationships, and create liability for us. We expect the number of such claims will increase as the number of products and services and the level of competition in our market grows, the functionality of our platform overlaps with that of other products and services, and the volume of issued software patents and patent applications continues to increase. We generally agree in our customer contracts to indemnify customers for expenses or liabilities they incur as a result of third party intellectual property infringement claims associated with our platform. To the extent that any claim arises as a result of third-party technology we have licensed for use in our platform, we may be unable to recover from the appropriate third party any expenses or other liabilities that we incur.

Companies in the software and technology industries, including some of our current and potential competitors, own large numbers of patents, copyrights, trademarks, and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. In addition, many of these companies have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them. Furthermore, patent holding companies, non-practicing entities, and other adverse patent owners that are not deterred by our existing intellectual property protections may seek to assert patent claims against us. From time to time, third parties, including certain of these leading companies, have contacted us inviting us to license their patents and may, in the future, assert patent, copyright, trademark, or other intellectual property rights against us, our channel partners, our technology partners, or our customers. We have received, and may in the future receive, notices that claim we have misappropriated, misused, or infringed other parties' intellectual property rights, and, to the extent we gain greater market visibility, we face a higher risk of being the subject of intellectual property infringement claims, which is not uncommon with respect to the enterprise software market.

There may be third-party intellectual property rights, including issued or pending patents, that cover significant aspects of our technologies or business methods. In addition, if we acquire or license technologies from third parties, we may be exposed to

increased risk of being the subject of intellectual property infringement due to, among other things, our lower level of visibility into the development process with respect to such technology and the care taken to safeguard against infringement risks. Any intellectual property claims, with or without merit, could be very time-consuming, could be expensive to settle or litigate, and could divert our management's attention and other resources. These claims could also subject us to significant liability for damages, potentially including treble damages if we are found to have willfully infringed patents or copyrights, and may require us to indemnify our customers for liabilities they incur as a result of such claims. These claims could also result in our having to stop using technology found to be in violation of a third party's rights. We might be required to seek a license for the intellectual property, which may not be available on reasonable terms or at all. Even if a license were available, we could be required to pay significant royalties, which would increase our operating expenses. Alternatively, we could be required to develop alternative non-infringing technology, which could require significant time, effort, and expense, and may affect the performance or features of our platform. If we cannot license or develop alternative non-infringing substitutes for any infringing technology used in any aspect of our business, we would be forced to limit or stop sales of our platform and may be unable to compete effectively. Any of these results would adversely affect our business operations and financial condition.

***Indemnity provisions in various agreements potentially expose us to substantial liability for intellectual property infringement and other losses.***

Our agreements with customers and other third parties may include indemnification provisions under which we agree to indemnify them for losses suffered or incurred as a result of third-party claims of intellectual property infringement or other violations of intellectual property rights, damages caused by us to property or persons, or other liabilities relating to or arising from our software, services or other contractual obligations. Large indemnity payments could harm our business, operating results and financial condition. Any dispute with a customer with respect to such obligations could have adverse effects on our relationship with that customer and other existing customers and new customers and harm our business and operating results.

***Our platform contains third-party open source software components, and failure to comply with the terms of the underlying open source software licenses could restrict our ability to sell our platform.***

Our platform incorporates open source software code. An open source license allows the use, modification, and distribution of software in source code form. Certain kinds of open source licenses further require that any person who creates a product or service that contains, links to, or is derived from software that was subject to an open source license must also make their own product or service subject to the same open source license. Using software that is subject to this kind of open source license can lead to a requirement that our platform be provided free of charge or be made available or distributed in source code form. Although we do not believe our platform includes any open source software in a manner that would result in the imposition of any such requirement, the interpretation of open source licenses is legally complex and, despite our efforts, it is possible that our platform could be found to contain this type of open source software.

Moreover, we cannot assure you that our processes for controlling our use of open source software in our platform will be effective. If we have not complied with the terms of an applicable open source software license, we could be required to seek licenses from third parties to continue offering our platform on terms that are not economically feasible, to re-engineer our platform to remove or replace the open source software, to discontinue the sale of our platform if re-engineering could not be accomplished on a timely basis, to pay monetary damages, or to make generally available the source code for our proprietary technology, any of which could adversely affect our business, operating results, and financial condition.

In addition to risks related to license requirements, use of open source software can involve greater risks than those associated with use of third-party commercial software, as open source licensors generally do not provide warranties or assurance of title, performance, non-infringement, or controls on origin of the software. There is typically no support available for open source software, and we cannot assure you that the authors of such open source software will not abandon further development and maintenance. Many of the risks associated with the use of open source software, such as the lack of warranties or assurances of title or performance, cannot be eliminated, and could, if not properly addressed, negatively affect our business. We have established processes to help alleviate these risks, including a review process for screening requests from our development organizations for the use of open source software, but we cannot be sure that all open source software is identified or submitted for approval prior to use in our platform.

Responding to any infringement claim, regardless of its validity, or discovering the use of certain types of open source software code in our platform could harm our business, operating results, and financial condition, by, among other things:

- resulting in time-consuming and costly litigation;
- diverting management's time and attention from developing our business;

- requiring us to pay monetary damages or enter into royalty and licensing agreements that we would not normally find acceptable;
- causing delays in the deployment of our platform;
- requiring us to stop selling some aspects of our platform;
- requiring us to redesign certain components of our platform using alternative non-infringing or non-open source technology or practices, which could require significant effort and expense;
- requiring us to disclose our software source code, the detailed program commands for our software; and
- requiring us to satisfy indemnification obligations to our customers.

***Contractual disputes with our customers could be costly, time-consuming, and harm our reputation.***

Our business is contract intensive and we are party to contracts with our customers all over the world. Our contracts can contain a variety of terms, including security obligations, indemnification obligations and regulatory requirements. Contract terms may not always be standardized across our customers and can be subject to differing interpretations, which could result in disputes with our customers from time to time. If our customers notify us of an alleged contract breach or otherwise dispute any provision under our contracts, the resolution of such disputes in a manner adverse to our interests could negatively affect our operating results.

Additionally, if customers fail to pay us under the terms of our agreements, we may be adversely affected both from the inability to collect amounts due and the cost of enforcing the terms of our contracts, including litigation. The risk of such negative effects increases with the term length of our customer arrangements. Furthermore, some of our customers may seek bankruptcy protection or other similar relief and fail to pay amounts due to us, or pay those amounts more slowly, either of which could adversely affect our operating results, financial position, and cash flow.

***Economic uncertainty or downturns, particularly as it impacts particular industries, could adversely affect our business and operating results.***

Over the last decade, the United States and other significant markets have experienced cyclical downturns and worldwide economic conditions remain uncertain. In addition, global financial developments seemingly unrelated to us or the software industry may harm us. The United States and other significant markets have been affected from time to time by falling demand for a variety of goods and services, volatility in equity and foreign exchange markets and overall uncertainty with respect to the economy, including with respect to tariff and trade issues. Economic uncertainty and associated macroeconomic conditions make it extremely difficult for our customers and us to accurately forecast and plan future business activities, and could cause our customers to slow spending on our platform, which could delay and lengthen sales cycles. Furthermore, during uncertain economic times our customers may face issues gaining timely access to sufficient credit, which could result in an impairment of their ability to make timely payments to us. If that were to occur, we may be required to increase our allowance for doubtful accounts and our results would be negatively impacted.

Furthermore, we have customers in a variety of different industries. A significant downturn in the economic activity attributable to any particular industry, including, but not limited to, the retail and financial industries, may cause organizations to react by reducing their capital and operating expenditures in general or by specifically reducing their spending on information technology. In addition, our customers may delay or cancel information technology projects or seek to lower their costs by renegotiating vendor contracts. To the extent purchases of our platform are perceived by customers and potential customers to be discretionary, our revenue may be disproportionately affected by delays or reductions in general information technology spending. Also, customers may choose to develop in-house software as an alternative to using our platform. Moreover, competitors may respond to challenging market conditions by lowering prices and attempting to lure away our customers.

We cannot predict the timing, strength, or duration of any economic slowdown or any subsequent recovery generally, or any industry in particular. If the conditions in the general economy and the markets in which we operate worsen from present levels, our business, financial condition, and operating results could be materially adversely affected.

***Business disruptions or performance problems associated with our technology and infrastructure, including interruptions, delays, or failures in service from our third-party data center hosting facility and other third-party services, could adversely affect our operating results or result in a material weakness in our internal controls.***

Continued adoption of our platform depends in part on the ability of our existing and potential customers to access our platform within a reasonable amount of time. We have experienced, and may in the future experience, disruptions, data loss, outages, and other performance problems with our infrastructure and website due to a variety of factors, including infrastructure changes, introductions of new functionality, human or software errors, capacity constraints, denial of service attacks, or other security-related incidents. If our platform is unavailable or if our users and customers are unable to access our platform within a

reasonable amount of time, or at all, we may experience a decline in renewals, damage to our brand, or other harm to our business. To the extent that we do not effectively address capacity constraints, upgrade our systems as needed, and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology, our business, operating results, and financial condition could be adversely affected.

A significant portion of our critical business operations are concentrated in the United States. For instance, we serve our customers and manage certain critical internal processes using a third-party data center hosting facility located in Colorado and other third-party services, including cloud services. We are a highly automated business, and a disruption or failure of our systems, or the third-party hosting facility or other third-party services that we use, could cause delays in completing sales and providing services. For example, from time to time, our data center hosting facility has experienced outages. Such disruptions or failures could also include a major earthquake, blizzard, fire, cyber-attack, act of terrorism, or other catastrophic event, or a decision by one of our third-party service providers to close facilities that we use without adequate notice or other unanticipated problems with the third-party services that we use, including a failure to meet service standards.

Interruptions or performance problems with either our technology and infrastructure or our data center hosting facility could, among other things:

- result in the destruction or disruption of any of our critical business operations, controls, or procedures or information technology systems;
- severely affect our ability to conduct normal business operations;
- result in a material weakness in our internal control over financial reporting;
- cause our customers to terminate their subscriptions;
- result in our issuing credits or paying penalties or fines;
- harm our brand and reputation;
- adversely affect our renewal rates or our ability to attract new customers; or
- cause our platform to be perceived as unreliable or unsecure.

Any of the above could adversely affect our business operations and financial condition.

***Failure to comply with governmental laws and regulations could harm our business.***

Our business is subject to regulation by various federal, state, local and foreign governments. In certain jurisdictions, these regulatory requirements may be more stringent than those in the United States. Noncompliance with applicable regulations or requirements could subject us to investigations, sanctions, mandatory product recalls, enforcement actions, disgorgement of profits, fines, damages, civil and criminal penalties, injunctions or other collateral consequences. If any governmental sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, operating results, and financial condition could be materially adversely affected. In addition, responding to any action will likely result in a significant diversion of management's attention and resources and an increase in professional fees. Enforcement actions and sanctions could harm our business, reputation, operating results and financial condition.

***Changes in laws or regulations relating to privacy or the protection or transfer of personal data, or any actual or perceived failure by us to comply with such laws and regulations or our privacy policies, could adversely affect our business.***

Components of our business, including our platform, involve processing, storing, and transmitting personal data, which is subject to our privacy policies and certain federal, state, and foreign laws and regulations relating to privacy and data protection. The amount of customer and employee personal data that we store through our platform, networks, and other systems, including personal data, is increasing. In recent years, the collection and use of personal data by companies have come under increased regulatory and public scrutiny.

For example, in the United States, protected health information is subject to the Health Insurance Portability and Accountability Act, or HIPAA. HIPAA has been supplemented by the Health Information Technology for Economic and Clinical Health Act with the result of increased civil and criminal penalties for noncompliance. Under HIPAA, entities performing certain functions and creating, receiving, maintaining, or transmitting protected health information provided by covered entities and other business associates are directly subject to HIPAA. If we have access to protected health information through our platform in the future, we may be obligated to comply with certain privacy rules and data security requirements under HIPAA. Any systems failure or security breach that results in the release of, or unauthorized access to, personal data, or any failure or perceived failure by us to comply with our privacy policies or any applicable laws or regulations relating to privacy or data protection, could result in proceedings against us by governmental entities or others. Such proceedings could result in the imposition of sanctions, fines, penalties, liabilities, or governmental orders requiring that we change our data practices, any of which could have a material adverse effect on our business, operating results, and financial condition.



Various local, state, federal, and international laws, directives, and regulations apply to the collection, use, retention, protection, disclosure, transfer, and processing of personal data. These data protection and privacy laws and regulations continue to evolve. Various federal, state, and foreign legislative or regulatory bodies may enact new or additional laws or regulations concerning privacy and data protection that could adversely impact our business. Complying with these varying requirements could cause us to incur substantial costs or require us to change our business practices, either of which could adversely affect our business and operating results. For example, the European Union adopted a new law regarding data practices called the General Data Protection Regulation, or GDPR, which became effective in May 2018, and supersedes previous EU data protection legislation. The GDPR imposes stringent EU data protection requirements, which could increase the risk of non-compliance and the costs of providing our products and services in a compliant matter. The GDPR provides for penalties for noncompliance of up to the greater of €20 million or 4% of total worldwide annual turnover. In addition, the California Consumer Privacy Act, or CCPA, a California privacy law that became effective on January 1, 2020, gives California residents new rights to access and require deletion of their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is collected, used and shared. The CCPA provides for civil penalties for violations, as well as a private right of action for security breaches that may increase security breach litigation. The CCPA has prompted a number of proposals for new federal and state privacy legislation that, if passed, could increase our potential liability, increase our compliance costs and adversely affect our business. Changing definitions of personal data and information may also limit or inhibit our ability to operate or expand our business, including limiting strategic partnerships that may involve the sharing of data. Also, some jurisdictions require that certain types of data be retained on servers within these jurisdictions. Our failure to comply with applicable laws, directives, and regulations may result in enforcement action against us, including fines, and damage to our reputation, any of which may have an adverse effect on our business and operating results.

***Future litigation could have a material adverse impact on our operating results and financial condition.***

From time to time, we have been subject to litigation. For example, in December 2017 and January 2018, four putative consumer class action lawsuits were filed against us based upon claims we failed to properly secure on Amazon Web Services a commercially available, third-party marketing dataset that provided consumer marketing information intended to help marketing professionals advertise and sell their products. The complaints asserted claims for violation of the Fair Credit Reporting Act, 15 U.S.C. §§ 1681 et seq. and state consumer-protection statutes, as well as claims for common law negligence. These actions were dismissed during 2018. The outcome of any litigation, regardless of its merits, is inherently uncertain. Regardless of the merits of any claims that may be brought against us, pending or future litigation could result in a diversion of management's attention and resources and we may be required to incur significant expenses defending against these claims. If we are unable to prevail in litigation, we could incur payments of substantial monetary damages or fines, or undesirable changes to our products or business practices, and accordingly our business, financial condition, or results of operations could be materially and adversely affected. Where we can make a reasonable estimate of the liability relating to pending litigation and determine that it is probable, we record a related liability. As additional information becomes available, we assess the potential liability and revise estimates as appropriate. However, because of uncertainties relating to litigation, the amount of our estimates could change. Any adverse determination related to litigation could require us to change our technology or our business practices, pay monetary damages or fines, or enter into royalty or licensing arrangements, which could adversely affect our operating results and cash flows, harm our reputation, or otherwise negatively impact our business.

***Failure to comply with anti-corruption and anti-money laundering laws, including the FCPA and similar laws associated with our activities outside of the United States, could subject us to penalties and other adverse consequences.***

We are subject to the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, the Bribery Act, and possibly other anti-bribery and anti-money laundering laws in countries in which we conduct activities. We face significant risks if we fail to comply with the FCPA and other anti-corruption laws that prohibit companies and their employees and third-party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments or benefits to foreign government officials, political parties, and private-sector recipients for the purpose of obtaining or retaining business, directing business to any person, or securing any advantage. In many foreign countries, particularly in countries with developing economies, it may be a local custom that businesses engage in practices that are prohibited by the FCPA or other applicable laws and regulations. In addition, we use various third parties to sell our platform and conduct our business abroad. We or our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and we can be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners, and agents, even if we do not explicitly authorize such activities. We have implemented an anti-corruption compliance program but cannot assure you that all our employees and agents, as well as those companies to which we outsource certain of our business operations, will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible.

Any violation of the FCPA, other applicable anti-corruption laws, and anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, loss of export privileges, severe criminal or civil sanctions and, in the case of the FCPA, suspension or debarment from U.S. government contracts, which could have an adverse effect on our reputation, business, operating results, and prospects. In addition, responding to any enforcement action may result in a significant diversion of management's attention and resources and significant defense costs and other professional fees.

***We are required to comply with governmental export control laws and regulations. Our failure to comply with these laws and regulations could have an adverse effect on our business and operating results.***

Our platform is subject to governmental, including United States and European Union, export control laws and regulations. U.S. export control laws and regulations and economic sanctions prohibit the shipment of certain products and services to U.S. embargoed or sanctioned countries, governments, and persons, and complying with export control and sanctions regulations for a particular sale may be time-consuming and may result in the delay or loss of sales opportunities. While we take precautions to prevent our platform from being exported in violation of these laws, if we were to fail to comply with U.S. export laws, U.S. customs regulations and import regulations, U.S. economic sanctions, and other countries' import and export laws, we could be subject to substantial civil and criminal penalties, including fines for the company and incarceration for responsible employees and managers, and the possible loss of export or import privileges.

We incorporate encryption technology into certain of our products. Encryption products may be exported outside of the United States only with the required export authorization including by license, a license exception or other appropriate government authorization. In addition, various countries regulate the import of certain encryption technology, including import permitting and licensing requirements, and have enacted laws that could limit our ability to distribute our products or could limit our customers' ability to implement our products in those countries. Although we take precautions to prevent our products from being provided in violation of such laws, we cannot assure you that inadvertent violations of such laws have not occurred or will not occur in connection with the distribution of our products despite the precautions we take. Governmental regulation of encryption technology and regulation of imports or exports, or our failure to obtain required import or export approval for our products, could harm our international sales and adversely affect our operating results.

Further, if our channel or other partners fail to obtain appropriate import, export, or re-export licenses or permits, we may also be harmed, become the subject of government investigations or penalties, and incur reputational harm. Changes in our platform or changes in export and import regulations may create delays in the introduction of our platform in international markets, prevent our customers with international operations from deploying our platform globally or, in some cases, prevent the export or import of our platform to certain countries, governments, or persons altogether. Any change in export or import laws or regulations, economic sanctions, or related legislation, shift in the enforcement or scope of existing laws and regulations, or change in the countries, governments, persons, or technologies targeted by such laws and regulations, could result in decreased use of our platform by, or in our decreased ability to export or sell our platform to, existing or potential customers with international operations. Any decreased use of our platform or limitation on our ability to export or sell our platform would likely harm our business, financial condition, and operating results.

***If currency exchange rates fluctuate substantially in the future, the results of our operations, which are reported in U.S. dollars, could be adversely affected.***

As we continue to expand our international operations, we become more exposed to the effects of fluctuations in currency exchange rates. Although we expect an increasing number of sales contracts to be denominated in currencies other than the U.S. dollar in the future, the majority of our sales contracts have historically been denominated in U.S. dollars, and therefore, most of our revenue has not been subject to foreign currency risk. However, a strengthening of the U.S. dollar could increase the real cost of our platform to our customers outside of the United States, which could adversely affect our business, operating results, financial condition, and cash flows. In addition, we incur expenses for employee compensation and other operating expenses at our non-U.S. locations in the local currency. Fluctuations in the exchange rates between the U.S. dollar and other currencies could result in the dollar equivalent of such expenses being higher. This could have a negative impact on our operating results. Although we may in the future decide to undertake foreign exchange hedging transactions to cover a portion of our foreign currency exchange exposure, we currently do not hedge our exposure to foreign currency exchange risks.

***We may have exposure to additional tax liabilities.***

We are subject to complex tax laws and regulations in the United States and a variety of foreign jurisdictions. All of these jurisdictions have in the past and may in the future make changes to their corporate income tax rates and other income tax laws which could increase our future income tax provision.

Our future income tax obligations could be affected by earnings that are lower than anticipated in jurisdictions where we have lower statutory rates and by earnings that are higher than anticipated in jurisdictions where we have higher statutory rates, by changes in the valuation of our deferred tax assets and liabilities, changes in the amount of unrecognized tax benefits, or by changes in tax laws, regulations, accounting principles, or interpretations thereof.

Our determination of our tax liability is subject to review by applicable U.S. and foreign tax authorities. Any adverse outcome of such a review could harm our operating results and financial condition. The determination of our worldwide provision for income taxes and other tax liabilities requires significant judgment and, in the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is complex and uncertain. Moreover, as a multinational business, we have subsidiaries that engage in many intercompany transactions in a variety of tax jurisdictions where the ultimate tax determination is complex and uncertain. Our existing corporate structure and intercompany arrangements have been implemented in a manner we believe is in compliance with current prevailing tax laws. However, the taxing authorities of the jurisdictions in which we operate may challenge our methodologies for valuing developed technology or intercompany arrangements, which could impact our worldwide effective tax rate and harm our financial position and operating results.

We are also subject to non-income taxes, such as payroll, sales, use, value-added, net worth, property, and goods and services taxes in the United States and various foreign jurisdictions. We are periodically reviewed and audited by tax authorities with respect to income and non-income taxes. Tax authorities may disagree with certain positions we have taken and we may have exposure to additional income and non-income tax liabilities which could have an adverse effect on our operating results and financial condition. In addition, our future effective tax rates could be favorably or unfavorably affected by changes in tax rates, changes in the valuation of our deferred tax assets or liabilities, the effectiveness of our tax planning strategies, or changes in tax laws or their interpretation. Such changes could have an adverse impact on our financial condition.

As a result of these and other factors, the ultimate amount of tax obligations owed may differ from the amounts recorded in our financial statements and any such difference may harm our operating results in future periods in which we change our estimates of our tax obligations or in which the ultimate tax outcome is determined.

***Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations which could subject our business to higher tax liability.***

Our ability to use our net operating losses, or NOLs, to offset future taxable income may be subject to certain limitations which could subject our business to higher tax liability. We may be limited in the portion of NOL carryforwards that we can use in the future to offset taxable income for U.S. federal and state income tax purposes, and federal tax credits to offset federal tax liabilities. Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, limit the use of NOLs and tax credits after a cumulative change in corporate ownership of more than 50% occurs within a three-year period. The statutes place a formula limit on how much NOLs and tax credits a corporation can use in a tax year after a change in ownership. Avoiding an ownership change is generally beyond our control. Although the ownership changes we experienced in the past and in the year ended December 31, 2019 had not prevented us from using all NOLs and tax credits accumulated before such ownership changes, we could experience another ownership change that might limit our use of NOLs and tax credits in the future. Under the Tax Cuts and Jobs Act of 2017, or Tax Act, NOLs from tax years that began after December 31, 2017 do not expire, but NOLs from tax years that began before January 1, 2018 expire after 20 years. Further, under the Tax Act, although the treatment of tax losses generated in taxable years ending before December 31, 2017 has generally not changed, tax losses generated in taxable years beginning after December 31, 2017 may offset no more than 80% of taxable income annually. Accordingly, if we generate NOLs after the tax year ended December 31, 2017, we might have to pay more federal income taxes in a subsequent year as a result of the 80% taxable income limitation than we would have had to pay under the law in effect before the Tax Act.

***We may require additional capital to fund our business and support our growth, and any inability to generate or obtain such capital may adversely affect our operating results and financial condition.***

In order to support our growth and respond to business challenges, such as developing new features or enhancements to our platform to stay competitive, acquiring new technologies, and improving our infrastructure, we have made significant financial investments in our business and we intend to continue to make such investments. As a result, we may need to engage in additional equity or debt financings to provide the funds required for these investments and other business endeavors. If we raise additional funds through equity or convertible debt issuances, our existing stockholders may suffer significant dilution and these securities could have rights, preferences, and privileges that are superior to that of holders of our common stock. If we obtain additional funds through debt financing, we may not be able to obtain such financing on terms favorable to us. Such terms may involve restrictive covenants making it difficult to engage in capital raising activities and pursue business opportunities, including potential acquisitions. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability

to continue to support our business growth and to respond to business challenges could be significantly impaired and our business may be adversely affected, requiring us to delay, reduce, or eliminate some or all of our operations.

***The requirements of being a public company may strain our resources, divert management's attention, and affect our ability to attract and retain additional executive management and qualified board members.***

We are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002, or Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or Dodd-Frank Act, the listing requirements of the New York Stock Exchange, and other applicable securities rules and regulations. Compliance with these rules and regulations have increased our legal and financial compliance costs, made some activities more difficult, time-consuming, or costly and increased demand on our systems and resources.

The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight have been, and may in the future be, required. For example, our adoption of ASC 606 required us to make significant updates to our financial information technology systems and significant modifications to our accounting controls and procedures and continues to place a significant burden on our accounting and information technology teams, both financially and through the expenditure of management time. Many of these updates and modifications remain in process as we evolve our systems and controls. We have been able to make timely reporting requirements as of the date of this Annual Report; however, the significant system and process updates required for the efficient operation of our revenue process under ASC 606 remain an on-going initiative with no assurance that we will continue to be successful in meeting our future reporting requirements. Our failure to meet our reporting obligations could have a material adverse effect on our business and on the trading price of our Class A common stock. Our failure to maintain an effective internal control environment may, among other things, result in material misstatements in our financial statements and failure to meet our reporting obligations. As a result of ongoing efforts to maintain and improve our disclosure controls and procedures and internal control over financial reporting, management's attention may be diverted from other business concerns, which could adversely affect our business and operating results. Although we have already hired additional employees to comply with these requirements, we may need to hire more employees in the future or engage outside consultants, which will increase our costs and expenses.

In addition, changing laws, regulations, and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, increasing legal and financial compliance costs, and making some activities more time consuming. These laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations, and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations, and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be adversely affected.

The rules and regulations applicable to public companies make it more expensive for us to obtain and maintain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee and compensation committee, and qualified executive officers.

As a result of disclosure of information in filings required of a public company, our business and financial condition has become more visible, which we believe may result in threatened or actual litigation, including by competitors and other third parties. If such claims are successful, our business and operating results could be adversely affected, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business and operating results.

***In 2019, we changed our independent registered public accounting firm due to the possible appearance of a business relationship contrary to auditor independence standards as a result of the accounting firm's increased use of, and communications and services related to, our software platform with its clients and prospective clients in 2018. If our prior registered independent accounting firm were to determine that it was not independent in prior years, we may be required to have such financial statements audited and reviewed by another independent registered public accounting firm. Moreover, our current registered independent accounting firm may interpret accounting rules differently than our former firm.***

In January 2019, we dismissed our former independent registered public accounting firm, PricewaterhouseCoopers LLP, or PwC, and engaged Deloitte & Touche LLP, or Deloitte, to serve in that role. PwC, our prior independent registered public accounting firm, has purchased our products and services from time to time in the ordinary course of business in arms-length transactions. Our sales to PwC through the date of their dismissal have been immaterial; however, in January 2019, following an internal review by PwC, PwC notified us that it had increased its use of, and communications and services related to, our software platform with its clients and prospective clients in 2018 and that this created the possible appearance of a business relationship contrary to auditor independence standards. PwC communicated to us that this concern did not extend to 2017 or any prior year. As a result of the foregoing, we dismissed PwC as our independent registered public accounting firm in January 2019. In the future, if it were to be determined that PwC was not independent for 2017 or prior years, the financial statements audited by PwC may have to be audited and reviewed by another independent registered public accounting firm. There can be no assurance that Deloitte will reach the same conclusions as PwC regarding the application of accounting standards, management estimates or other factors affecting our financial statements in connection with such accountant's audit and review process, and that adjustments to or restatements of our financial statements for such periods will not be required as a result.

Additionally, Deloitte, our current independent registered public accounting firm, will be reviewing and auditing our financial statements in the future. Given the complexities of public company accounting rules and the differences in how those rules are interpreted by various accounting firms, it is possible that Deloitte will require us to characterize certain transactions or present financial data differently than was approved by our former independent registered public accounting firm. Similarly, it is possible that Deloitte will disagree with the way we have presented financial results in prior periods, in which case we may be required to restate those financial results. In either case, these changes could negatively impact our future financial results or previously reported financial results, could subject us to the expense and other consequences of restating our prior financial statements, and could lead to government investigation or stockholder litigation.

***Our financial statements are subject to change and if our estimates or judgments relating to our critical and significant accounting policies prove to be incorrect, our operating results could be adversely affected.***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and related notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Annual Report. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Critical and significant accounting policies and estimates used in preparing our consolidated financial statements include those related to revenue recognition, business combinations, accounting for income taxes, and stock-based compensation expense. Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the price of our Class A common stock.

***If our goodwill or intangible assets become impaired, we may be required to record a significant charge to earnings.***

We review our goodwill and intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable, such as declines in stock price, market capitalization, or cash flows and slower growth rates in our industry. Goodwill is required to be tested for impairment at least annually. If we are required to record a significant charge in our financial statements during the period in which any impairment of our goodwill or intangible assets is determined, that would negatively affect our operating results.

***We may be adversely affected by natural disasters, pandemics and other catastrophic events, and by man-made problems such as terrorism, that could disrupt our business operations, and our business continuity and disaster recovery plans may not adequately protect us from a serious disaster.***

Natural disasters or other catastrophic events may also cause damage or disruption to our operations, international commerce, and the global economy, and could have an adverse effect on our business, operating results, and financial condition. Our business operations are subject to interruption by natural disasters, fire, power shortages, and other events beyond our control. In addition, our global operations expose us to risks associated with public health crises, such as pandemics and epidemics, which could harm our business and cause our operating results to suffer. For example, in December 2019 and January 2020, an outbreak of a new strain of coronavirus in Wuhan, China has resulted in travel disruption and has affected certain companies' operations in China. At this point, the extent to which the coronavirus may impact our results is uncertain. Further, acts of terrorism and other geo-political unrest could cause disruptions in our business or the businesses of our partners or the economy as a whole. In the event of a natural disaster, including a major earthquake, blizzard, or hurricane, or a catastrophic event such as a fire, power loss, or

telecommunications failure, we may be unable to continue our operations and may endure system interruptions, reputational harm, delays in development of our platform, lengthy interruptions in service, breaches of data security, and loss of critical data, all of which could have an adverse effect on our future operating results. For example, our corporate offices are located in California, a state that frequently experiences earthquakes. Additionally, all the aforementioned risks may be further increased if we do not implement a disaster recovery plan or our partners' disaster recovery plans prove to be inadequate.

***We are exposed to fluctuations in the market values of our investments.***

Credit ratings and pricing of our investments can be negatively affected by liquidity, credit deterioration, financial results, economic risk, political risk, sovereign risk, changes in interest rates, or other factors. As a result, the value and liquidity of our cash and cash equivalents and investments may fluctuate substantially. Therefore, although we have not realized any significant losses on our cash and cash equivalents and investments, future fluctuations in their value could result in a significant realized loss, which could materially adversely affect our financial condition and operating results.

**Risks Related to Our Notes**

***Although our Notes are referred to as senior notes, they are effectively subordinated to any of our secured debt and any liabilities of our subsidiaries.***

The Notes (as defined in Note 9, *Convertible Senior Notes*, of the notes to our consolidated financial statements included elsewhere in this Annual Report) rank senior in right of payment to any of our indebtedness and other liabilities that are expressly subordinated in right of payment to the Notes; equal in right of payment among all series of Notes and to any other existing and future indebtedness and other liabilities that are not subordinated; effectively junior in right of payment to any of our secured indebtedness and other liabilities to the extent of the value of the assets securing such indebtedness and other liabilities; and structurally junior in right of payment to all of our existing and future indebtedness and other liabilities (including trade payables) of our current or future subsidiaries. In the event of our bankruptcy, liquidation, reorganization, or other winding up, our assets that secure debt ranking senior or equal in right of payment to the Notes will be available to pay obligations on the Notes only after the secured debt has been repaid in full from these assets, and the assets of our subsidiaries will be available to pay obligations on the Notes only after all claims senior to the Notes have been repaid in full. There may not be sufficient assets remaining to pay amounts due on any or all of the Notes then outstanding. The indentures governing the Notes do not prohibit us from incurring additional senior debt or secured debt, nor do they prohibit any of our current or future subsidiaries from incurring additional liabilities.

***Recent and future regulatory actions and other events may adversely affect the trading price and liquidity of the Notes.***

We expect that many investors in, and potential purchasers of, the Notes have employed or will employ, or seek to employ, a convertible arbitrage strategy with respect to the Notes. Investors would typically implement such a strategy by selling short the Class A common stock underlying the Notes and dynamically adjusting their short position while continuing to hold the Notes. Investors may also implement this type of strategy by entering into swaps on our Class A common stock in lieu of or in addition to short selling the Class A common stock.

The SEC and other regulatory and self-regulatory authorities have implemented various rules and taken certain actions, and may in the future adopt additional rules and take other actions, that may impact those engaging in short selling activity involving equity securities (including our Class A common stock). Such rules and actions include Rule 201 of SEC Regulation SHO, the adoption by the Financial Industry Regulatory Authority, Inc. and the national securities exchanges of a "Limit Up-Limit Down" program, the imposition of market-wide circuit breakers that halt trading of securities for certain periods following specific market declines, and the implementation of certain regulatory reforms required by the Dodd-Frank Act. Any governmental or regulatory action that restricts the ability of investors in, or potential purchasers of, the Notes to effect short sales of our Class A common stock, borrow our Class A common stock, or enter into swaps on our Class A common stock could adversely affect the trading price and the liquidity of the Notes.

***Volatility in the market price and trading volume of our Class A common stock could adversely impact the trading price of the Notes.***

We expect that the trading price of the Notes will be significantly affected by the market price of our Class A common stock. The stock market in recent years has experienced significant price and volume fluctuations that have often been unrelated to the operating performance of companies. The market price of our Class A common stock has fluctuated, and could continue to fluctuate, significantly for many reasons, including in response to the other risks described in this Annual Report or for reasons unrelated to our operations, many of which are beyond our control, such as reports by industry analysts, investor perceptions, or negative

announcements by our customers or competitors regarding their own performance, as well as industry conditions and general financial, economic and political instability. A decrease in the market price of our Class A common stock would likely adversely impact the trading price of the Notes. The market price of our Class A common stock could also be affected by possible sales of our Class A common stock by investors who view the Notes as a more attractive means of equity participation in us and by hedging or arbitrage trading activity that we expect to develop involving our Class A common stock. This trading activity could, in turn, affect the trading price of the Notes.

***An increase in market interest rates could result in a decrease in the value of the Notes.***

In general, as market interest rates rise, notes bearing interest at a fixed rate generally decline in value because the premium, if any, over market interest rates will decline. Consequently, if market interest rates increase, the market value of the Notes may decline. We cannot predict the future level of market interest rates.

***We may incur substantially more debt or take other actions which would intensify the risks discussed above.***

We and our subsidiaries may incur substantial additional debt in the future, subject to the restrictions contained in our debt instruments, some of which may be secured debt. We are not restricted under the terms of the indentures governing the Notes from incurring additional debt, securing existing or future debt, recapitalizing our debt, or taking a number of other actions that are not limited by the terms of the indentures governing the Notes that could have the effect of diminishing our ability to make payments on the Notes when due.

***We may not have the ability to raise the funds necessary to settle conversions of the Notes in cash or to repurchase the Notes upon a fundamental change, and any future debt may contain limitations on our ability to pay cash upon conversion or repurchase of the Notes.***

Holders of a series of Notes have the right to require us to repurchase all or a portion of their Notes of the relevant series upon the occurrence of a fundamental change before the relevant maturity date at a fundamental change repurchase price equal to 100% of the principal amount of the Notes of the relevant series to be repurchased, plus accrued and unpaid interest, if any. In addition, upon conversion of such Notes, unless we elect to deliver solely shares of our Class A common stock to settle such conversion (other than paying cash in lieu of delivering any fractional share), we are required to make cash payments in respect of the Notes being converted. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of Notes surrendered therefor or pay cash with respect to Notes being converted.

In addition, our ability to repurchase Notes or to pay cash upon conversions of Notes may be limited by law, regulatory authority, or any agreements governing our future indebtedness. Our failure to repurchase Notes at a time when the repurchase is required by the applicable indenture or to pay any cash upon conversions of Notes as required by the applicable indenture would constitute a default under such indenture. A default under an indenture or the fundamental change itself could also lead to a default under agreements governing any future indebtedness. If the payment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the Notes or to pay cash upon conversions of Notes.

***The conditional conversion feature of the Notes may adversely affect our financial condition and operating results.***

As a result of meeting certain conditional conversion criteria during the quarter ended December 31, 2019, the outstanding 2023 Notes are currently convertible at the option of the holders during the quarter ending March 31, 2020. During this time, and in the event the conditional conversion feature of the relevant series of Notes is triggered in future quarters, holders of such Notes are, with respect to the 2023 Notes, and will be, with respect to all Notes, entitled to convert their Notes at any time during specified periods at their option. If one or more holders elect to convert their Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our Class A common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation in cash, which could adversely affect our liquidity. In addition, even if holders of such Notes do not elect to convert their Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the relevant series of Notes as a current rather than long-term liability in the future, which would result in a material reduction of our net working capital. Accordingly, as a result of the current convertibility of the 2023 Notes, we have classified the 2023 Notes as current liabilities on the consolidated balance sheet as of December 31, 2019.

***Our stockholders may experience dilution upon the conversion of the Notes if we elect to satisfy our conversion obligation by delivering shares of our Class A common stock.***

Upon conversion by the holders of the relevant series of Notes, we may elect to satisfy our conversion obligation by delivering shares of our Class A common stock. The 2023 Notes have an initial conversion rate of 22.5572 shares of our Class A common

stock per \$1,000 principal amount of 2023 Notes, which is equivalent to an initial conversion price of approximately \$44.33 per share of Class A common stock. The 2024 & 2026 Notes each have an initial conversion rate of 5.2809 shares of our Class A common stock per \$1,000 principal amount of 2024 & 2026 Notes, as applicable, which is equivalent to an initial conversion price of approximately \$189.36 per share of Class A common stock. If we elect to deliver shares of our Class A common stock upon a conversion, our stockholders will incur dilution.

***The accounting method for convertible debt securities that may be settled in cash, such as the Notes, could have a material effect on our reported financial results.***

Under ASC 470-20, *Debt with Conversion and Other Options*, or ASC 470-20, an entity must separately account for the liability and equity components of convertible debt instruments (such as the Notes) that may be settled entirely or partially in cash upon conversion in a manner that reflects the issuer's economic interest cost. The effect of ASC 470-20 on the accounting for the Notes is that the equity component, net of issuance costs, is required to be included in the additional paid-in capital section of stockholders' equity on our consolidated balance sheet at the issuance date and the value of the equity component is treated as original issue discount for purposes of accounting for the debt component of the Notes. As a result, we are required to record a greater amount of non-cash interest expense in current periods presented as a result of the amortization of the discounted carrying value of the Notes to their respective face amounts over their respective terms. We will report larger net losses (or lower net income) in our financial results because ASC 470-20 requires interest to include both the current period's amortization of the debt discount and the instrument's non-convertible coupon interest rate, which could adversely affect our reported or future financial results, the trading price of our Class A common stock and the trading price of the Notes.

In addition, under certain circumstances, convertible debt instruments (such as the Notes) that may be settled entirely or partially in cash may be accounted for utilizing the treasury stock method, the effect of which is that the shares issuable upon conversion of a series of Notes are not included in the calculation of diluted earnings per share except to the extent that the conversion value of such series of Notes exceeds their principal amount. Under the treasury stock method, for diluted earnings per share purposes, the transaction is accounted for as if the number of shares of Class A common stock that would be necessary to settle such excess, if we elected to settle such excess in shares, are issued. We cannot be sure that the accounting standards in the future will continue to permit the use of the treasury stock method. If we are unable or otherwise elect not to use the treasury stock method in accounting for the shares issuable upon conversion of a series of Notes, then our diluted earnings per share could be adversely affected.

***The capped call transactions may affect the value of the Notes and our Class A common stock.***

In connection with the pricing of each series of Notes, we entered into capped call transactions relating to such Notes with the option counterparties. The capped call transactions relating to each series of Notes cover, subject to customary adjustments, the number of shares of our Class A common stock that initially underlie such series of Notes. The capped call transactions are expected generally to reduce the potential dilution upon any conversion of the relevant series of Notes and/or offset any cash payments we are required to make in excess of the principal amount upon any conversion of such Notes, with such reduction and/or offset subject to a cap.

The option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our Class A common stock and/or purchasing or selling our Class A common stock in secondary market transactions following the pricing of each series of Notes and prior to the maturity of each series of Notes (and are likely to do so during any observation period related to a conversion of such Notes or following any repurchase of such Notes by us on any fundamental change repurchase date or otherwise). This activity could also cause or avoid an increase or a decrease in the market price of our Class A common stock or the Notes, which could affect a holder's ability to convert their Notes and, to the extent the activity occurs during any observation period related to a conversion of a relevant series of Notes, it could affect the amount and value of the consideration that a holder will receive upon conversion of such Notes.

The potential effect, if any, of these transactions and activities on the market price of our Class A common stock or the Notes will depend in part on market conditions and cannot be ascertained at this time. Any of these activities could adversely affect the value of our Class A common stock and the value of the Notes (and as a result, the amount and value of the consideration that a holder would receive upon the conversion of any Notes) and, under certain circumstances, a holder's ability to convert their Notes.

We do not make any representation or prediction as to the direction or magnitude of any potential effect that the transactions described above may have on the price of the Notes or our Class A common stock. In addition, we do not make any representation that the option counterparties or their respective affiliates will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.



***We are subject to counterparty risk with respect to the capped call transactions.***

The option counterparties to the capped call transactions are financial institutions, and we will be subject to the risk that one or more of the option counterparties may default or otherwise fail to perform, or may exercise certain rights to terminate their obligations, under the capped call transactions. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. If an option counterparty to one or more capped call transactions becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under such transaction. Our exposure will depend on many factors but, generally, our exposure will increase if the market price or the volatility of our common stock increases. In addition, upon a default or other failure to perform, or a termination of obligations, by an option counterparty, we may suffer more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the option counterparties.

### **Risks Related to Ownership of Our Class A Common Stock**

***The market price of our Class A common stock has been, and will likely continue to be, volatile, and you could lose all or part of the value of your investment.***

The market price of our Class A common stock has been, and will likely continue to be, volatile. Since shares of our Class A common stock were sold in our initial public offering, or IPO, in March 2017 at a price of \$14.00 per share, our closing stock price has ranged from \$14.80 to \$147.19 through December 31, 2019. In addition to factors discussed in this Annual Report, the market price of our Class A common stock may continue to fluctuate significantly in response to numerous factors, many of which are beyond our control, including:

- overall performance of the equity markets;
- actual or anticipated fluctuations in our revenue and other operating results;
- changes in the financial projections we may provide to the public or our failure to meet these projections;
- failure of securities analysts to maintain coverage of us, changes in financial estimates by any securities analysts who follow our company, or our failure to meet these estimates or the expectations of investors;
- recruitment or departure of key personnel;
- the economy as a whole and market conditions in our industry;
- negative publicity related to the real or perceived quality of our platform, as well as the failure to timely launch new products and services that gain market acceptance;
- rumors and market speculation involving us or other companies in our industry;
- announcements by us or our competitors of significant technical innovations;
- acquisitions, strategic partnerships, joint ventures, or capital commitments;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- lawsuits threatened or filed against us;
- developments or disputes concerning our intellectual property or our platform, or third-party proprietary rights;
- the inclusion of our Class A common stock on stock market indexes, including the impact of rules adopted by certain index providers, such as S&P Dow Jones Indices and FTSE Russell, that limit or preclude inclusion of companies with multi-class capital structures;
- changes in accounting standards, policies, guidelines, interpretations, or principles;
- other events or factors, including those resulting from war, incidents of terrorism, or responses to these events; and
- sales of shares of our Class A common stock by us or our stockholders, including sales and purchases of any Class A common stock issued upon conversion of any series of our Notes.

In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. Stock prices of many companies, and technology companies in particular, have fluctuated in a manner unrelated or disproportionate to the operating performance of those companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business, and adversely affect our business.

***Sales of substantial amounts of our Class A common stock in the public markets, or the perception that they might occur, could cause the market price of our Class A common stock to decline.***

Sales of a substantial number of shares of our Class A common stock into the public market, particularly sales by our directors, executive officers, and principal stockholders, or the perception that these sales might occur, could cause the market price of our Class A common stock to decline. We had a total of 65.3 million shares of our Class A and Class B common stock outstanding as of December 31, 2019. All shares of our common stock are freely tradable, without restrictions or further registration under the

Securities Act of 1933, as amended, or Securities Act, except that any shares held by our “affiliates” as defined in Rule 144 under the Securities Act would only be able to be sold in compliance with Rule 144.

In addition, certain holders of our common stock are, subject to certain conditions, entitled, under contracts providing for registration rights, to require us to file registration statements for the public resale of the Class A common stock issuable upon conversion of such holders’ shares of Class B common stock or to include such shares in registration statements that we may file for us or other stockholders.

Sales of our shares pursuant to registration rights may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. These sales also could cause the trading price of our Class A common stock to fall and make it more difficult for you to sell shares of our Class A common stock.

In addition, we have filed a registration statement to register shares reserved for future issuance under our equity compensation plans. Subject to the satisfaction of vesting conditions, the shares issued upon exercise of outstanding stock options or settlement of outstanding restricted stock units, or RSUs, will be available for immediate resale in the United States in the open market.

We have issued and may in the future issue our shares of common stock or securities convertible into shares of our common stock from time to time in connection with a financing, acquisition, investment, or otherwise. Any such issuance could result in substantial dilution to our existing stockholders and cause the market price of our Class A common stock to decline.

***The dual class structure of our common stock has the effect of concentrating voting control with holders of our Class B common stock, including our directors, executive officers, and 5% stockholders and their affiliates, which limits or precludes your ability to influence corporate matters, including the election of directors and the approval of any change of control transaction.***

Our Class B common stock has ten votes per share and our Class A common stock has one vote per share. As of December 31, 2019, our directors, executive officers, and holders of more than 5% of our common stock, and their respective affiliates, held a substantial majority of the voting power of our capital stock. Because of the ten-to-one voting ratio between our Class B common stock and Class A common stock, the holders of our Class B common stock collectively control a majority of the combined voting power of our common stock and therefore are able to control all matters submitted to our stockholders for approval until the earliest of (i) the date specified by a vote of the holders of at least 66 2/3% of the outstanding shares of Class B common stock, (ii) March 29, 2027, or (iii) the date the shares of Class B common stock cease to represent at least 10% of the aggregate number of shares of Class A common stock and Class B common stock then outstanding. This concentrated control limits or precludes your ability to influence corporate matters for the foreseeable future, including the election of directors, amendments of our organizational documents, and any merger, consolidation, sale of all or substantially all of our assets, or other major corporate transaction requiring stockholder approval. In addition, this may prevent or discourage unsolicited acquisition proposals or offers for our capital stock that you may feel are in your best interest as one of our stockholders.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions, such as certain permitted transfers effected for estate planning purposes. The conversion of Class B common stock to Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term.

***If securities or industry analysts do not publish research, or publish inaccurate or unfavorable research, about our business, the price of our Class A common stock and trading volume could decline.***

The trading market for our Class A common stock depends in part on the research and reports that securities or industry analysts publish about us or our business. If one or more of the analysts who cover us downgrade our Class A common stock or publish inaccurate or unfavorable research about our business, the price of our Class A common stock would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our Class A common stock could decrease, which might cause our Class A common stock price and trading volume to decline.

***We do not intend to pay dividends for the foreseeable future.***

We have never declared or paid any cash dividends on our common stock and do not intend to pay any cash dividends in the foreseeable future. We anticipate that for the foreseeable future we will retain all of our future earnings for use in the development of our business and for general corporate purposes. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

*Provisions in our charter documents, Delaware law, and in each series of our Notes could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management, limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees, and limit the market price of our Class A common stock.*

Provisions in our restated certificate of incorporation and restated bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our restated certificate of incorporation and restated bylaws include provisions that:

- provide that our board of directors will be classified into three classes of directors with staggered three-year terms;
- permit the board of directors to establish the number of directors and fill any vacancies and newly-created directorships;
- require super-majority voting to amend some provisions in our restated certificate of incorporation and restated bylaws;
- authorize the issuance of “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan;
- provide that only the chairman of our board of directors, our chief executive officer, president, lead independent director, or a majority of our board of directors will be authorized to call a special meeting of stockholders;
- provide for a dual class common stock structure in which holders of our Class B common stock have the ability to control the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the outstanding shares of our common stock, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- provide that the board of directors is expressly authorized to make, alter, or repeal our bylaws; and
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

In addition, our restated certificate of incorporation provides that the Court of Chancery of the State of Delaware will be the exclusive forum for: any derivative action or proceeding brought on our behalf; any action asserting a breach of fiduciary duty; any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, or DGCL, our restated certificate of incorporation, or our restated bylaws; or any action asserting a claim against us that is governed by the internal affairs doctrine. This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, or other employees, which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provision contained in our restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results, and financial condition.

Moreover, Section 203 of the DGCL may discourage, delay, or prevent a change of control of our company. Section 203 imposes certain restrictions on mergers, business combinations, and other transactions between us and holders of 15% or more of our common stock.

Further, the fundamental change provisions of each series of our Notes that are set forth in the applicable indenture may make a change in control of our company more difficult because those provisions allow note holders to require us to repurchase such series of Notes upon the occurrence of a fundamental change.

**Item 1B. Unresolved Staff Comments.**

None.

**Item 2. Properties.**

Our corporate headquarters are located in Irvine, California, where we occupy facilities totaling approximately 70,000 square feet under a lease agreement that expires in August 2025. We also maintain offices in California, Colorado, Illinois, Massachusetts, Michigan, New York, Texas, and Virginia in the United States and Australia, Brazil, Canada, the Czech Republic, France, Germany, Japan, Singapore, Ukraine, the United Arab Emirates, and the United Kingdom.

We intend to procure additional space as we add employees and expand geographically. In October 2019, we entered into a new operating lease agreement for approximately 180,000 square feet of office space located in Irvine, California that will eventually replace our existing corporate headquarters. The initial lease term of 84 months is anticipated to commence on or about

March 23, 2020. We believe that our facilities are adequate to meet our needs for the immediate future, and that, should it be needed, suitable additional or substitute space will be available as needed to accommodate any such expansion of our operations.

**Item 3. Legal Proceedings.**

From time to time, we may be involved in lawsuits, claims, investigations, and proceedings, consisting of intellectual property, commercial, employment, and other matters, which arise in the ordinary course of business. We are not currently party to any material legal proceedings or claims, nor are we aware of any pending or threatened legal proceedings or claims that could have a material adverse effect on our business, operating results, cash flows, or financial condition should such legal proceedings or claims be resolved unfavorably. Regardless of the outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources, and other factors.

**Item 4. Mine Safety Disclosures.**

Not applicable.

**PART II**

**Item 5. Markets for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.**

**Market Information for Common Stock**

Our Class A common stock has been traded on the New York Stock Exchange under the symbol “AYX” since March 24, 2017. Prior to that time, there was no public market for our common stock.

Our Class B common stock is not listed or traded on any stock exchange.

**Holders of Record**

As of February 7, 2020, there were 44 registered holders of our Class A common stock and 22 registered holders of our Class B common stock. Because many of our shares of Class A common stock are held by brokers and other institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

**Dividend Policy**

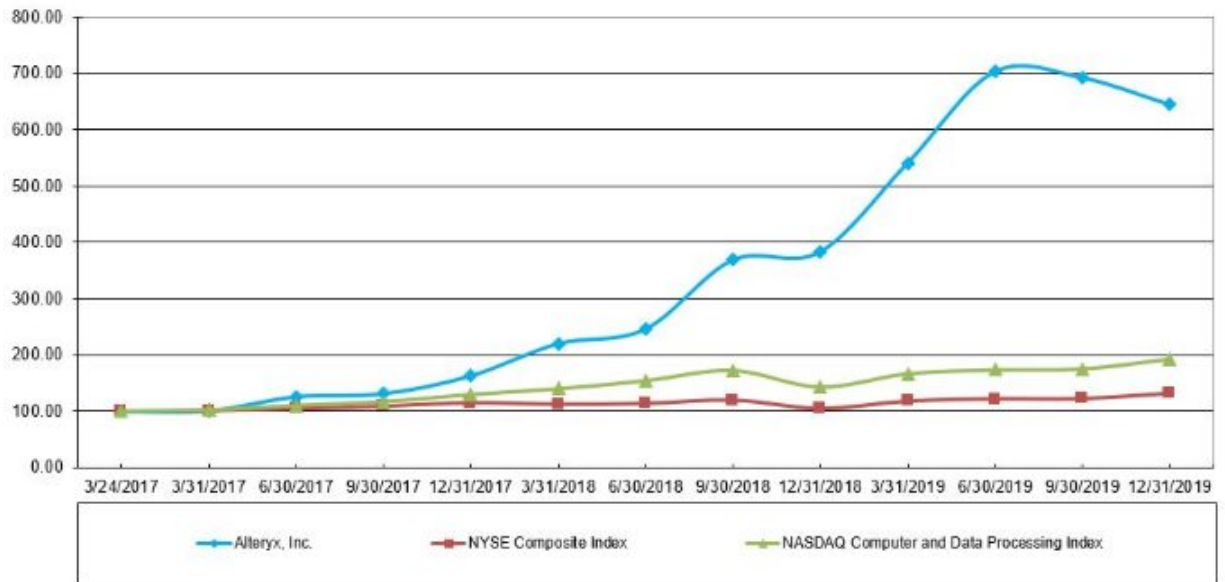
We have never declared or paid cash dividends on our capital stock. We do not expect to pay dividends on our capital stock for the foreseeable future. Instead, we anticipate that all of our earnings for the foreseeable future will be used for the operation and growth of our business. Any future determination to declare cash dividends would be subject to the discretion of our board of directors and would depend upon various factors, including our operating results, financial condition, and capital requirements, restrictions that may be imposed by applicable law, and other factors deemed relevant by our board of directors.

**Securities Authorized for Issuance under Equity Compensation Plans**

The information required by this item will be included in our Proxy Statement for the 2020 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2019 and is incorporated herein by reference.

**Stock Performance Graph**

*The following performance graph and related information shall not be deemed “filed” for purposes of Section 18 of the Exchange Act or incorporated by reference into any of our other filings under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.*



The chart compares the cumulative return on our Class A common stock with that of the NYSE Composite Index and the NASDAQ Computer and Data Processing Services Index. The chart assumes \$100 was invested at the close of market on March 24, 2017, which was our initial trading day, in our Class A common stock, the NYSE Composite Index, and the NASDAQ Computer and Data Processing Services Index, and assumes the reinvestment of any dividend. The stock price performance reflected in the performance graph is not necessarily indicative of future stock performance.

#### **Recent Sales of Unregistered Securities**

None.

#### **Use of Proceeds**

None.

#### **Issuer Purchases of Equity Securities**

None.

#### **Item 6. Selected Financial Data**

The following tables provide our historical selected consolidated financial data for the periods indicated. We have derived the selected consolidated statements of operations data for the fiscal years ended December 31, 2019, 2018, and 2017 and the selected consolidated balance sheet data as of December 31, 2019 and 2018 from our audited consolidated financial statements included elsewhere in this Annual Report. We have derived the selected consolidated statements of operations data for the fiscal years ended December 31, 2016 and 2015 and the selected consolidated balance sheet data as of December 31, 2017, 2016, and 2015 from our audited consolidated financial statements, which are not included in this Annual Report. Our historical results are not necessarily indicative of the results we expect in the future.

We adopted ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), or ASC 606, effective January 1, 2018 on a modified retrospective basis. Financial results for the years ended December 31, 2018 and 2019 are presented in accordance with this new revenue recognition standard. Historical financial results for reporting periods prior to 2018 are presented in conformity with amounts previously disclosed under the prior revenue recognition standard, ASC 605, *Revenue Recognition*, or ASC 605. The following historical selected consolidated financial data should be read in conjunction with, and are qualified in their entirety by reference to, the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and the related notes included elsewhere in this Annual Report.

	Year Ended December 31,				
	2019	2018	2017	2016	2015
	(in thousands)				
<b>Consolidated Statements of Operations Data:</b>					
Revenue	\$ 417,910	\$ 253,570	\$ 131,607	\$ 85,790	\$ 53,821
Cost of revenue (1)(2)	39,151	22,800	21,803	16,026	10,521
Gross profit	378,759	230,770	109,804	69,764	43,300
Operating expenses:					
Research and development (1)	69,100	43,449	29,342	17,481	11,103
Sales and marketing (1)(2)	191,735	109,284	66,420	57,585	43,244
General and administrative (1)	79,943	48,267	32,241	17,720	10,039
Total operating expenses	340,778	201,000	128,003	92,786	64,386
Income (loss) from operations	37,981	29,770	(18,199)	(23,022)	(21,086)
Interest expense	(21,844)	(7,378)	—	—	—
Other income (expense), net	10,434	3,042	(205)	(1,028)	(186)
Loss on induced conversion and debt extinguishment	(20,507)	—	—	—	—
Income (loss) before provision for (benefit of) income taxes	6,064	25,434	(18,404)	(24,050)	(21,272)
Provision for (benefit of) income taxes	(21,079)	(2,586)	(905)	208	178
Net income (loss)	\$ 27,143	\$ 28,020	\$ (17,499)	\$ (24,258)	\$ (21,450)
Less: Accretion of Series A redeemable convertible preferred stock	—	—	(1,983)	(6,442)	(2,603)
Net income (loss) attributable to common stockholders	\$ 27,143	\$ 28,020	\$ (19,482)	\$ (30,700)	\$ (24,053)
Net income (loss) per share attributable to common stockholders, basic (3)	\$ 0.43	\$ 0.46	\$ (0.37)	\$ (0.95)	\$ (0.76)
Net income (loss) per share attributable to common stockholders, diluted (3)	\$ 0.40	\$ 0.43	\$ (0.37)	\$ (0.95)	\$ (0.76)

(1) Amounts include stock-based compensation expense as follows:

	Year Ended December 31,				
	2019	2018	2017	2016	2015
	(in thousands)				
Cost of revenue	\$ 1,634	\$ 797	\$ 485	\$ 106	\$ 34
Research and development	6,954	3,699	1,635	338	239
Sales and marketing	12,659	6,153	2,302	1,281	800
General and administrative	11,878	5,998	4,519	1,559	409
Total	\$ 33,125	\$ 16,647	\$ 8,941	\$ 3,284	\$ 1,482

(2) Amounts include amortization of intangible assets as follows:

	Year Ended December 31,				
	2019	2018	2017	2016	2015
	(in thousands)				
Cost of revenue	\$ 3,801	\$ 1,809	\$ 1,213	\$ —	\$ —
Sales and marketing	221	220	12	—	—
Total	\$ 4,022	\$ 2,029	\$ 1,225	\$ —	\$ —

(3) See Note 2, *Significant Accounting Policies*, and Note 17, *Basic and Diluted Net Income (Loss) Per Share*, of the notes to our consolidated financial statements included elsewhere in this Annual Report for an explanation of the calculations of our net income (loss) per share attributable to common stockholders, basic and diluted.

**As of December 31,**

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>(in thousands)</b>					
<b>Consolidated Balance Sheet Data:</b>					
Cash and cash equivalents and short-term and long-term investments	\$ 974,865	\$ 426,243	\$ 194,066	\$ 52,700	\$ 61,143
Working capital	725,155	337,233	111,499	14,861	14,842
Total assets	1,342,338	618,167	291,416	111,415	97,138
Deferred revenue - current	83,895	84,015	110,213	71,050	44,179
Long-term convertible senior notes, net	630,321	173,647	—	—	—
Redeemable convertible preferred stock	—	—	—	99,182	92,740
Total stockholders' equity (deficit)	424,907	301,818	153,504	(77,610)	(52,911)

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

*You should read the following discussion and analysis of our financial condition and results of operations together with the consolidated financial statements and related notes that are included elsewhere in this Annual Report. This discussion contains forward-looking statements based upon current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors," set forth in Part I, Item 1A of this Annual Report. See "Special Note Regarding Forward-Looking Statements" above.*

**Overview**

We are improving business through data science and analytics by enabling analytic producers, regardless of technical acumen, to quickly and easily transform data into actionable insights and deliver improved data-driven business outcomes. Every day, our users leverage our end-to-end analytic platform to quickly and easily discover, access, prepare, and analyze data from a multitude of sources, then deploy and share analytics at scale. The ease-of-use, speed, and sophistication that our platform provides is enhanced through intuitive and highly repeatable visual workflows.

Our platform has been adopted by organizations across a wide variety of industries and sizes. We derive a large portion of our revenue from subscriptions for use of our platform. Our software can be licensed for use on a desktop or server, or it can be deployed in the cloud. Subscription periods for our platform generally range from one to three years and the subscription fees are typically billed annually in advance. We also generate revenue from professional services, including training and consulting services.

*2019 Developments*

*Acquisition of ClearStory Data Inc. and Feature Labs, Inc.* In April and October 2019, we acquired all of the equity interests in ClearStory Data Inc. for a total consideration of \$19.6 million and in Feature Labs, Inc. for a total consideration of \$25.2 million, respectively. The acquisitions were made to augment our research and develop team, machine learning capabilities and acquire certain developed technology.

*Convertible Senior Notes.* In August 2019, we sold \$400.0 million aggregate principal amount of our 0.50% Convertible Senior Notes due 2024 and \$400.0 million aggregate principal amount of our 1.00% Convertible Senior Notes due 2026, including the initial purchasers' exercise in full of their options to purchase an additional \$50.0 million of each series of convertible senior notes, in a private offering.



## Key Factors Affecting Our Performance

We believe that our current and future performance are dependent on many factors, including, but not limited to, those described below. While these areas present significant opportunity, they also present risks that we must manage to achieve successful results. For more information about these risks, see the section titled “Risk Factors” included elsewhere in this Annual Report. If we are unable to address these risks, our business and operating results could be adversely affected.

**Expansion and Further Penetration of Our Customer Base.** We employ a “land and expand” business model that focuses on efficiently acquiring new customers and growing our relationships with existing customers over time. Our current and future revenue growth and our ability to maintain profitability is dependent upon our ability to continue landing new customers and expanding the adoption of our platform by additional users within their organizations. We have increased our number of customers from 3,673 at March 31, 2018 to 6,087 at December 31, 2019. We have maintained a net expansion rate in excess of 125% in each of the periods presented. See *Dollar-Based Net Expansion Rate* within this Management’s Discussion and Analysis of Financial Condition and Result of Operations for additional information.

**International Expansion.** We have continued to focus on international markets. For the years ended December 31, 2019, 2018, and 2017, we derived 29%, 29%, and 23% of our revenue outside of the United States, respectively. We believe that the global opportunity for self-service data analytics solutions is significant, and should continue to expand as organizations outside the United States seek to adopt self-service platforms as we have experienced with our existing customers. To capitalize on this opportunity, we intend to continue to invest in growing our presence internationally.

**Investment in Growth.** Operating expenses have increased from \$128.0 million for the year ended December 31, 2017 to \$340.8 million for the year ended December 31, 2019 as we continue investing in our business so that we can capitalize on our market opportunity. Full-time headcount has increased over this same time period from 555 employees to 1,291 employees. We intend to continue to add headcount to our global sales and marketing teams to acquire new customers and to increase sales to existing customers. We intend to continue to add headcount to our research and development team to extend the functionality and range of our platform by bringing new and improved products and services to our customers. We believe that these investments will contribute to our long-term growth, although they may adversely affect our operating results in the near term.

**Market Adoption of Our Platform.** A key focus of our sales and marketing efforts is to continue creating market awareness about the benefits of our platform. During the year ended December 31, 2019, we added a third annual Inspire user conference in Asia-Pacific to augment our existing events in the United States and Europe, and continued to expand the events in the United States and Europe resulting in a worldwide attendance across all three events of over 6,400. While we cannot predict customer adoption rates and demand, the future growth rate and size of the self-service data analytics market, or the introduction of competitive products and services, our business and operating results will be significantly affected by the degree to and speed with which organizations adopt self-service data analytics solutions and our platform.

**Acquisitions.** Our business strategy has included acquiring other complementary products, technologies, or businesses that allow us to reduce the time or costs required to develop new technologies, incorporate enhanced functionality into and complement our existing product offerings, augment our engineering workforce, and enhance our technological capabilities. In February 2018, we acquired our former distributor Alteryx ANZ Pty Limited; in April 2019, we acquired ClearStory Data, Inc. to add talented developers and compelling technology to our organization; and in October 2019, we acquired Feature Labs to augment our machine learning capabilities and establish an engineering hub on the East Coast of the U.S. The consolidated financial statements include the results of operations of all of our acquired companies commencing as of their respective acquisition dates. See Note 4, *Business Combinations*, of the notes to our consolidated financial statements included elsewhere in this Annual Report for additional information related to these acquisitions.

## Key Business Metrics

We review the following key business metrics to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans, and make strategic decisions:

**Number of Customers.** We believe that our ability to expand our customer base is a key indicator of our market penetration, the growth of our business, and our future potential business opportunities. We define a customer at the end of any particular period as an entity with a subscription agreement that runs through the current or future period as of the measurement date. Organizations with free trials have not entered into a subscription agreement and are not considered customers. A single organization with separate subsidiaries, segments, or divisions that use our platform may represent multiple customers, as we treat each entity that is invoiced separately as a single customer. In cases where customers subscribe to our platform through our channel partners, each end customer is counted separately.

The following table summarizes the number of our customers at each quarter end for the periods indicated:

	As of							
	Mar. 31, 2018	Jun. 30, 2018	Sep. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	Jun. 30, 2019	Sep. 30, 2019	Dec. 31, 2019
Customers	3,673	3,940	4,315	4,696	4,973	5,278	5,613	6,087

**Dollar-Based Net Expansion Rate.** Our dollar-based net expansion rate is a trailing four-quarter average of the annual contract value, or ACV, which is defined as the subscription revenue that we would contractually expect to recognize over the term of the contract divided by the term of the contract, in years, from a cohort of customers in a quarter as compared to the same quarter in the prior year. A dollar-based net expansion rate equal to 100% would indicate that we received the same amount of ACV from our cohort of customers in the current quarter as we did in the same quarter of the prior year. A dollar-based net expansion rate less than 100% would indicate that we received less ACV from our cohort of customers in the current quarter than we did in the same quarter of the prior year. A dollar-based net expansion rate greater than 100% would indicate that we received more ACV from our cohort of customers in the current quarter than we did in the same quarter of the prior year.

To calculate our dollar-based net expansion rate, we first identify a cohort of customers, or the Base Customers, in a particular quarter, or the Base Quarter. A customer will not be considered a Base Customer unless such customer has an active subscription on the last day of the Base Quarter. We then divide the ACV in the same quarter of the subsequent year attributable to the Base Customers, or the Comparison Quarter, including Base Customers from which we no longer derive ACV in the Comparison Quarter, by the ACV attributable to those Base Customers in the Base Quarter. Our dollar-based net expansion rate in a particular quarter is then obtained by averaging the result from that particular quarter by the corresponding result from each of the prior three quarters. The dollar-based net expansion rate excludes contract value relating to professional services from that cohort.

The following table summarizes our dollar-based net expansion rate for each quarter for the periods indicated:

	Three Months Ended							
	Mar. 31, 2018	Jun. 30, 2018	Sep. 30, 2018	Dec. 31, 2018	Mar. 31, 2019	Jun. 30, 2019	Sep. 30, 2019	Dec. 31, 2019
Dollar-based net expansion rate	129%	129%	131%	132%	134%	133%	132%	130%

## Components of Our Results of Operations

### Revenue

We derive our revenue primarily from the sale of software subscriptions. Revenue from subscriptions reflects the revenue recognized from sales of licenses to our platform to new customers and additional licenses to existing customers. Subscription fees are based primarily on the number of users of our platform. Our subscription agreements generally have terms ranging from one to three years and are billed annually in advance. Subscriptions are generally non-cancelable during the subscription term and subscription fees are non-refundable. We recognize a portion of subscription revenue upfront on the date which the platform is first made available to the customer, or the beginning of the subscription term, if later, and a portion of revenue ratably over the subscription term. Our subscription agreements provide for unspecified future updates, upgrades, enhancements, technical product support, and access to hosted services and support. We also generate revenue from selling subscriptions to third-party syndicated data, which we recognize ratably over the subscription period, as well as revenue from professional services fees earned for consulting engagements related to training customers and channel partners, and consulting services. Revenue from professional

services relating to training results from contracts to provide educational services to customers and channel partners regarding the use of our technologies and is recognized as the services are provided. Revenue from professional services represented 5% or less of revenue for each of the years ended December 31, 2019, 2018, and 2017. Over the long term, we expect our revenue from professional services to continue to decrease as a percentage of our revenue. In addition, due to our “land and expand” business model, a large portion of our revenue in any given period is attributable to our existing customers compared to new customers.

For a description of our revenue recognition policies, see the section titled “Critical Accounting Estimates” within this Management’s Discussion and Analysis of Financial Condition and Result of Operations.

### ***Cost of Revenue***

Cost of revenue consists primarily of employee-related costs, including salaries and bonuses, stock-based compensation expense, and employee benefit costs associated with our customer support and professional services organizations. It also includes expenses related to hosting and operating our cloud infrastructure in a third-party data center, licenses of third-party syndicated data, amortization of intangible assets, and related overhead expenses. The majority of our cost of revenue does not fluctuate directly with increases in revenue.

We allocate shared overhead costs such as information technology infrastructure, rent, and occupancy charges in each expense category based on headcount in that category. As such, certain general overhead expenses are reflected in cost of revenue.

We intend to continue to invest additional resources in our cloud infrastructure. We expect that the cost of third-party data center hosting fees will increase over time as we continue to expand our cloud-based offering.

### ***Gross Profit and Gross Margin***

Gross profit is revenue less cost of revenue. Gross margin is gross profit expressed as a percentage of revenue. Our gross margin has fluctuated and may fluctuate from period to period based on a number of factors, including the timing and mix of products and services we sell, the channel through which we sell our products and services, and, to a lesser degree, the utilization of customer support and professional services resources, as well as third-party hosting and syndicated data fees in any given period. Our gross margin may fluctuate from period to period depending on the interplay of the factors discussed above.

### ***Operating Expenses***

Our operating expenses are classified as research and development, sales and marketing, and general and administrative. For each of these categories, the largest component is employee-related costs, which include salaries and bonuses, stock-based compensation expense, and employee benefit costs. We allocate shared overhead costs such as information technology infrastructure, rent, and occupancy charges to each expense category based on headcount in that category.

*Research and development.* Research and development expense consists primarily of employee-related costs, including salaries and bonuses, stock-based compensation expense, and employee benefit costs, for our research and development employees, depreciation of equipment used in research and development, third-party contractors, and related allocated overhead costs. We expect research and development expenses to continue to increase in absolute dollars for the foreseeable future as we continue to increase the functionality and otherwise enhance our platform and develop new products and services. However, we expect research and development expense to decrease as a percentage of revenue over the long term, although research and development expense may fluctuate as a percentage of revenue from period to period due to the seasonality of revenue and the timing and extent of these expenses.

*Sales and marketing.* Sales and marketing expense consists primarily of employee-related costs, including salaries and bonuses, sales commissions, stock-based compensation expense, and employee benefit costs, for our sales and marketing employees, marketing programs, and related allocated overhead costs. Our sales and marketing employees include quota-carrying headcount, sales operations, marketing, and management. Marketing programs consist of advertising, promotional events, such as our U.S., European, and Asia-Pacific Inspire user conferences, corporate communications, brand building, and product marketing activities, such as online lead generation.

We plan to continue to invest in sales and marketing by expanding our global promotional activities, building brand awareness, attracting new customers, and sponsoring additional marketing events. The timing of these events, such as our annual company kickoff and our annual U.S., European, and Asia-Pacific Inspire user conferences, will affect our sales and marketing expense in the period in which each occurs. We expect sales and marketing expense to continue to increase in absolute dollars for the foreseeable future as we expand our online and offline marketing efforts to increase demand for our platform and awareness of our brand and

as we continue to expand our direct sales team and indirect sales channels both in the United States and internationally, and to continue to be our largest operating expense category. However, we expect sales and marketing expense to decrease as a percentage of revenue over the long term, although sales and marketing expense may fluctuate as a percentage of revenue from period to period due to the seasonality of revenue and the timing and extent of these expenses.

*General and administrative.* General and administrative expense consists primarily of employee-related costs, including salaries and bonuses, stock-based compensation expense, and employee benefit costs, for our executive officers and finance, legal, human resources, and administrative personnel, professional fees for external legal, accounting, and other consulting services, including those incurred in connection with our business combinations, changes in the fair value of contingent consideration, and related allocated overhead costs. We expect general and administrative expense to continue to increase in absolute dollars for the foreseeable future as we continue to grow and incur the costs associated with being a publicly traded company, including increased legal, audit, and consulting fees. However, we expect general and administrative expense to decrease as a percentage of revenue over the long term as we improve our processes, systems, and controls to enable our internal support functions to scale with the growth of our business, although general and administrative expense may fluctuate as a percentage of revenue from period to period due to the seasonality of revenue and the timing and extent of these expenses.

#### ***Interest Expense***

Interest expense consists primarily of amortization of the debt discount, issuance costs, and interest expense attributable to our 2023 Notes and 2024 & 2026 Notes issued during the years ended December 31, 2018 and 2019, respectively.

#### ***Other Income (Expense), Net***

Other income (expense), net consists primarily of gains and losses on foreign currency remeasurement and transactions and interest income from our available-for-sale investments.

#### ***Loss on Induced Conversion and Debt Extinguishment***

Loss on induced conversion and debt extinguishment is attributable to exchange agreements with certain holders of our 2023 Notes. We exchanged principal, together with accrued and unpaid interest thereon, for cash and shares of our Class A common stock.

#### ***Provision for (Benefit of) Income Taxes***

Provision for (benefit of) income taxes consists primarily of accrued current and deferred income taxes imposed by the United States and foreign jurisdictions in which we conduct business. As we have expanded our international operations, we have incurred increased foreign tax expense, and we expect this trend to continue.

### **Results of Operations for the Years Ended December 31, 2019, 2018 and 2017**

A discussion regarding our financial condition and results of operations for the year ended December 31, 2018 compared to the year ended December 31, 2017 is included in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operation,” included in our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on March 1, 2019.

#### ***Revenue***

	Year Ended December 31,			2019 vs 2018		2018 vs 2017	
	2019	2018	2017	\$ Change	% Change	\$ Change	% Change
	(in thousands, except percentages)						
Revenue	\$ 417,910	\$ 253,570	\$ 131,607	\$ 164,340	64.8%	\$ 121,963	92.7%

The increase in our revenue for the year ended December 31, 2019 as compared to the year ended December 31, 2018 was primarily from additional sales to existing customers as demonstrated by our net expansion rate at or over 130% for all quarters

in 2019 and, to a lesser extent, the increase in our total number of customers as shown above. In addition, the average total transaction price from contracts with customers has increased, in part, due to an increase in the volume of multi-year deals.

### *Cost of Revenue and Gross Margin*

	Year Ended December 31,			2019 vs 2018		2018 vs 2017	
	2019	2018	2017	\$ Change	% Change	\$ Change	% Change
	(in thousands, except percentages)						
Cost of revenue	\$ 39,151	\$ 22,800	\$21,803	\$ 16,351	71.7%	\$ 997	4.6%
% of revenue	9.4%	9.0%	16.6%				
Gross margin	90.6%	91.0%	83.4%				

Cost of revenue increased for the year ended December 31, 2019 as compared to the year ended December 31, 2018 primarily due to an increase in employee-related costs, including stock-based compensation expense of \$5.6 million and an increase of \$5.0 million in royalties due to increased usage of third-party syndicated data and, to a lesser extent, higher royalty rates and new agreements with third-party syndicated data providers in the current year. The increase was also attributable to an increase in the amortization of intangible assets of \$2.0 million partly attributable to the acquisition of ClearStory Data and an increase in consulting and outsourced labor of \$1.5 million due to the increased utilization of third-party contractors.

As of December 31, 2019, we had 102 cost of revenue personnel compared to 73 as of December 31, 2018.

The decrease in gross margin for the year ended December 31, 2019 as compared to the year ended December 31, 2018 was the result of an increase in royalties expense as discussed above. This decrease was offset in part by an increase in the proportion of revenue from subscriptions relative to revenue from professional services, as well as an increase in the use of Alteryx Community for self-service support, which relies on engagement with other end-users and our partners, resulting in lower support costs as a percentage of revenue.

### *Research and Development*

	Year Ended December 31,			2019 vs 2018		2018 vs 2017	
	2019	2018	2017	\$ Change	% Change	\$ Change	% Change
	(in thousands, except percentages)						
Research and development	\$ 69,100	\$ 43,449	\$ 29,342	\$ 25,651	59.0%	\$ 14,107	48.1%
% of revenue	16.5%	17.1%	22.3%				

Research and development expense increased for the year ended December 31, 2019 as compared to the year ended December 31, 2018 primarily due to an increase in employee-related costs, including stock-based compensation expense, of \$22.4 million resulting from an increase in headcount, partly attributable to current year acquisitions of ClearStory Data and Feature Labs. The increase is also impacted by the timing within the period, and the market in which, the headcount was added, as well as an increase in bonus expense due to the overachievement of bonus targets. In addition, there was an increase of \$1.0 million in consulting and professional fees due to the utilization of contractors for certain development projects and an increase of \$2.3 million in overhead costs to support the additional headcount.

As of December 31, 2019, we had 302 research and development personnel compared to 212 as of December 31, 2018.

### *Sales and Marketing*

	Year Ended December 31,			2019 vs 2018		2018 vs 2017	
	2019	2018	2017	\$ Change	% Change	\$ Change	% Change
	(in thousands, except percentages)						
Sales and marketing	\$ 191,735	\$ 109,284	\$ 66,420	\$ 82,451	75.4%	\$ 42,864	64.5%
% of revenue	45.9%	43.1%	50.5%				

Sales and marketing expense increased for the year ended December 31, 2019 as compared to the year ended December 31, 2018 primarily due to an increase in employee-related costs, including stock-based compensation, of \$62.5 million resulting from

an increase in headcount and higher commissions expense associated with an increase in total bookings. In addition, we had an increase of \$11.4 million in marketing programs, including costs associated with our expansion of our Inspire user conference in the U.S., Europe and Asia-Pacific regions, and an increase of \$2.7 million in consulting and professional fees.

As of December 31, 2019, we had 639 sales and marketing personnel compared to 398 as of December 31, 2018.

#### *General and Administrative*

	Year Ended December 31,			2019 vs 2018		2018 vs 2017	
	2019	2018	2017	\$ Change	% Change	\$ Change	% Change
	(in thousands, except percentages)						
General and administrative	\$ 79,943	\$ 48,267	\$ 32,241	\$ 31,676	65.6%	\$ 16,026	49.7%
% of revenue	19.1%	19.0%	24.5%				

General and administrative expense increased for the year ended December 31, 2019 as compared to the year ended December 31, 2018 primarily due to an increase in employee-related costs, including stock-based compensation, of \$25.0 million resulting from an increase in headcount and an increase in bonus expense due to the overachievement of bonus targets and an increase of \$4.3 million in consulting and professional fees related to infrastructure expansion projects and processes, including the implementation of certain accounting standards.

As of December 31, 2019, we had 248 general and administrative personnel compared to 134 as of December 31, 2018.

#### *Interest Expense*

	Year Ended December 31,			2019 vs 2018		2018 vs 2017	
	2019	2018	2017	\$ Change	% Change	\$ Change	% Change
	(in thousands, except percentages)						
Interest expense	\$ (21,844)	\$ (7,378)	—	(14,466)	*	\$ (7,378)	*

\* Not meaningful

Interest expense is primarily attributable to our 2023 Notes and 2024 & 2026 Notes issued during the years ended December 31, 2018 and 2019, respectively. The increase in interest expense for the year ended December 31, 2019 as compared to the year ended December 31, 2018 is due to the higher aggregate interest expense related to the issuance of the 2024 & 2026 Notes in the year ended December 31, 2019.

#### *Other Income (Expense), Net*

	Year Ended December 31,			2019 vs 2018		2018 vs 2017	
	2019	2018	2017	\$ Change	% Change	\$ Change	% Change
	(in thousands, except percentages)						
Other income (expense), net	\$ 10,434	\$ 3,042	\$ (205)	\$ 7,392	*	\$ 3,247	*

\* Not meaningful

The increase in other income, net for the year ended December 31, 2019 as compared to the year ended December 31, 2018 was primarily attributable to an increase in interest income due to an increase in balances of available-for-sale securities and by an increase in gains on foreign currency remeasurement.

### Loss on Induced Conversion and Debt Extinguishment

	Year Ended December 31,			2019 vs 2018		2018 vs 2017	
	2019	2018	2017	\$ Change	% Change	\$ Change	% Change
	(in thousands, except percentages)						
Loss on induced conversion and debt extinguishment	\$ (20,507)	\$ —	\$ —	\$ (20,507)	*	\$ —	*

\* Not meaningful

Loss on induced conversion and debt extinguishment is attributable to exchange agreements entered into during the year ended December 31, 2019 with certain holders of our 2023 Notes. We exchanged principal, together with accrued and unpaid interest thereon, for cash and shares of our Class A common stock.

### Benefit of Income Taxes

	Year Ended December 31,			2019 vs 2018		2018 vs 2017	
	2019	2018	2017	\$ Change	% Change	\$ Change	% Change
	(in thousands, except percentages)						
Benefit of income taxes	\$ (21,079)	\$ (2,586)	\$ (905)	\$ (18,493)	*	\$ (1,681)	*

\* Not meaningful

The change in the benefit of income taxes for the year ended December 31, 2019 as compared to the year ended December 31, 2018 was primarily due to a decrease in pre-tax income and discrete tax benefits of \$13.5 million related to excess tax deductions from settled stock options and RSUs during the year ended December 31, 2019.

### Liquidity and Capital Resources

A discussion of our liquidity and capital resources for the year ended December 31, 2017 is included in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources,” included in our Annual Report on Form 10-K for the year ended December 31, 2017, filed with the SEC on March 8, 2018.

	As of December 31,			2019 vs 2018		2018 vs 2017	
	2019	2018	2017	\$ Change	\$ Change		
	(in thousands)						
Cash and cash equivalents and short-term and long-term investments	\$ 974,865	\$ 426,243	\$ 194,066	\$ 548,622	\$ 232,177		
Working capital	725,155	337,233	111,499	387,922	225,734		

The increase in cash and marketable securities from December 31, 2019 to December 31, 2018 is primarily associated with our offering and sale of \$400.0 million in aggregate principal amount of our 2024 Notes and \$400.0 million in aggregate principal amount of our 2026 Notes during the year ended December 31, 2019, including the initial purchasers’ exercise in full of their options to purchase an additional \$50.0 million of each of the 2024 Notes and 2026 Notes, in a private offering. This was offset in part by the purchase of capped call transactions with respect to our Class A common stock of \$87.4 million and the exchange of a portion of our 2023 Notes of \$145.2 million.

Our principal uses of cash are funding our operations and other working capital requirements.

We believe that our existing cash and cash equivalents and short-term investments and any positive cash flows from operations will be sufficient to support our working capital and capital expenditure requirements for at least the next 12 months. To the extent existing cash and cash equivalents and short-term investments and cash from operations are not sufficient to fund future activities, we may need to raise additional funds. We may seek to raise additional funds through equity, equity-linked, or debt financings. If we raise additional funds through the incurrence of indebtedness, such indebtedness may have rights that are senior to holders of

our equity securities and could contain covenants that restrict operations. Any additional equity or convertible debt financing may be dilutive to stockholders. If we are unable to raise additional capital when desired, our business, operating results, and financial condition could be adversely affected.

Our future capital requirements and the adequacy of available funds will depend on many factors, including the rate of our revenue growth, the timing and extent of our spending on research and development efforts and other business initiatives, the expansion of our sales and marketing activities, the timing of new product and service introductions, market acceptance of our platform, and overall economic conditions.

### ***Cash Flows***

The following table sets forth cash flows for the periods indicated:

	Year Ended December 31,		
	2019	2018	2017
	(in thousands)		
Net cash provided by operating activities	\$ 34,192	\$ 26,089	\$ 19,105
Net cash used in investing activities	(277,131)	(270,858)	(66,421)
Net cash provided by financing activities	563,846	215,980	135,701

### ***Operating Activities***

Our net income (loss) and cash flow from operating activities are significantly influenced by our investments in headcount and infrastructure to support anticipated growth.

For the year ended December 31, 2019, net cash provided by operating activities was \$34.2 million. Net cash provided by operating activities primarily reflected net income of \$27.1 million and net non-cash activity of \$58.4 million, offset in part by a change in operating assets and liabilities of \$51.4 million.

For the year ended December 31, 2018, net cash provided by operating activities was \$26.1 million. Net cash provided by operating activities primarily reflected net income of \$28.0 million and net non-cash activity of \$24.7 million, offset in part by a change in operating assets and liabilities of \$26.7 million.

The increase in non-cash activity was primarily driven by \$18.6 million of amortization of debt discount and issuance costs and a \$20.5 million loss on induced conversion due to the issuance of our 2024 & 2026 Notes and repurchase of our 2023 Notes in August 2019, stock-based compensation expense of \$33.1 million due to higher headcount and additional stock-based awards, partially offset by deferred income taxes of \$22.8 million primarily associated with excess tax deductions from exercised stock options and settled RSUs.

The change in operating assets and liabilities is primarily driven by higher sales volume which resulted in the following:

- an increase in accounts receivable of \$35.3 million due to higher billings;
- an increase in deferred commissions of \$20.5 million due to higher commissions earned;
- an increase in prepaid expenses, other current assets and other assets of \$35.0 million, primarily due to a \$30.1 million increase of contract assets related to an increase in the volume of multi-year deals;
- an increase in accrued payroll and payroll-related liabilities of \$28.7 million due to higher commissions earned and higher accrued bonuses earned; and
- an increase in accrued expenses, other current liabilities, operating lease liabilities and other liabilities of \$8.1 million due to an increase in sales tax and VAT payable, accrued royalty costs, expenses, and interest, offset by payments on operating lease liabilities.



### **Investing Activities**

Our investing activities consist primarily of purchases, sales and maturities of available-for-sale securities, property and equipment purchases, including computer-related equipment, and leasehold improvements to leased office facilities, and cash used in our business acquisitions.

Net cash used in investing activities for the year ended December 31, 2019 was \$277.1 million, consisting primarily of \$224.7 million of net purchases of investments, \$40.9 million of net cash paid in connection with our business acquisitions, and \$11.5 million of purchases of property and equipment.

Net cash used in investing activities for the year ended December 31, 2018 was \$270.9 million, consisting primarily of \$260.6 million of net purchases of investments, \$3.5 million of net cash paid in connection with our business acquisitions, and \$6.7 million of purchases of property and equipment.

### **Financing Activities**

Our financing activities consist primarily of proceeds from, and costs associated with, the issuances and/or payments of common stock and convertible senior notes, including purchases of capped calls, proceeds from the exercise of stock options, and minimum tax withholding paid on behalf of employees for RSUs.

Net cash provided by financing activities for the year ended December 31, 2019 was \$563.8 million, consisting primarily of proceeds from the issuance of the 2024 & 2026 Notes of \$783.3 million, \$20.2 million of proceeds from stock option exercises and purchases under our employee stock purchase plan, and proceeds of \$4.9 million from the disgorgement by a stockholder of certain profits under Section 16(b) of the Securities Exchange Act of 1934, as amended, or the Exchange Act. This was offset in part by principal payments on our 2023 Notes of \$145.2 million, purchase of the capped calls related to the 2024 & 2026 Notes of \$87.4 million and the minimum tax withholding paid on behalf of employees for RSUs of \$10.6 million.

Net cash provided by financing activities for the year ended December 31, 2018 was \$216.0 million, consisting primarily of proceeds from the issuance of the 2023 Notes of \$224.2 million and \$14.2 million of proceeds from stock option exercises and purchases under our employee stock purchase plan, offset in part by the purchase of the capped calls related to the 2023 Notes of \$19.1 million.

The timing and number of stock option exercises and employee stock purchases and the amount of proceeds we receive from these equity awards is not within our control. As it is now our general practice to issue principally RSUs to our employees, cash paid on behalf of employees for minimum statutory withholding taxes on RSUs will likely increase.

### **Contractual Obligations and Commitments**

The following table summarizes our contractual obligations, including interest, as of December 31, 2019:

	Payments Due by Period				
	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years
	(in thousands)				
Operating leases (1)	116,985	11,675	35,072	32,450	37,788
Convertible senior notes and related interest	924,059	6,240	12,848	496,971	408,000
Purchase obligations (2)	32,875	16,270	16,605	—	—
Total	<u>\$ 1,073,919</u>	<u>\$ 34,185</u>	<u>\$ 64,525</u>	<u>\$ 529,421</u>	<u>\$ 445,788</u>

(1) We have leases that expire at various dates through 2028. Amount includes signed leases for which the commencement date has not yet occurred. See Note 14, *Leases*, of the notes to our consolidated financial statements included elsewhere in this Annual Report for additional information related to these leases.

(2) Purchase obligations relate primarily to non-cancellable agreements for license and royalty agreements.

Unrecognized tax benefits as of December 31, 2019 were \$7.6 million, of which \$2.6 million would result in a potential cash payment of taxes and \$5.0 million would result in a reduction in certain NOLs. We are not including any amount related to

uncertain tax positions in the table presented above because of the difficulty in making reasonably reliable estimates of the timing of settlements with the respective taxing authorities. In addition, we had no material accruals for interest or penalties related to uncertain tax positions in our consolidated balance sheets as of December 31, 2019 and 2018.

A portion of the consideration from recent acquisitions is subject to earn-out and hold back provisions. As of December 31, 2019, we have a liability of \$0.5 million related to earn-out provisions and \$2.9 million related to hold back funds included in other liabilities in our consolidated balance sheet. This balance has not been included in the table above because of the uncertainty regarding the final value of the consideration.

In the ordinary course of business, we enter into agreements in which we may agree to indemnify clients, suppliers, vendors, lessors, channel partners, lenders, stockholders, and other parties with respect to certain matters, including losses resulting from claims of intellectual property infringement, damages to property or persons, business losses, or other liabilities. In addition, we have entered into indemnification agreements with our directors, executive officers, and other officers that will require us to indemnify them against liabilities that may arise by reason of their status or service as directors, officers, or employees. There are no claims that we are aware of that could have a material effect on our consolidated financial statements.

#### **Off-Balance Sheet Arrangements**

As of December 31, 2019, we did not have any relationships with unconsolidated entities or financial partnerships, such as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements.

#### **Critical Accounting Estimates**

Our consolidated financial statements and the related notes have been prepared in accordance with U.S. GAAP. The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs and operating expenses, provision for income taxes, and related disclosures. Generally, we base our estimates on historical experience and on various other assumptions in accordance with U.S. GAAP that we believe to be reasonable under the circumstances. Actual results may differ from these estimates. To the extent that there are material differences between these estimates and our actual results, our future financial statements will be affected.

Critical accounting estimates are those that we consider the most important to the portrayal of our financial condition and operating results because they require our most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Our critical accounting estimates are described below.

##### ***Revenue Recognition***

Our revenue is derived from the licensing of subscription-based software, data subscription services, and professional services, including training and consulting services. Our subscriptions are generally licensed for terms of one to three years and include access to hosted services and software and PCS, which provides the customer the right to receive when-and-if-available unspecified future updates, upgrades and enhancements, and technical product support.

Our contracts with customers often include promises to transfer multiple products and services to a customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment. In contracts that contain multiple performance obligations we allocate the transaction price to the various performance obligations based on standalone selling price, or SSP. Certain performance obligations are not sold on a stand-alone basis. Therefore, significant judgment is required to determine SSP for each distinct performance obligation. We utilize several inputs when determining SSP including sales of goods and services sold on a standalone basis, our overall pricing strategies, market conditions, including the geographic locations in which the products are sold, and market data.

##### ***Convertible Senior Notes***

In accounting for the issuance of our Notes, we separated each series of these Notes into liability (debt) and equity components of the instrument. The carrying amount of the debt component was calculated by estimating the fair value of similar liabilities that do not have associated convertible features. The carrying amount of the equity component, representing the conversion option, was determined by deducting the fair value of the debt component from the principal amount. The difference between the principal amount of each series of our Notes and its respective fair value of debt component are amortized to interest expense over its

respective terms using the effective interest method. The equity component, net of issuance costs and deferred tax effects, of each series of our Notes is presented within additional paid-in-capital, and will not be remeasured as long as it continues to meet the requirements for equity classification. These assumptions involve inherent uncertainties and management judgment. In accounting for the issuance costs related to our Notes, the allocation of issuance costs incurred between the debt and equity components was based on their relative values.

### ***Income Taxes***

Our provision for income taxes, deferred tax assets and liabilities, and reserves for unrecognized tax benefits reflect our best assessment of estimated future taxes to be paid. Significant judgments and estimates based on interpretations of existing tax laws or regulations in the United States and the numerous foreign jurisdictions where we are subject to income tax are required in determining our provision for income taxes. Changes in tax laws, statutory tax rates, and estimates of our future taxable income could impact the deferred tax assets and liabilities provided for in the consolidated financial statements and would require an adjustment to the provision for income taxes.

Deferred tax assets are regularly assessed to determine the likelihood they will be realized from future taxable income. A valuation allowance is established when we believe it is not more likely than not all or some of a deferred tax asset will be realized. In evaluating our ability to recover deferred tax assets within the jurisdiction in which they arise, we consider all available positive and negative evidence. Factors reviewed include the cumulative pre-tax book income for the past three years, scheduled reversals of deferred tax liabilities, our history of earnings and reliable forecasting, projections of pre-tax book income over the foreseeable future, and the impact of any feasible and prudent tax planning strategies.

We recognize the impact of a tax position in our consolidated financial statements only if that position is more likely than not of being sustained upon examination by taxing authorities, based on the technical merits of the position. Tax authorities may examine our returns in the jurisdictions in which we do business and we regularly assess the tax risk of our return filing positions. Due to the complexity of some of the uncertainties, the ultimate resolution may result in payments that are materially different from our current estimate of the tax liability. These differences, as well as any interest and penalties, will be reflected in the provision for income taxes in the period in which they are determined.

### **Recent Accounting Pronouncements**

See Note 2, *Significant Accounting Policies*, of the notes to our consolidated financial statements included elsewhere in this Annual Report for a description of recent accounting pronouncements.

### **Item 7A. Quantitative and Qualitative Disclosures about Market Risk.**

#### ***Foreign Currency Exchange Risk***

Due to our international operations, we have foreign currency risks related to revenue and operating expenses denominated in currencies other than the U.S. dollar, primarily the British Pound and Euro. Our sales contracts are primarily denominated in the local currency of the customer making the purchase. In addition, a portion of our operating expenses are incurred outside the United States and are denominated in foreign currencies where our operations are located. We are also exposed to certain foreign exchange rate risks related to our foreign subsidiaries, including as a result of intercompany loans denominated in non-functional currencies. Decreases in the relative value of the U.S. dollar to other currencies may negatively affect revenue and other operating results as expressed in U.S. dollars. We do not believe that an immediate 10% increase or decrease in the relative value of the U.S. dollar to other currencies would have a material effect on our operating results.

We have experienced and will continue to experience fluctuations in net income (loss) as a result of transaction gains or losses related to remeasuring certain current asset and current liability balances that are denominated in currencies other than the functional currency of the entities in which they are recorded. To date, we have not entered into derivatives or hedging transactions, as our exposure to foreign currency exchange rates has historically been partially hedged by our U.S. dollar denominated inflows covering our U.S. dollar denominated expenses and our foreign currency denominated inflows covering our foreign currency denominated expenses. However, we may enter into derivative or hedging transactions in the future if our exposure to foreign currency should become more significant.

***Interest Rate and Market Risk***

We had cash and cash equivalents and short-term and long-term investments of \$974.9 million as of December 31, 2019. The primary objective of our investment activities is the preservation of capital, and we do not enter into investments for trading or speculative purposes. A hypothetical 10% increase in interest rates during the year ended December 31, 2019 would not have had a material impact on our consolidated financial statements. We do not have material exposure to market risk with respect to short-term and long-term investments, as any investments we enter into are primarily highly liquid investments.

Our Notes each bear a fixed interest rate, and therefore, are not subject to interest rate risk. We have not utilized derivative financial instruments, derivative commodity instruments or other market risk sensitive instruments, positions or transactions in any material fashion, except for the privately negotiated capped call transactions entered into in May and June 2018 related to the issuance of our 2023 Notes and August 2019 related to the issuance of our 2024 & 2026 Notes.

***Inflation Risk***

We do not believe that inflation has had a material effect on our business, financial condition, or operating results.

**Item 8. Consolidated Financial Statements and Supplementary Data.**

**Alteryx, Inc.  
Index to Consolidated Financial Statements**

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## Report of Independent Registered Public Accounting Firm

To the shareholders and the Board of Directors of Alteryx, Inc.

### Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Alteryx, Inc. and subsidiaries (the "Company") as of December 31, 2019 and 2018, the related consolidated statements of operations and comprehensive income (loss), redeemable convertible preferred stock and stockholders' equity, and cash flows for the years ended December 31, 2019 and 2018, and the related notes (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years ended December 31, 2019 and 2018, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

### Changes in Accounting Principle

As discussed in Note 2 to the financial statements, effective January 1, 2019, the Company adopted FASB ASC 842, *Leases*, using the modified retrospective approach.

As discussed in Note 3 to the financial statements, effective January 1, 2018, the Company adopted FASB ASC 606, *Revenue from Contracts with Customers*, using the modified retrospective approach.

### Basis for Opinions

The Company's management is responsible for these financial statements, 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 these financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to 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. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### 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.

### **Critical Audit Matter**

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 accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

### **Convertible Senior Notes - Refer to Note 9 to the Financial Statements**

#### *Critical Audit Matter Description*

In August 2019, the Company issued \$400 million of 0.5% convertible senior notes due August 1, 2024 and \$400 million of 1% convertible senior notes due August 1, 2026 (together, the "Notes"). In accounting for the issuance of the Notes, management allocated the total proceeds into liability and equity components. The carrying amount of the liability component was calculated by estimating the fair value of similar notes that do not have associated convertible features. The carrying amount of the equity component, representing the conversion option, was determined by deducting the fair value of the liability component from the principal amount of the Notes. The valuation model used in determining the fair value of the liability component for the Notes, includes inputs subject to management's judgment including the nonconvertible borrowing rate. The determination of the nonconvertible borrowing rate is complex and involves significant judgment exercised by management.

Given the inherent complexity and significant judgments made by management in determining the nonconvertible borrowing rate, the related audit effort required a higher degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists.

#### *How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the nonconvertible borrowing rate included the following, among others:

- We tested the effectiveness of controls over management's valuation of the liability component of the Notes, including those related to the determination of the nonconvertible borrowing rate.
- With the assistance of our fair value specialists, we developed independent estimates of the nonconvertible borrowing rate and the liability component of the Notes and compared our estimates to the Company's estimates.

/s/ Deloitte & Touche LLP

Los Angeles, California  
February 14, 2020

We have served as the Company's auditor since 2019.

## Report of Independent Registered Public Accounting Firm

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

### *Opinion on the Financial Statements*

We have audited the consolidated statements of operations and comprehensive income (loss), redeemable convertible preferred stock and stockholders' equity, and cash flows of Alteryx, Inc. and its subsidiaries (the "Company") for the year ended December 31, 2017, including 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 results of operations and cash flows of the Company for the year ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (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 of these consolidated financial statements 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 consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audit included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP  
Los Angeles, California  
March 7, 2018

We served as the Company's auditor from 2012 to 2018.



**Alteryx, Inc.**  
**Consolidated Statements of Operations and Comprehensive Income (Loss)**  
(in thousands, except per share data)

	Year Ended December 31,		
	2019	2018	2017
Revenue	\$ 417,910	\$ 253,570	\$ 131,607
Cost of revenue	39,151	22,800	21,803
Gross profit	378,759	230,770	109,804
Operating expenses:			
Research and development	69,100	43,449	29,342
Sales and marketing	191,735	109,284	66,420
General and administrative	79,943	48,267	32,241
Total operating expenses	340,778	201,000	128,003
Income (loss) from operations	37,981	29,770	(18,199)
Interest expense	(21,844)	(7,378)	—
Other income (expense), net	10,434	3,042	(205)
Loss on induced conversion and debt extinguishment	(20,507)	—	—
Income (loss) before benefit of income taxes	6,064	25,434	(18,404)
Benefit of income taxes	(21,079)	(2,586)	(905)
Net income (loss)	\$ 27,143	\$ 28,020	\$ (17,499)
Less: Accretion of Series A redeemable convertible preferred stock	—	—	(1,983)
Net income (loss) attributable to common stockholders	\$ 27,143	\$ 28,020	\$ (19,482)
Net income (loss) per share attributable to common stockholders, basic	\$ 0.43	\$ 0.46	\$ (0.37)
Net income (loss) per share attributable to common stockholders, diluted	\$ 0.40	\$ 0.43	\$ (0.37)
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders, basic	63,424	60,829	53,006
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders, diluted	68,661	64,744	53,006
Other comprehensive income (loss), net of tax:			
Net unrealized holding gain (loss) on investments, net of tax	714	(22)	(217)
Foreign currency translation adjustments, net of tax	(1,669)	(195)	(128)
Other comprehensive loss, net of tax	\$ (955)	\$ (217)	\$ (345)
Total comprehensive income (loss)	\$ 26,188	\$ 27,803	\$ (17,844)

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

**Alteryx, Inc.**  
**Consolidated Balance Sheets**  
(in thousands, except par value)

	As of December 31,	
	2019	2018
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 409,949	\$ 89,974
Short-term investments	376,995	239,718
Accounts receivable, net of allowance for doubtful accounts and sales reserves of \$2,662 and \$2,297 as of December 31, 2019 and December 31, 2018, respectively	129,912	94,922
Prepaid expenses and other current assets	55,129	37,199
Total current assets	971,985	461,813
Property and equipment, net	20,296	11,729
Operating lease right-of use assets	33,600	—
Long-term investments	187,921	96,551
Goodwill	36,910	9,494
Intangible assets, net	22,083	7,491
Other assets	69,543	31,089
Total assets	\$ 1,342,338	\$ 618,167
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 9,383	\$ 5,028
Accrued payroll and payroll related liabilities	53,683	24,659
Accrued expenses and other current liabilities	31,715	10,878
Deferred revenue	83,895	84,015
Convertible senior notes, net	68,154	—
Total current liabilities	246,830	124,580
Convertible senior notes, net	630,321	173,647
Deferred revenue	2,733	2,130
Operating lease liabilities	29,293	—
Other liabilities	2,660	4,345
Deferred income tax, net	5,594	11,647
Total liabilities	917,431	316,349
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Preferred stock, \$0.0001 par value: 10,000 shares authorized as of December 31, 2019 and December 31, 2018, respectively; no shares issued and outstanding as of December 31, 2019 and December 31, 2018, respectively	—	—
Common stock, \$0.0001 par value: 500,000 Class A shares authorized, 52,056 and 37,832 shares issued and outstanding, as of December 31, 2019 and December 31, 2018, respectively; 500,000 Class B shares authorized, 13,204 and 23,748 shares issued and outstanding as of December 31, 2019 and December 31, 2018, respectively	7	6
Additional paid-in capital	412,191	315,291
Retained earnings (accumulated deficit)	14,235	(12,908)
Accumulated other comprehensive loss	(1,526)	(571)
Total stockholders' equity	424,907	301,818
Total liabilities and stockholders' equity	\$ 1,342,338	\$ 618,167

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

**Alteryx, Inc.**  
**Consolidated Statements of Redeemable Convertible Preferred Stock and Stockholders' Equity**  
(in thousands)

	Redeemable Convertible Preferred Stock		Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount	Shares	Amount				
<b>Balances at December 31, 2016</b>	14,647	\$ 99,182	32,674	\$ 3	\$ 8,443	\$ (86,047)	\$ (9)	\$ (77,610)
Issuance of common stock in initial public offering, net of issuance costs of \$3,344	—	—	10,350	1	131,412	—	—	131,413
Accretion of Series A redeemable convertible preferred stock issuance costs and redemption feature	—	1,983	—	—	(1,983)	—	—	(1,983)
Conversion redeemable convertible preferred stock to common stock	(14,647)	(101,165)	14,647	1	101,164	—	—	101,165
Shares issued pursuant to stock awards, net of tax withholdings related to vesting of restricted stock units	—	—	1,687	—	3,655	—	—	3,655
Equity issued in business combination	—	—	265	—	5,285	—	—	5,285
Stock-based compensation	—	—	—	—	8,886	—	—	8,886
Equity settled contingent consideration	—	—	12	—	375	—	—	375
Excess tax benefit from stock-based compensation	—	—	—	—	162	—	—	162
Cumulative translation adjustment	—	—	—	—	—	—	(128)	(128)
Unrealized loss on investments	—	—	—	—	—	—	(217)	(217)
Net loss	—	—	—	—	—	(17,499)	—	(17,499)
<b>Balances at December 31, 2017</b>	<u>—</u>	<u>—</u>	<u>59,635</u>	<u>5</u>	<u>257,399</u>	<u>(103,546)</u>	<u>(354)</u>	<u>153,504</u>
Cumulative effect of adoption of ASC 606	—	—	—	—	—	64,197	—	64,197
Cumulative effect of adoption of other accounting standards	—	—	—	—	141	(1,579)	—	(1,438)
Shares issued pursuant to stock awards, net of tax withholdings related to vesting of restricted stock units	—	—	1,925	1	11,424	—	—	11,425
Stock-based compensation	—	—	—	—	16,647	—	—	16,647
Equity settled contingent consideration	—	—	19	—	656	—	—	656
Equity component of 2023 Notes, net of issuance costs and tax	—	—	—	—	43,569	—	—	43,569
Purchase of capped calls, net of tax	—	—	—	—	(14,545)	—	—	(14,545)
Cumulative translation adjustment	—	—	—	—	—	—	(195)	(195)
Unrealized loss on investments	—	—	—	—	—	—	(22)	(22)
Net income	—	—	—	—	—	28,020	—	28,020
<b>Balances at December 31, 2018</b>	<u>—</u>	<u>—</u>	<u>61,579</u>	<u>6</u>	<u>315,291</u>	<u>(12,908)</u>	<u>(571)</u>	<u>301,818</u>
Receipt of Section 16(b) disgorgement, net of tax effect	—	—	—	—	3,743	—	—	3,743
Shares issued pursuant to stock awards, net of tax withholdings related to vesting of restricted stock units	—	—	1,755	—	9,513	—	—	9,513
Induced conversion on 2023 Notes, net of tax	—	—	2,190	1	(7,905)	—	—	(7,904)
Extinguishment of capped calls	—	—	(285)	—	—	—	—	—

Stock-based compensation	—	—	—	—	33,125	—	—	33,125
Equity settled contingent consideration	—	—	21	—	750	—	—	750
Equity component of 2024 & 2026 Notes, net of issuance costs and tax	—	—	—	—	124,173	—	—	124,173
Purchase of capped calls, net of tax	—	—	—	—	(66,499)	—	—	(66,499)
Cumulative translation adjustment	—	—	—	—	—	—	(1,669)	(1,669)
Unrealized gain on investments	—	—	—	—	—	—	714	714
Net income	—	—	—	—	—	27,143	—	27,143
<b>Balances at December 31, 2019</b>	<u>—</u>	<u>\$ —</u>	<u>65,260</u>	<u>\$ 7</u>	<u>\$ 412,191</u>	<u>\$ 14,235</u>	<u>\$ (1,526)</u>	<u>\$ 424,907</u>

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

**Alteryx, Inc.**  
**Consolidated Statements of Cash Flows**  
(in thousands)

	Year Ended December 31,		
	2019	2018	2017
<b>Cash flows from operating activities:</b>			
Net income (loss)	\$ 27,143	\$ 28,020	\$ (17,499)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	8,292	5,218	3,484
Non-cash operating lease cost	5,088	—	—
Stock-based compensation	33,125	16,647	8,886
Amortization (accretion) of discounts and premiums on investments, net	(3,030)	(1,382)	473
Amortization of debt discount and issuance costs	18,625	6,652	—
Deferred income taxes	(22,844)	(3,434)	(1,425)
Loss on induced conversion and debt extinguishment	20,507	—	—
Other non-cash operating activities, net	(1,328)	1,024	2,235
Changes in operating assets and liabilities, net of effect of business acquisitions			
Accounts receivable	(35,325)	(45,640)	(15,325)
Deferred commissions	(20,461)	(12,741)	(3,663)
Prepaid expenses and other current assets and other assets	(34,971)	(16,077)	(3,508)
Accounts payable	2,319	4,530	(1,483)
Accrued payroll and payroll related liabilities	28,651	12,898	4,047
Accrued expenses, other current liabilities, operating lease liabilities, and other liabilities	8,091	1,315	3,048
Deferred revenue	310	29,059	39,835
Net cash provided by operating activities	34,192	26,089	19,105
<b>Cash flows from investing activities:</b>			
Purchases of property and equipment	(11,453)	(6,728)	(3,669)
Cash paid in business acquisitions, net of cash acquired	(40,949)	(3,537)	(9,097)
Purchases of investments	(602,703)	(445,705)	(91,517)
Sales and maturities of investments	377,974	185,112	37,862
Net cash used in investing activities	(277,131)	(270,858)	(66,421)
<b>Cash flows from financing activities:</b>			
Proceeds from issuance of Notes, net of issuance costs	783,321	224,246	—
Principal payments on 2023 Notes	(145,241)	—	—
Purchase of capped calls	(87,360)	(19,113)	—
Proceeds from receipt of Section 16(b) disgorgement	4,918	—	—
Proceeds from initial public offering, net of underwriting commissions and discounts	—	—	134,757
Payment of initial public offering costs	—	—	(2,396)
Proceeds from exercise of stock options	20,156	14,154	4,342
Minimum tax withholding paid on behalf of employees for restricted stock units	(10,643)	(2,730)	(674)
Other financing activity	(1,305)	(577)	(328)
Net cash provided by financing activities	563,846	215,980	135,701
Effect of exchange rate changes on cash and cash equivalents	(444)	(166)	25
Net increase (decrease) in cash, cash equivalents, and restricted cash	320,463	(28,955)	88,410
Cash, cash equivalents, and restricted cash—beginning of year	\$ 90,961	\$ 119,916	\$ 31,506
Cash, cash equivalents, and restricted cash—end of year	\$ 411,424	\$ 90,961	\$ 119,916

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

**Alteryx, Inc.**  
**Consolidated Statements of Cash Flows (Continued)**  
(in thousands)

	Year Ended December 31,		
	2019	2018	2017
<b>Supplemental disclosure of cash flow information:</b>			
Cash paid for interest	\$ 930	\$ 617	\$ —
Cash paid for income taxes	\$ 1,630	\$ 1,782	\$ 333
<b>Supplemental disclosure of noncash investing and financing activities:</b>			
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 13,312	\$ —	\$ —
Property and equipment recorded in accounts payable	\$ 2,002	\$ 720	\$ —
Consideration for business acquisition included in accrued expenses and other current liabilities and other liabilities	\$ 3,000	\$ 1,200	\$ 1,660
Contingent consideration settled through issuance of common stock	\$ 750	\$ 656	\$ 375
Conversion of Series A redeemable convertible preferred stock to common shares	\$ —	\$ —	\$ 101,165
Consideration for business acquisition from issuance of common stock	\$ —	\$ —	\$ 5,285
Accretion of Series A redeemable convertible preferred stock	\$ —	\$ —	\$ 1,983

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

**Alteryx, Inc.**  
**Notes to Consolidated Financial Statements**

**1. Organization and Nature of Operations**

Alteryx, Inc. was initially organized in California in March 1997 as SRC, LLC, commenced principal operations in November 1997, changed its name to Alteryx, LLC in March 2010, and converted into a Delaware corporation in March 2011 under the name Alteryx, Inc. Alteryx, Inc. and its subsidiaries, or we, our, or us, are headquartered in Irvine, California.

We are improving business through data science and analytics by enabling analytic producers, regardless of technical acumen, to quickly and easily transform data into actionable insights and deliver improved data-driven business outcomes. Every day, our users leverage our end-to-end analytic platform to quickly and easily discover, access, prepare, and analyze data from a multitude of sources, then deploy and share analytics at scale. The ease-of-use, speed, and sophistication that our platform provides is enhanced through intuitive and highly repeatable visual workflows.

**2. Significant Accounting Policies**

***Principles of Consolidation and Basis of Presentation***

Our consolidated financial statements are presented in accordance with accounting standards generally accepted in the United States of America, or U.S. GAAP, and include the accounts of Alteryx, Inc. and its wholly owned subsidiaries after elimination of intercompany transactions and balances.

***Use of Estimates***

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates and assumptions.

On an ongoing basis, our management evaluates estimates and assumptions, including those related to determination of standalone selling prices of our products and services, income tax valuations, stock-based compensation, goodwill, and intangible assets valuations and recoverability. We base our estimates on historical data and experience, as well as various other factors that our management believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities.

***Concentration of Risk***

Financial instruments, which subject us to concentrations of credit risk, consist primarily of cash and cash equivalents, investments, and trade accounts receivable. We maintain our cash and cash equivalents and investments with three major financial institutions and a portion of such balances exceed or are not subject to Federal Deposit Insurance Corporation, or FDIC, insurance limits.

We extend differing levels of credit to customers, do not require collateral deposits, and, when necessary, maintain reserves for potential credit losses based upon the expected collectability of accounts receivable. We manage credit risk related to our customers by following credit approval processes, establishing credit limits, performing periodic evaluations of credit worthiness and applying other credit risk monitoring procedures.

Accounts receivable include amounts due from customers with principal operations primarily in the United States.

As of December 31, 2019 and 2018, one of our distributors accounted for 10.6% and 10.1% of our total accounts receivable balance, respectively. No other customers accounted for 10% or more of our accounts receivable balance or 10% or more of our revenue in any years presented.

***Fair Value of Financial Instruments***

We utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. We determine fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the

following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
Level 2	Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active near the measurement date; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
Level 3	Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The fair value of our money market funds was determined based on “Level 1” inputs.

The fair value of our certificates of deposit, commercial paper, U.S. Treasury and agency bonds, and corporate bonds were determined based on “Level 2” inputs. The valuation techniques used to measure the fair value of certificates of deposit and commercial paper included observable market-based inputs for similar assets, which primarily include yield curves and time-to-maturity factors. The valuation techniques used to measure the fair value of U.S. Treasury and agency bonds and corporate bonds included standard observable inputs, including reported trades, quoted market prices, matrix pricing, benchmark yields, broker/dealer quotes, issuer spreads, two-sided markets or benchmark securities and data provided by third parties as many of the bonds are not actively traded.

There were no marketable securities measured on a recurring basis in the “Level 3” category.

We have not elected the fair value option as prescribed by ASC 825, *The Fair Value Option for Financial Assets and Financial Liabilities*, for our financial assets and liabilities that are not otherwise required to be carried at fair value. Under ASC 820, *Fair Value Measurements and Disclosures*, or ASC 820, material financial assets and liabilities not carried at fair value, such as our Notes and accounts receivable and payable, are reported at their carrying values.

#### ***Cash and Cash Equivalents and Restricted Cash***

We consider cash and cash equivalents to include short-term, highly liquid investments that are readily convertible to known amounts of cash and so near their maturity that they present an insignificant risk of changes in the value, including investments that mature within three months from the date of original purchase. Amounts receivable from a credit card processor of approximately \$0.6 million and \$0.4 million as of December 31, 2019 and 2018, respectively, are considered cash equivalents because they were both short-term and highly liquid in nature and are typically converted to cash within three days of the sales transaction.

We had restricted cash of \$1.5 million and \$1.0 million as of December 31, 2019 and 2018, respectively. This balance, presented in other assets on the consolidated balance sheet, relates to amounts required to be restricted as to use by our letters of credit associated with our leases and by our credit card processor.

#### ***Investments in Marketable Securities***

Our investments consist of available-for-sale marketable securities. The classification of investments is determined at the time of purchase and reevaluated at each balance sheet date. Investments are stated at fair value and are classified as current or non-current based on the nature of the securities as well as their stated maturities. The net unrealized gains or losses on available-for-sale securities are recorded as a component of accumulated other comprehensive income (loss), net of income taxes, on the consolidated statements of redeemable convertible preferred stock and stockholders' equity.

At each balance sheet date, we assess available-for-sale securities in an unrealized loss position to determine whether the unrealized loss is other than temporary. We consider factors including the significance of the decline in value as compared to the cost basis, underlying factors contributing to a decline in the prices of securities in a single asset class, how long the market value of the security has been less than its cost basis, the security's relative performance versus its peers, sector or asset class, expected market volatility, and the market and economy in general, and, if determined to be other than temporary, will record an other than temporary impairment charge.



### ***Accounts Receivable, Allowance for Doubtful Accounts, and Sales Reserves***

Our accounts receivable consists of amounts due from customers and are typically unsecured. Accounts receivable are recorded at the invoiced amount and are non-interest bearing.

The allowance for doubtful accounts is estimated and established by assessing individual accounts receivable over a specific age and dollar value, and all other balances are pooled based on historical collection experience. Additions to the allowance are charged to general and administrative expenses or revenue in the consolidated statements of operations and comprehensive income (loss), or against deferred revenue in the consolidated balance sheets depending on the timing of the addition in relation to the contract term. Accounts receivable are written off against the allowance when an account balance is deemed uncollectible.

We estimate a sales reserve based upon the historical adjustments made to customer billings. Such reserve is recorded as a reduction of revenue and deferred revenue in the consolidated statements of operations and comprehensive income (loss) and balance sheets, respectively.

### ***Assets Recognized from the Costs to Obtain a Contract with a Customer***

We record an asset for the incremental costs of obtaining a contract with a customer, which primarily consists of sales commissions and partner referral fees that are earned upon execution of contracts. We pay commissions for new product sales as well as for renewals of existing contracts, and partner referral fees only for new product sales. For customer contracts in which the commissions paid on new business and renewals are commensurate, we generally amortize these costs over the contractual term of the contract, consistent with the pattern of revenue recognition for each performance obligation. For customer contracts in which the commissions paid on new business and renewals are not commensurate and for partner referral fees, we amortize the costs on new business over an expected period of benefit, which we have determined to be approximately four years. The expected period of benefit was determined by taking into consideration our customer contracts, the duration of our relationships with our customers and the useful life of our technology. In capitalizing and amortizing deferred commissions and partner referral fees, we have elected to apply a portfolio approach. We include amortization of this asset in sales and marketing expense in our consolidated statements of operations and comprehensive income (loss).

### ***Royalties***

We pay royalties associated with licensed third-party syndicated data sold with our platform and we recognize royalty expense to cost of revenue in our consolidated statements of operations and comprehensive income (loss) when incurred. For the years ended December 31, 2019, 2018, and 2017, we recognized royalty expense of approximately \$12.2 million, \$7.2 million, and \$9.4 million respectively.

### ***Property and Equipment***

Property and equipment are stated at historical cost, less accumulated depreciation and amortization. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or lease terms. Useful lives by asset category are as follows:

Computer equipment	3 years
Furniture and fixtures	3 to 7 years
Leasehold improvement	Shorter of useful life or lease term

Repairs and maintenance costs are charged to expense as incurred. Upon the sale or retirement of property and equipment, the cost and the related accumulated depreciation or amortization are removed from the accounts, with any resulting gain or loss included in our consolidated statements of operations and comprehensive income (loss).

### ***Intangible Assets***

Intangible assets consist primarily of acquired developed technology. We determine the appropriate useful life of our intangible assets by performing an analysis of expected cash flows of the acquired assets. Intangible assets are amortized over their estimated useful lives of two to eight years, using the straight-line method, which approximates the pattern in which the economic benefits are consumed.

### ***Impairment of Long-Lived Assets***

We review our long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of such assets may not be fully recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted cash flows attributable to such assets to their carrying value. If the carrying value of the assets exceeds the forecasted undiscounted cash flows, then the assets are written down to their fair value. Fair value is determined based on discounted cash flows or appraised values, depending upon the nature of the assets.

### ***Business Combinations***

The results of businesses acquired in a business combination are included in our consolidated financial statements from the date of the acquisition. We allocated the purchase price, including the fair value of any non-cash and contingent consideration, to the identifiable assets and liabilities of the relevant acquired business at their acquisition date fair values. Any excess consideration over the fair value of assets acquired and liabilities assumed is recognized as goodwill.

Contingent consideration payable in cash or a fixed dollar amount settleable in a variable number of shares is classified as a liability and recorded at fair value, with changes in fair value recorded in general and administrative expenses each period. Transaction costs associated with business combinations are expensed as incurred, and are included in general and administrative expense in the consolidated statements of operations and comprehensive income (loss).

We perform valuations of assets acquired, liabilities assumed, and contingent consideration and allocate the purchase price to its respective assets and liabilities. Determining the fair value of assets acquired, liabilities assumed, and contingent consideration requires us to use significant judgment and estimates including the selection of valuation methodologies, estimates of future revenue, costs and cash flows, discount rates, the probability of achievement of specified milestones, and selection of comparable companies. We engage the assistance of valuation specialists in concluding on fair value measurements in connection with determining fair values of assets acquired, liabilities assumed, and contingent consideration in a business combination.

### ***Goodwill***

Goodwill represents the excess of the purchase price over the fair value of net assets acquired in a business combination. We test goodwill for impairment in accordance with the provisions of ASC 350, *Intangibles – Goodwill and Other*, ASC 350. Goodwill is tested for impairment at least annually at the reporting unit level or whenever events or changes in circumstances indicate that goodwill might be impaired. Events or changes in circumstances which could trigger an impairment review include a significant adverse change in legal factors or in the business climate, unanticipated competition, loss of key personnel, significant changes in the use of the acquired assets or our strategy, significant negative industry or economic trends, or significant underperformance relative to expected historical or projected future results of operations.

ASC 350 provides that an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then additional impairment testing is not required. However, if an entity concludes otherwise, then it is required to perform an impairment test.

The impairment test involves comparing the estimated fair value of a reporting unit with its book value, including goodwill. If the estimated fair value exceeds book value, goodwill is considered not to be impaired. If, however, the fair value of the reporting unit is less than book value, then an impairment loss is recognized in an amount equal to the amount that the book value of the reporting unit exceeds its fair value, not to exceed the total amount of goodwill allocated to the reporting unit.

We have one reporting unit and we test for goodwill impairment annually during the fourth quarter of each calendar year using a quantitative assessment. At each of December 31, 2019 and 2018, we determined our goodwill was not impaired as our fair value significantly exceeded the carrying value of our net assets.

### ***Revenue Recognition - ASC 605***

We applied the provisions of ASC 605, as described below, to revenue recognized during the year ended December 31, 2017. For each of the years ended December 31, 2018 and 2019, the provisions of ASC 606, as described below, were applied.

Revenue was recognized when all four revenue recognition criteria had been met: persuasive evidence of an arrangement existed, the product had been delivered or the service had been performed, the fee was fixed or determinable, and collection was probable or reasonably assured. Determining whether and when some of these criteria had been satisfied often involved exercising

judgment and using estimates and assumptions that could have had a significant impact on the timing and amount of revenue that was recognized. Invoiced amounts had been recorded in accounts receivable and in deferred revenue or revenue, depending on whether the revenue recognition criteria had been met.

We accounted for revenue from software and related products and services in accordance with ASC 985-605, *Software*, or ASC 985-605. For the duration of the license term, the customer received coterminous PCS. We did not provide PCS on a standalone or renewal basis unless the customer renewed the software subscription license and, as such, we were unable to determine vendor specific objective evidence of fair value, or VSOE, of PCS. Accordingly, revenue for the subscription-based software licenses and PCS was recognized ratably beginning on the date the license was first made available to the customer and continued through the end of the subscription term.

We also recognized revenue from the sale of a hosted version of our platform which was delivered pursuant to a hosting arrangement. Revenue from hosted services was recognized ratably beginning on the date the services were first made available to the customer and continued through the end of the contractual service term. Hosted revenue arrangements were outside the scope of ASC 986-605 software revenue recognition guidance as customers did not have the right to take possession of the software code underlying our hosted solutions.

Our arrangements may have included the resale of third-party syndicated data content pursuant to subscription arrangements, and professional services. Data subscriptions provided the customer the right to receive data that was updated periodically over the term of the license agreement, and revenue was recognized ratably over the contract period once the customer had access to the data. We recognized revenue from the resale of third-party syndicated data on a gross basis when (i) we were the primary obligor, (ii) we had latitude to establish the price charged, and (iii) we bore credit risk in the transaction. Revenue from professional services, which was comprised primarily of training and consulting services, was recognized as the services were provided.

We also entered into multiple element revenue arrangements in which a customer may have purchased a combination of software, data, and services.

For multiple element arrangements that contained only software and software-related elements, revenue was allocated and deferred for the undelivered elements based on their VSOE. In situations where VSOE existed for all elements (delivered and undelivered), the revenue to be earned under the arrangement among the various elements was allocated based on their relative fair value. For arrangements where VSOE existed only for the undelivered elements, the full fair value of the undelivered elements was deferred and the difference between the total arrangement fee and the amount deferred for the undelivered items was recognized as revenue. If VSOE did not exist for an undelivered service element, the revenue from the entire arrangement was recognized over the service period, once all services had commenced. Changes in assumptions or judgments or changes to the elements in a software arrangement could have caused a material increase or decrease in the amount of revenue recognized in a particular period.

VSOE was determined for each element, or a group of elements sold on a combined basis, such as our software and PCS, based on historical standalone sales to third parties or the price to be charged when the product or service, or group of products or services, was available. In determining VSOE, a substantial majority of the selling price for a product or service must have fallen within a reasonably narrow pricing range.

Revenue related to the delivered products or services was recognized only if (i) the above revenue recognition criteria were met, (ii) any undelivered products or services were not essential to the functionality of the delivered products and services, (iii) payment for the delivered products or services was not contingent upon delivery of the remaining products or services, and (iv) there was an enforceable claim to receive the amount due in the event that the undelivered products or services were not delivered.

For multiple-element arrangements that contained both software and non-software elements, revenue was allocated on a relative fair value basis to software or software-related elements as a group and any non-software elements separately based on the selling price hierarchy. The selling price for each deliverable was determined using VSOE of selling price, if it existed, or third-party evidence of fair value, or TPE. If neither VSOE nor TPE existed for a deliverable, best estimate of selling price, or BEBP, was used. Once revenue was allocated to software or software-related elements as a group, revenue was recognized in accordance with software revenue accounting guidance. Revenue allocated to non-software elements was recognized in accordance with SEC Staff Accounting Bulletin Topic 13, *Revenue Recognition*. Revenue was recognized when revenue recognition criteria were met for each element.

Judgment was required to determine VSOE or BEBP. For VSOE, we considered multiple factors including, but not limited to, product types, geographies, sales channels, and customer sizes and, for BEBP, we also considered market conditions, competitive landscape, internal costs, gross margin objectives, and pricing practices. Pricing practices taken into consideration include historic

contractually stated prices, volume discounts, where applicable, and price lists. BEBP was generally used for offerings that are not typically sold on a standalone basis or when the selling prices for a product or service did not fall within a reasonably narrow pricing range.

Revenue generated from sales arrangements through distributors was recognized in accordance with our revenue recognition policies as described above at the amount invoiced to the distributor. We recognized revenue at the net amount invoiced to the distributor, as opposed to the gross amount the distributor invoiced their end customer, as we have determined that (i) we were not the primary obligor in these arrangements, (ii) we did not have latitude to establish the price charged to the end-customer, and (iii) we did not bear credit risk in the transaction with the end-customer.

### ***Revenue Recognition - ASC 606***

Our revenue is derived from the licensing of subscription-based software, data subscription services, and professional services, including training and consulting services. The subscription-based license includes access to hosted services and software and post-contract support, or PCS, which provides the customer the right to receive when-and-if-available unspecified future updates, upgrades and enhancements, and technical product support. We implemented the provisions of ASC 606, *Revenue from Contracts with Customers*, or ASC 606, and all related appropriate guidance, effective as of January 1, 2018 under the modified retrospective method. The core principle of ASC 606 is to recognize revenue upon the transfer of goods or services to our customers in an amount that reflects the consideration to which we expect to be entitled. In order to adhere to this core principle, we apply the following five-step approach:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognize revenue when (or as) we satisfy a performance obligation.

We only apply the five-step model to contracts when it is probable that we will collect the consideration we are entitled to in exchange for goods or services we transfer to the customer.

Revenue is measured based on consideration specified in a contract with a customer, and excludes any taxes we collect concurrent with revenue-producing activities. Most of our contracts contain a fixed transaction price. Our subscription agreements typically range from one to three years and are billed annually in advance with net payment terms of 60 days or less. The primary purpose of our payment and invoicing terms is to provide customers with predictable ways to purchase our software and services, and not to provide customers with financing.

Our contracts with customers typically contain multiple performance obligations. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. All of our licenses are sold as subscription-based, on-premise, licenses and are bundled with maintenance and support, or PCS, and cloud-based offerings. In addition to our on-premise licenses, we sell subscriptions to third-party syndicated data and provide professional service offerings primarily related to trainings for our customers. We allocate the transaction price of the contract to each performance obligation using the relative standalone selling price, or SSP, of each distinct good or service in the contract. We determine estimates of SSP based on sales of goods and services sold on a standalone basis, our overall pricing strategies, market conditions, including the geographic locations in which the products are sold, and market data. We review the SSP for each of our performance obligations at least every financial reporting period and update it when appropriate to ensure that the practices employed reflect our recent pricing experience and maximize the use of observable data.

We recognize revenue when we satisfy a performance obligation by transferring control of a good or service to a customer. Revenue related to our subscription-based licenses is recognized at a point in time when the platform is first made available to the customer, or the beginning of the subscription term, if later. Revenue related to PCS, cloud-based offerings, and data subscriptions is recognized ratably over the subscription terms. Professional services revenue is recognized when the services are provided to the customer, or when they expire.

### ***Contract Assets and Contract Liabilities***

Timing may differ between the satisfaction of performance obligations and the invoicing and collection of amounts related to our contracts with customers. Contract assets primarily relate to unbilled amounts for contracts with customers for which the amount of revenue recognized exceeds the amount billed to the customer. Contract assets are transferred to accounts receivable when the right to invoice becomes unconditional. Contract assets are recorded as current if the invoice will be delivered to the customer within the succeeding 12-month period with the remaining recorded as long-term. Current contract assets are included

in prepaid expenses and other current assets and long-term contract assets are included in other assets on our consolidated balance sheets.

Contract liabilities, or deferred revenue, are recorded for amounts that are collected in advance of the satisfaction of performance obligations. These liabilities are classified as current if the performance obligation will be satisfied during the succeeding 12-month period and the remaining portion is recorded as non-current deferred revenue in our consolidated balance sheet.

### ***Cost of Revenue***

Cost of revenue is accounted for in accordance with ASC 705, *Cost of Sales and Services*, and consists of employee-related costs, including salaries and bonuses, stock-based compensation expense, and employee benefit costs associated with our customer support and professional services organizations, expenses related to hosting and operating our cloud infrastructure in a third-party data center, licenses of third-party syndicated data, amortization of acquired completed technology intangible assets, and related overhead expenses. Out-of-pocket travel costs related to the delivery of professional services are typically reimbursed by the customers and are accounted for as both revenue and cost of revenue in the period in which the cost is incurred.

### ***Research and Development***

Research and development expense consists primarily of employee-related costs, including salaries and bonuses, stock-based compensation expense, and employee benefits costs, depreciation of equipment used in research and development for our research and development employees, third-party contractor costs, and related allocated overhead costs. Product development expenses, other than software development costs qualifying for capitalization, are expensed as incurred.

### ***Software Development Costs***

Costs incurred in the development of new software products and enhancements to existing software products to be accounted for under software revenue recognition guidance are accounted for in accordance with ASC 985-20, *Costs of Software to be Sold, Leased, or Marketed*, or ASC 985-20. These costs, consisting primarily of salaries and related payroll costs, are expensed as incurred until technological feasibility has been established. After technological feasibility is established, costs are capitalized in accordance with ASC 985-20. Because our process for developing software is completed concurrently with the establishment of technological feasibility, no internally generated software development costs have been capitalized as of December 31, 2019 and 2018.

We account for costs to develop or obtain internal-use software in accordance with ASC 350-40, *Internal-Use Software*, or ASC 350-40. We also account for costs of significant upgrades and enhancements resulting in additional functionality under ASC 350-40. These costs are primarily software purchased for internal-use, purchased software licenses, implementation costs, and development costs related to our hosted product which is accessed by customers on a subscription basis. Costs incurred for maintenance, training, and minor modifications or enhancements are expensed as incurred. Internal-use software is amortized on a straight-line basis over its estimated useful life, which is generally three years. Management evaluates the useful lives of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets. Development costs related to internal-use software were insignificant during each of the years ended December 31, 2019 and 2018 and, therefore, have not been capitalized.

### ***Convertible Senior Notes***

Our Notes (as defined in Note 9, *Convertible Senior Notes*, of these notes to our consolidated financial statements) are accounted for in accordance with ASC 470-20, *Debt with Conversion and Other Options*, or ASC 470-20. Pursuant to ASC 470-20, issuers of certain convertible debt instruments that have a net settlement feature and may be settled wholly or partially in cash upon conversion are required to separately account for the liability (debt) and equity (conversion option) components of the instrument. The carrying amount of the debt component for each series of our Notes was calculated by estimating the fair value of similar liabilities that do not have associated convertible features. The carrying amount of the equity component for each series of our Notes was determined by deducting the fair value of the debt component from their respective principal amounts. The difference between the principal amount of each series of our Notes and its respective fair value of debt component are amortized to interest expense over its respective terms using the effective interest method. The equity component, net of issuance costs and deferred tax effects, of each series of our Notes is presented within additional paid-in-capital in our consolidated balance sheet, and will not be remeasured as long as it continues to meet the requirements for equity classification. In accounting for the issuance costs related to our Notes, the allocation of issuance costs incurred between the debt and equity components was based on their relative values.

## **Leases**

Through December 31, 2018, we recognized rent expense related to operating leases on a straight-line basis over the lease term and, accordingly, recorded the difference between rent payments and rent expense as a deferred rent liability. Effective January 1, 2019, we adopted ASU 2016-02, *Leases*, or ASC 842. See *Recently Adopted Accounting Pronouncements* below.

Under ASC 842, we determine if an arrangement is a lease at contract inception. Operating leases are included in operating lease right-of-use assets, accrued expenses and other current liabilities and operating lease liabilities in our consolidated balance sheets. Operating lease charges are recorded in operating expenses in our consolidated statements of operations and comprehensive income (loss).

Operating lease right-of-use assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. We do not separate lease and non-lease components for all underlying asset classes. As most of our leases do not provide a readily determinable implicit rate, we estimate our incremental borrowing rate to discount the lease payments based on information available at lease commencement. We determine our incremental borrowing rate for each lease based primarily on the lease term and the economic environment of the applicable country or region. The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives. The lease term includes options to extend or terminate when we are reasonably certain the option will be exercised. In general, we are not reasonably certain to exercise such options. We recognize lease expense for minimum lease payments on a straight-line basis over the lease term, while variable lease payments, such as common area maintenance, are recognized as incurred. We elected the practical expedient to not recognize operating lease right-of-use assets and operating lease liabilities that arise from short-term leases (i.e., leases with a term of 12 months or less).

## **Advertising Costs**

Advertising costs are expensed as incurred. We incurred advertising costs of approximately \$17.8 million, \$9.1 million, and \$5.5 million for the years ended December 31, 2019, 2018, and 2017, respectively. Such costs primarily relate to our annual user conferences, online and print advertising as well as sponsorship of public marketing events, and are reflected in sales and marketing expense in our consolidated statements of operations and comprehensive income (loss).

## **Stock-Based Compensation**

We recognize stock-based compensation expense in accordance with the provisions of ASC 718, *Compensation—Stock Compensation*, or ASC 718. ASC 718 requires the measurement and recognition of compensation expense for all stock-based payment awards made to employees and directors based on the grant date fair values of the awards. We use the Black-Scholes option-pricing method for valuing stock options and shares granted under the employee stock purchase plan. Restricted stock units, or RSUs, are valued based on the fair value of our common stock on the date of grant, less our expected dividend yield. For awards that vest solely based on continued service, the fair value of an award is recognized as an expense over the requisite service period on a straight-line basis. For awards that contain performance conditions, the fair value of an award is recognized based on the probability of the performance condition being met using the graded vesting method. Stock-based compensation expense is included in cost of revenue and operating expenses within our consolidated statements of operations and comprehensive income (loss) based on the classification of the individual earning the award.

The determination of the grant date fair value of stock-based awards is affected by the estimated fair value per share of our common stock as well as other highly subjective assumptions, including, but not limited to, the expected term of the stock-based awards, expected stock price volatility, risk-free interest rates, and expected dividends yields, which are estimated as follows:

- *Fair value per share of our common stock.* Prior to our initial public offering, in March 2017, given the absence of an active market for our common stock, our board of directors determined the fair value of our common stock at the time of grant for each stock-based award based upon several factors, including consideration of input from management and contemporaneous third-party valuations. The fair value of our common stock was determined in accordance with applicable elements of the practice aid issued by the American Institute of Certified Public Accountants, *Valuation of Privately Held Company Equity Securities Issued as Compensation*. Each fair value estimated was based on a variety of factors, including the prices, rights, preferences and privileges of our preferred stock relative to those of our common stock, pricing and timing of transactions in our equity, the lack of marketability of our common stock, our actual operating and financial performance, developments and milestones in our company, the market performance of comparable publicly traded companies, the likelihood of achieving a liquidity event, and U.S. and global capital market conditions, among other factors. Subsequent to our initial public offering, the fair value of our common stock is based on the closing price of our Class A common stock, as reported on the New York Stock Exchange, on the date of grant.

- *Expected term.* We determine the expected term of the awards using the simplified method, which estimates the expected term based on the average of the vesting period and contractual term of the stock option.
- *Expected volatility.* We estimate the expected volatility based on the volatility of similar publicly held entities (referred to as “guideline companies”) over a period equivalent to the expected term of the awards. In evaluating the similarity of guideline companies to us, we considered factors such as industry, stage of life cycle, size, and financial leverage. We intend to continue to consistently apply this process using the same or similar guideline companies to estimate the expected volatility until sufficient historical information regarding the volatility of the share price of our common stock becomes available.
- *Risk-free interest rate.* The risk-free interest rate used to value our stock-based awards is based on the U.S. Treasury yield in effect at the time of grant for a period consistent with the expected term of the award.
- *Estimated dividend yield.* The expected dividend is assumed to be zero as we have never declared or paid any cash dividends and do not currently intend to declare dividends in the foreseeable future.

In addition, prior to 2018, we were required to estimate at the time of grant the expected forfeiture rate and only recognize expense for those stock-based awards expected to vest. Our estimated forfeiture rate was based on our estimate of pre-vesting award forfeitures. As a result of our adoption of ASU 2016-09 effective January 1, 2018, we now account for forfeitures as they occur rather than estimating a forfeiture rate at the time of grant.

The assumptions used in calculating the fair value of stock-based awards represent our best estimates, but these estimates involve inherent uncertainties and the application of judgment. As a result, if factors change or we use different assumptions, stock-based compensation expense could be materially different in the future.

#### ***Foreign Currency Remeasurement, Translation, and Transactions***

The functional currency of our wholly owned subsidiaries is the currency of the primary economic environment in which the entity operates. Assets and liabilities denominated in currencies other than the functional currency are remeasured using the current exchange rate for monetary accounts and historical exchange rates for nonmonetary accounts, with exchange differences on remeasurement included in other income (expense), net in our consolidated statements of operations and comprehensive income (loss). Our foreign subsidiaries that utilize foreign currency as their functional currency translate such currency into U.S. dollars using (i) the exchange rate on the balance sheet dates for assets and liabilities, (ii) the average exchange rates prevailing during the period for revenues and expenses, and (iii) historical exchange rates for equity. Any translation adjustments resulting from this process are shown separately as a component of accumulated other comprehensive income (loss) within stockholder’s equity in the consolidated balance sheets.

Transactions denominated in currencies other than the U.S. dollar may result in transaction gains or losses at the end of the period and when the related receivable or payable is settled, which are recorded in other income (expense), net. Transaction gains (losses) were \$1.0 million, (\$1.5 million), and (\$0.3 million) for the years ended December 31, 2019, 2018, and 2017, respectively.

#### ***Income Taxes***

We apply the provisions of ASC 740, *Income Taxes*, or ASC 740. Under ASC 740, we account for our income taxes using the asset and liability method whereby deferred tax assets and liabilities are determined based on temporary differences between the bases used for financial reporting and income tax reporting purposes. Deferred income taxes are provided based on the enacted tax rates and laws that will be in effect at the time such temporary differences are expected to reverse. A valuation allowance is provided for deferred tax assets if it is more likely than not that we will not realize those tax assets through future operations.

We also utilize the guidance in ASC 740 to account for uncertain tax positions. ASC 740 contains a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more likely than not to be realized and effectively settled. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and which may not accurately reflect actual outcomes. We recognize interest and penalties on unrecognized tax benefits as a component of benefit of income taxes in our consolidated statements of operations and comprehensive income (loss).

#### ***Net Income (Loss) Per Share Attributable to Common Stockholders***

In periods in which we have net income, and a contingent event has been met, we apply the two-class method for calculating earnings per share. Under the two-class method, net income is attributed to common stockholders and participating securities based on their participation rights. Participating securities include convertible preferred stock and our Notes. In periods in which we have net losses after accretion of convertible preferred stock, we do not attribute losses to participating securities as they are not contractually obligated to share our losses.

Under the two-class method, basic net income (loss) per share attributable to common stockholders is computed by dividing the net income (loss) attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Net income (loss) attributable to common stockholders is calculated as net income (loss) including current period convertible preferred stock accretion.

Diluted earnings per share attributable to common stockholders adjusts basic earnings per share for the potentially dilutive impact of stock options and convertible preferred stock as computed under the treasury stock method. In periods in which we incurred a net loss, all potentially dilutive securities are antidilutive and accordingly, basic net loss per share equals diluted net loss per share.

#### ***Recently Adopted Accounting Pronouncements***

In February 2016, the Financial Accounting Standards Board, or FASB, issued ASU 2016-02, codified as ASC 842, which requires lessees to record the assets and liabilities arising from all leases, with the exception of short-term leases, on the balance sheet. Under ASC 842, lessees recognize a liability for lease payments and a right-of-use asset. This guidance retains the distinction between finance leases and operating leases and the classification criteria remain similar. For financing leases, a lessee will recognize the interest on a lease liability separate from amortization of the right-of-use asset. In addition, repayments of principal will be presented within financing activities, and interest payments will be presented within operating activities in the statement of cash flows. For operating leases, a lessee will recognize a single lease cost on a straight-line basis and classify all cash payments within operating activities in the statement of cash flows.

We adopted the new lease accounting standard effective January 1, 2019 using the optional transition method described in ASU 2018-11, *Leases - Targeted Improvements*, which was issued in July 2018. Under the optional transition method, we recognized the cumulative effect of initially applying the guidance as an adjustment to the operating lease right-of-use assets and operating lease liabilities on our consolidated balance sheet on January 1, 2019 in the amount of \$24.8 million without retrospective application to comparative periods. The adoption of ASC 842 did not have an impact on retained earnings (accumulated deficit) on our consolidated balance sheet as of January 1, 2019 and did not have a material impact on our consolidated statements of operations and comprehensive income (loss). We elected the package of practical expedients permitted under the transition guidance within the new standard which allowed us to carry forward our historical assessments of whether contracts are or contain leases, lease classification and initial direct costs. See Note 14, *Leases*, of these notes to our consolidated financial statements for additional details.

#### ***Recently Issued Accounting Pronouncements***

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new standard amends the impairment model to utilize an expected loss methodology in place of the currently used incurred loss methodology. As a result, we will be required to use a forward-looking expected credit loss model for accounts receivables and other commitments to extend credit. This pronouncement is effective for reporting periods beginning after December 15, 2019. Our analysis and evaluation of the new standard and its potential impact on our consolidated financial statements will continue through its effective date in the first quarter of 2020.

In August 2018, the FASB issued ASU 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing costs incurred to develop or obtain internal-use software. This guidance will be effective for us for annual reporting periods beginning after December 15, 2019 and for interim periods within those annual periods, and can be applied either retrospectively or prospectively to all implementation costs after the date of adoption. Early adoption is permitted. We currently plan to adopt this new accounting standard prospectively. As a result of the adoption, we will be required to capitalize additional costs related to the implementation of cloud computing arrangements that we have historically expensed as incurred.



### 3. Revenue

We adopted the new revenue recognition accounting standard, ASC 606, effective January 1, 2018 on a modified retrospective basis and applied the new standard only to contracts that were not completed contracts prior to January 1, 2018. See Note 2, *Significant Accounting Policies*, of these notes to our consolidated financial statements for a description of our ASC 606 revenue recognition accounting policy. Financial results for reporting periods during 2019 and 2018 are presented in accordance with the new revenue recognition standard, including quarterly information included in Note 19, *Selected Quarterly Financial Data (Unaudited)*. Historical financial results for reporting periods prior to 2018 have not been retroactively restated and are presented in conformity with amounts previously reported under ASC 605.

#### *Disaggregation of Revenue*

The disaggregation of revenue by region, revenue by type of performance obligation, and cost of revenue by type of performance obligation was as follows (in thousands):

Revenue by region:	Year Ended December 31,		
	2019	2018	2017
United States	\$ 296,108	\$ 178,774	\$ 101,932
International	121,802	74,796	29,675
Total	<u>\$ 417,910</u>	<u>\$ 253,570</u>	<u>\$ 131,607</u>

Revenue by type of performance obligation:	2019	2018	2017
Subscription-based software license	\$ 229,194	\$ 124,669	*
PCS and services	188,716	128,901	*
Total	<u>\$ 417,910</u>	<u>\$ 253,570</u>	<u>\$ 131,607</u>

Costs of revenue by type of performance obligation:	2019	2018	2017
Subscription-based software license	\$ 3,923	\$ 1,505	*
PCS and services	35,228	21,295	*
Total	<u>\$ 39,151</u>	<u>\$ 22,800</u>	<u>\$ 21,803</u>

\* We adopted ASC 606 under the modified retrospective method, and therefore we did not retrospectively apply the guidance to the year ended December 31, 2017. As a result, this information is not available for the prior period.

Revenue attributable to the United Kingdom comprised 10.7% and 10.2% of total revenue for the years ended December 31, 2019 and 2018, respectively. Other than the United Kingdom for the years ended December 31, 2019 and 2018, no other country outside the United States comprised more than 10% of revenue for any of the periods presented. Our operations outside the United States include sales offices in Australia, Canada, the Czech Republic, France, Germany, Japan, Singapore, the United Arab Emirates and the United Kingdom, and a research and development center in Ukraine and the Czech Republic. Revenue by location is determined by the billing address of the customer.

Revenue recognized on our subscription-based software licenses is recognized at a point in time when the platform is first made available to the customer, or the beginning of the subscription term, if later. Revenue recognized related to PCS and services is recognized ratably over the subscription term, with the exception of professional services related to training services. Revenue related to professional services is recognized at a point in time as the services are performed, and represents less than 5% of total revenue for all periods presented.

#### *Contract Assets and Contract Liabilities*

As of December 31, 2019 and 2018, our contract assets are expected to be transferred to receivables within the next 12 to 24 months and, with respect to these contract assets, \$18.5 million and \$11.2 million, respectively, is included in prepaid expenses and other current assets and \$39.3 million and \$16.5 million, respectively, are included in other assets on our consolidated balance sheets. There were no impairments of contract assets during each of the years ended December 31, 2019 and 2018.

During the years ended December 31, 2019 and 2018, we recognized \$84.0 million and \$56.3 million, respectively, of revenue related to amounts that were included in deferred revenue as of January 1, 2019 and 2018, respectively.

### ***Assets Recognized from the Costs to Obtain our Contracts with Customers***

We recognize an asset for the incremental costs of obtaining a contract with a customer if we expect the benefit of those costs to be longer than one year. This primarily consists of sales commissions and partner referral fees that are earned upon execution of contracts. We amortize these deferred commissions proportionate with related revenues over the benefit period. A summary of the activity impacting our deferred commissions during the years ended December 31, 2019 and 2018 are presented below (in thousands):

	Year Ended December 31,	
	2019	2018
Beginning balance	\$ 22,391	\$ 11,213
Adoption of ASC 606	—	(1,154)
Additional deferred commissions	55,024	30,828
Amortization of deferred commissions	(34,380)	(18,496)
Ending balance	\$ 43,035	\$ 22,391

As of December 31, 2019 and 2018, \$17.5 million and \$10.4 million, respectively, of our deferred commissions are expected to be amortized within the next 12 months, and therefore are included in prepaid assets and other current assets on our consolidated balance sheets. The remaining amount of our deferred commissions are included in other long-term assets. There were no impairments of assets related to deferred commissions during each of the years ended December 31, 2019 and 2018. There were no assets recognized related to the costs to fulfill contracts during each of the years ended December 31, 2019 and 2018 as these costs were not material.

### ***Remaining Performance Obligations***

Transaction price allocated to the remaining performance obligations represents contracted revenue that has not yet been recognized, which includes deferred revenue on our consolidated balance sheets and unbilled amounts that will be recognized as revenue in future periods. As of December 31, 2019 and 2018, we had an aggregate transaction price of \$407.0 million and \$223.1 million, respectively, allocated to unsatisfied performance obligations related primarily to PCS, cloud-based offerings, and subscriptions to third-party syndicated data. As of December 31, 2019 and 2018, we expect to recognize \$340.1 million and \$196.4 million, respectively, as revenue over the next 24 months with the remaining amount recognized thereafter.

## ***4. Business Combinations***

Goodwill represents the excess of the purchase price consideration over the fair value of the underlying intangible assets and net liabilities assumed. We believe the amount of goodwill resulting from acquisitions during the years ended December 31, 2019, 2018 and 2017 are primarily attributable to expected synergies from an assembled workforce, increased development capabilities, offerings to customers, and enhanced opportunities for growth and innovation.

Pro forma information and revenue and operating results of the companies acquired during the years ended December 31, 2019, 2018, and 2017 have not been presented as the impacts are not significant to our consolidated financial statements.

The consolidated financial statements include the results of operations of each acquisition commencing as of the acquisition date of the respective acquisition. Acquisition-related costs associated with the below acquisitions were not material, and are recorded in general and administrative expense in the consolidated statements of operations and comprehensive income (loss).

### ***2019 Acquisitions***

#### ***Feature Labs, Inc.***

On October 3, 2019, we acquired 100% of the outstanding equity of Feature Labs, Inc., a Delaware corporation, or Feature Labs, pursuant to an Agreement and Plan of Merger, or the Feature Labs Merger Agreement, dated as of October 2, 2019. The acquisition was made to augment our machine learning capabilities and establish an engineering hub on the East Coast of the U.S. The aggregate consideration payable in exchange for all of the outstanding equity interests of Feature Labs was \$25.2 million in cash, subject to customary adjustments set forth in the Feature Labs Merger Agreement.

In connection with the acquisition, we entered into employment agreements with certain employees from Feature Labs, which include up to \$12.5 million in equity incentive awards based on continued employment over a period of 48 months with respect to certain time-based equity incentive awards and continued employment and the achievement of certain milestones over

a period of 36 months with respect to certain performance-based equity incentive awards. As the awards are subject to the continued employment of the employees, they were excluded from the purchase consideration, and will be recognized as post-acquisition compensation.

The purchase consideration for the acquisition of \$25.2 million consisted of \$7.9 million in developed technology, \$18.0 million of goodwill, which was not tax deductible, and \$0.7 million of net liabilities assumed.

We determined the fair value of the developed technology acquired using the multi-period excess earnings model which is a variation of the income approach that estimates the value of the assets based on the present value of the incremental after-tax cash flow attributable only to the intangible assets. This model utilizes certain unobservable inputs classified as Level 3 measurements as defined by ASC 820, *Fair Value Measurements and Disclosures*, or ASC 820. Key inputs utilized in the models include a discount rate of 40.0% and estimated revenue and expense forecasts. Based on the valuation model, we determined the fair value of the developed technology to be \$7.9 million with an amortization period of 7.0 years.

#### *ClearStory Data Inc.*

On April 4, 2019, we acquired 100% of the outstanding equity of ClearStory Data Inc., a Delaware corporation, or ClearStory Data, pursuant to an Agreement and Plan of Merger, or the ClearStory Merger Agreement, dated as of March 28, 2019. The acquisition was made to augment our research and development team and acquire certain developed technology.

The aggregate consideration payable in exchange for all of the outstanding equity interests of ClearStory Data was \$19.6 million in cash, subject to customary adjustments set forth in the ClearStory Merger Agreement. The acquisition of ClearStory Data included \$3.0 million of cash consideration held back for customary indemnification matters for a period of 18 months following the acquisition date, which is included in accrued expenses and other current liabilities on our consolidated balance sheets as of December 31, 2019.

In connection with the acquisition, we entered into employment agreements with certain employees from ClearStory Data, which include up to \$6.0 million in aggregate cash payments based on the achievement of certain milestones over a period of 24 months. As the awards are subject to the continued employment of the employees, they were excluded from the purchase consideration, and will be recognized as post-acquisition compensation.

The purchase consideration for the acquisition of \$19.6 million consisted of \$10.7 million in developed technology, \$9.5 million of goodwill, which is tax deductible, and \$0.6 million of net liabilities assumed.

We determined the fair value of the developed technology acquired using the replacement cost model which uses estimated costs to recreate the technology. This model utilizes certain unobservable inputs classified as Level 3 measurements as defined by ASC 820. Key inputs utilized in the models include a discount rate of 20% and estimated costs to recreate the technology. Based on the valuation model, we determined the fair value of the developed technology to be \$10.7 million with an amortization period of 4.0 years.

#### **2018 Acquisition**

##### *Alteryx ANZ Pty Limited*

In February 2018, we acquired 100% of the outstanding equity of Alteryx ANZ Pty Limited, or Alteryx ANZ, in Sydney, Australia, our exclusive master distributor in Australia and New Zealand. The total purchase consideration for the acquisition was approximately \$5.7 million consisting of (i) \$3.3 million in cash consideration, (ii) \$1.2 million in contingent consideration payable in cash, and (iii) \$1.2 million for the settlement of preexisting relationships.

The allocation of the total purchase price for this acquisition was \$3.2 million of net tangible assets, \$1.6 million of identifiable intangible assets, consisting of customer contracts and relationships, and \$0.9 million of residual goodwill, which was not tax deductible.

We determined the fair value of the customer contracts and relationships acquired in the acquisition using the multi-period excess earnings model. This model utilizes certain unobservable inputs, including discounted cash flows, historical and projected financial information, and customer attrition rates, classified as Level 3 measurements as defined by ASC 820. Based on the valuation models, we determined the fair value of the customer contracts and relationships to be \$1.6 million with a weighted-average amortization period of 7.0 years.

A portion of the consideration for the acquisition is subject to earn-out provisions. Additional contingent earn-out consideration of up to \$1.5 million may be paid out to the former shareholder of Alteryx ANZ over two years upon the achievement of specified milestones. We utilized a probability weighted scenario-based model to determine the fair value of the contingent consideration. Based on this valuation model, we determined the fair value of the contingent consideration to be \$1.2 million as

of the acquisition date. See Note 5, *Fair Value Measurements*, of these notes to our consolidated financial statements for additional information on contingent earn-out consideration.

### 2017 Acquisitions

*Semanta, s.r.o. and Yhat Inc.*

In January 2017, we acquired 100% of the outstanding equity of Semanta, s.r.o., or Semanta. The total purchase consideration was approximately \$5.6 million. The acquisition of Semanta included cash consideration held back for customary indemnification matters for a period of 24 months following the acquisition date.

A portion of the consideration for the Semanta acquisition was subject to earn-out provisions. Additional contingent earn-out consideration of up to \$2.3 million in shares of our Class A common stock was eligible to be paid out to the former shareholders of Semanta over two years upon the achievement of specified milestones. The number of shares that were issued was determined based on the total dollar value of consideration earned upon the achievement of a particular milestone divided by the prior 20-day average trading value of our Class A common stock calculated at the time of the issuance. We utilized a probability weighted scenario-based model to determine the fair value of the contingent consideration. Based on this valuation model, we determined the fair value of the contingent consideration to be \$1.2 million as of the acquisition date.

In May 2017, we acquired 100% of the outstanding equity of Yhat Inc., or Yhat. The total purchase consideration was approximately \$10.8 million. A portion of the cash consideration in the Yhat acquisition was held in escrow pursuant to the terms of the acquisition agreement and reflected in goodwill.

The total purchase consideration for these acquisitions was approximately \$16.4 million and consisted of \$9.2 million in completed technology, \$8.7 million of goodwill and \$1.5 million of net liabilities assumed. We determined the fair value of the completed technology acquired in the acquisitions of Yhat and Semanta during the year ended December 31, 2017 using the multi-period excess earnings and the replacement cost models. These models utilize certain unobservable inputs classified as Level 3 measurements as defined by ASC 820. Key inputs utilized in the models include discount rates ranging from 35% to 45%, a market participant tax rate of 40%, an estimated level of future cash flows based on current product and market data, and estimated costs to recreate the technology. Based on the valuation models, we determined the fair value of the completed technology to be \$9.2 million with a weighted-average amortization period of 5.7 years.

### 5. Fair Value Measurements

*Instruments Measured at Fair Value on a Recurring Basis.* The following tables present our cash and cash equivalents and investments' costs, gross unrealized gains (losses), and fair value by major security type recorded as cash and cash equivalents or short-term or long-term investments (in thousands):

		As of December 31, 2019					
		Cost	Net Unrealized Gains (Losses)	Fair Value	Cash and Cash Equivalents	Short-term Investments	Long-term Investments
Cash		\$ 53,039	\$ —	\$ 53,039	\$ 53,039	\$ —	\$ —
Level 1:							
Money market funds		223,580	—	223,580	223,580	—	—
Subtotal		223,580	—	223,580	223,580	—	—
Level 2:							
Commercial paper		217,140	(6)	217,134	98,325	118,809	—
Certificates of deposit		1,000	—	1,000	—	—	1,000
U.S. Treasury and agency bonds		294,953	199	295,152	35,005	161,767	98,380
Corporate bonds		184,516	444	184,960	—	96,419	88,541
Subtotal		697,609	637	698,246	133,330	376,995	187,921
Level 3							
Total		\$ 974,228	\$ 637	\$ 974,865	\$ 409,949	\$ 376,995	\$ 187,921

As of December 31, 2018						
	Cost	Net Unrealized Losses	Fair Value	Cash and Cash Equivalents	Short-term Investments	Long-term Investments
Cash	\$ 78,194	\$ —	\$ 78,194	\$ 78,194	\$ —	\$ —
Level 1:						
Money market funds	11,780	—	11,780	11,780	—	—
Subtotal	11,780	—	11,780	11,780	—	—
Level 2:						
Commercial paper	1,313	—	1,313	—	1,313	—
Certificates of deposit	6,101	—	6,101	—	5,351	750
U.S. Treasury and agency bonds	220,136	(139)	219,997	—	158,204	61,793
Corporate bonds	108,968	(110)	108,858	—	74,850	34,008
Subtotal	336,518	(249)	336,269	—	239,718	96,551
Level 3	—	—	—	—	—	—
Total	\$ 426,492	\$ (249)	\$ 426,243	\$ 89,974	\$ 239,718	\$ 96,551

There were no transfers between Level 1, Level 2, or Level 3 securities during each of the years ended December 31, 2019 and 2018. We review our marketable securities on a regular basis to evaluate whether or not any security has experienced an other-than-temporary decline in fair value. We consider factors such as the length of time and extent to which the market value has been less than the cost, the financial condition and near-term prospects of the issuer and our intent to sell, and whether it is more likely than not we will be required to sell the investment before recovery of the investment's amortized cost basis. We have determined the gross unrealized losses of \$0.1 million and \$0.2 million as of December 31, 2019 and 2018, respectively, were due to changes in market rates, and we have determined the losses are temporary in nature.

All long-term investments had maturities between one and two years in duration as of December 31, 2019 and 2018. Cash and cash equivalents, restricted cash, and investments as of December 31, 2019 and 2018 held domestically were approximately \$963.4 million and \$417.9 million, respectively.

Interest income from our marketable securities was \$9.2 million, \$5.4 million, and \$0.8 million for the years ended December 31, 2019, 2018, and 2017, respectively.

*Contingent Consideration.* Contingent consideration in connection with acquisitions is measured at fair value each reporting period based on significant unobservable inputs, classified as Level 3 measurement. See Note 4, *Business Combinations*, of these notes to our consolidated financial statements for additional information on the valuation of the contingent consideration as of the acquisition date. The contingent earn-out consideration has been recorded in accrued liabilities and other liabilities in our accompanying consolidated balance sheet with any changes in fair value each reporting period recorded in general and administrative expenses in our consolidated statements of operations and comprehensive income (loss). Changes in fair value depend on several factors including estimates of the timing and ability to achieve the milestones.

The following table presents a reconciliation of the beginning and ending balances of acquisition-related accrued contingent consideration using significant unobservable inputs (Level 3) (in thousands):

	Year Ended December 31,	
	2019	2018
Beginning balance	\$ 2,143	\$ 975
Obligations assumed	—	1,200
Change in fair value	107	624
Settlement	(1,750)	(656)
Ending balance	\$ 500	\$ 2,143

We recognized \$0.1 million, \$0.6 million and \$0.2 million related to the change in fair value of accrued contingent consideration during the years ended December 31, 2019, 2018, and 2017, respectively.

Upon the achievement of certain milestones in connection with our acquisition of Semanta, we released 11,250 shares and 18,869 shares of Class A common stock to the former shareholders of Semanta in the years ended December 31, 2019 and 2018, respectively. In addition, upon the completion of the indemnification period in 2019, we released 10,205 shares of Class A common stock to the former shareholders of Semanta that had previously been earned, but were held back in accordance with the terms of the acquisition agreement. We also paid \$1.0 million to the former shareholder of Alteryx ANZ upon achievement of certain milestones during the year ended December 31, 2019.

*Instruments Not Recorded at Fair Value on a Recurring Basis.* We estimate the fair value of our Notes carried at face value less unamortized discount and issuance costs quarterly for disclosure purposes. The estimated fair value of our Notes is determined by Level 2 inputs and is based on observable market data including prices for similar instruments. As of December 31, 2019 and 2018, the fair value of our Notes were \$956.8 million and \$343.2 million, respectively. The carrying amounts of our financial instruments, including cash, accounts receivable, prepaid expenses and other current assets, accounts payable, and accrued liabilities approximate their current fair value because of their nature and relatively short maturity dates or durations.

*Assets and Liabilities Recorded at Fair Value on a Non-Recurring Basis.* See Note 4, *Business Combinations*, and Note 8, *Goodwill and Intangible Assets*, of these notes to our consolidated financial statements for fair value measurements of certain assets and liabilities recorded at fair value on a non-recurring basis. These include the fair value of assets acquired and liabilities assumed in a business acquisition, and goodwill and other long-lived assets when they are held for sale or determined to be impaired.

#### 6. Allowance for Doubtful Accounts

The following table summarizes the changes in the allowance for doubtful accounts included in accounts receivable in our consolidated balance sheets (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Beginning balance	\$ 1,839	\$ 1,455	\$ 670
Charge-offs	(548)	(884)	(337)
Recoveries	(600)	(693)	(783)
Provision	1,599	1,961	1,905
Ending balance	<u>\$ 2,290</u>	<u>\$ 1,839</u>	<u>\$ 1,455</u>

#### 7. Property and Equipment

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

	Year Ended December 31,	
	2019	2018
Computer equipment & software	\$ 10,521	\$ 8,909
Furniture and fixtures	4,972	3,685
Leasehold improvements	10,438	5,398
Construction in process	3,771	834
	<u>\$ 29,702</u>	<u>\$ 18,826</u>
Less: Accumulated depreciation and amortization	(9,406)	(7,097)
Total property and equipment, net	<u>\$ 20,296</u>	<u>\$ 11,729</u>

Depreciation and amortization expense for the years ended December 31, 2019, 2018, and 2017 was approximately \$4.3 million, \$3.2 million, and \$2.3 million, respectively.

## 8. Goodwill and Intangible Assets

The change in carrying amount of goodwill was as follows (in thousands):

Goodwill as of December 31, 2017	\$	8,750
Goodwill recorded in connection with acquisition		854
Effects of foreign currency translation		(110)
Goodwill as of December 31, 2018	\$	9,494
Goodwill recorded in connection with acquisitions		27,437
Effects of foreign currency translation		(21)
Goodwill as of December 31, 2019	\$	36,910

Intangible assets consisted of the following (in thousands, except years):

As of December 31, 2019				
	Weighted-Average Useful Life in Years	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Customer Relationships	7.0	\$ 1,503	\$ (402)	\$ 1,101
Completed Technology	5.4	27,821	(6,839)	20,982
		\$ 29,324	\$ (7,241)	\$ 22,083

As of December 31, 2018				
	Weighted-Average Useful Life in Years	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Customer Relationships	6.9	\$ 1,554	\$ (221)	\$ 1,333
Completed Technology	5.7	9,180	(3,022)	6,158
		\$ 10,734	\$ (3,243)	\$ 7,491

We classified intangible asset amortization expense in the accompanying consolidated statements of operations and comprehensive income (loss) as follows (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Cost of revenue	\$ 3,801	\$ 1,809	\$ 1,213
Sales and marketing	221	220	12
Total	\$ 4,022	\$ 2,029	\$ 1,225

The following table presents our estimates of remaining amortization expense for each of the five succeeding fiscal years and thereafter for intangible assets at December 31, 2019 (in thousands):

2020	\$ 4,735
2021	5,501
2022	4,955
2023	2,603
2024	1,928
Thereafter	2,361
Total amortization expense	\$ 22,083





## 9. Convertible Senior Notes

The following table presents details of our convertible senior notes, which are further discussed below (original principal in thousands):

	Month Issued	Maturity Date	Original Principal (including over- allotment)	Coupon Interest Rate	Effective Interest Rate	Conversion Rate	Initial Conversion Price
2023 Notes	May and June 2018	June 1, 2023	\$ 230,000	0.5%	7.00%	\$ 22.5572	\$ 44.33
2024 Notes	August 2019	August 1, 2024	\$ 400,000	0.5%	4.96%	\$ 5.2809	\$ 189.36
2026 Notes	August 2019	August 1, 2026	\$ 400,000	1.0%	5.41%	\$ 5.2809	\$ 189.36

As further defined and described below, the 2024 Notes and the 2026 Notes are together referred to as the 2024 & 2026 Notes, and the 2023 Notes and the 2024 & 2026 Notes are collectively referred to as the Notes.

The Notes are our senior unsecured obligations and rank senior in right of payment to any of our indebtedness and other liabilities that are expressly subordinated in right of payment to the Notes, equal in right of payment among all series of Notes and to any other existing and future indebtedness and other liabilities that are not subordinated, effectively junior in right of payment to any of our secured indebtedness and other liabilities to the extent of the value of the assets securing such indebtedness and other liabilities, and structurally junior in right of payment to all of our existing and future indebtedness and other liabilities (including trade payables) of our current or future subsidiaries.

### 2023 Notes

In May and June 2018, we sold \$230.0 million aggregate principal amount of our 0.50% Convertible Senior Notes due 2023, or the 2023 Notes, including the initial purchasers' exercise in full of their option to purchase an additional \$30.0 million of the 2023 Notes, in a private offering to qualified institutional buyers pursuant to Rule 144A promulgated under the Securities Act of 1933, as amended, or the Act.

The 2023 Notes are our senior, unsecured obligations, and interest is payable semi-annually in arrears on June 1 and December 1 of each year beginning December 1, 2018. Prior to the close of business on the business day immediately preceding March 1, 2023, or the 2023 Conversion Date, the 2023 Notes are convertible at the option of holders only upon satisfaction of certain conditions and during certain periods, and thereafter, at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. The conversion rate is subject to customary adjustments for certain events as described in the indenture between us and U.S. Bank National Association, as trustee, or the 2023 Notes Indenture. Upon conversion, the 2023 Notes may be settled in shares of our Class A common stock, cash or a combination of cash and shares of our Class A common stock, at our election. It is our current intent to settle the principal amount of the 2023 Notes with cash. During the year ended December 31, 2019, a portion of the 2023 Notes were exchanged, as further discussed below. As of December 31, 2019, the if-converted value of the 2023 Notes exceeded its principal amount by \$106.6 million.

Prior to the close of business on the business day immediately preceding the 2023 Conversion Date, the 2023 Notes are convertible at the option of the holders under the following circumstances:

- during any calendar quarter commencing after the calendar quarter subsequent to the calendar quarter in which the 2023 Notes were issued (and only during such calendar quarter), if the last reported sale price of the Class A common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price of the 2023 Notes on each applicable trading day;
- during the five business day period after any five consecutive trading day period in which the trading price per \$1,000 principal amount of 2023 Notes for each day of that five day consecutive trading day period was less than 98% of the product of the last reported sale price of our Class A common stock and the conversion rate of the 2023 Notes on such trading day; or
- upon the occurrence of specified corporate events described in the 2023 Notes Indenture.

For at least 20 trading days during the period of 30 consecutive trading days ending December 31, 2019, the last reported sale price of our Class A common stock was greater than or equal to 130% of the conversion price of the 2023 Notes on each applicable trading day. As a result, the 2023 Notes are convertible at the option of the holders during the quarter ending March 31, 2020 and were classified as current liabilities on the consolidated balance sheet as of December 31, 2019. As of the date of this filing, none of the holders of the 2023 Notes have submitted requests for conversion.

We may not redeem the 2023 Notes prior to the maturity date. Holders of the 2023 Notes have the right to require us to repurchase for cash all or a portion of their 2023 Notes at 100% of their principal amount, plus any accrued and unpaid interest, upon the occurrence of a fundamental change as defined in the 2023 Notes Indenture. We are also required to increase the conversion rate for holders who convert their 2023 Notes in connection with certain corporate events occurring prior to the maturity date.

### ***2023 Capped Call Transactions***

In connection with the pricing of the 2023 Notes, we entered into privately negotiated capped call transactions with an affiliate of one of the initial purchasers of the 2023 Notes and other financial institutions. The capped call transactions are expected generally to reduce or offset potential dilution to holders of our common stock and/or offset the potential cash payments that we could be required to make in excess of the principal amount upon any conversion of the 2023 Notes under certain circumstances, with such reduction and/or offset subject to a cap based on the cap price. Under the capped call transactions, we purchased capped call options that in the aggregate relate to the total number of shares of our Class A common stock underlying the 2023 Notes, with an initial strike price of approximately \$44.33 per share, which corresponds to the initial conversion price of the 2023 Notes and is subject to anti-dilution adjustments substantially similar to those applicable to the conversion rate of the 2023 Notes, and have a cap price of \$62.22 per share. The cost of the purchased capped calls of \$19.1 million was recorded as a reduction to additional paid-in-capital in our consolidated balance sheet during the three months ended June 30, 2018.

We elected to integrate the capped call options with the 2023 Notes for federal income tax purposes pursuant to applicable U.S. Treasury Regulations. Accordingly, the \$19.1 million gross cost of the purchased capped calls will be deductible for income tax purposes as original discount interest over the term of the 2023 Notes. We recorded a deferred tax asset of \$4.6 million, which represents the tax benefit of these deductions with an offsetting entry to additional paid-in-capital.

In connection with the exchange agreements discussed below, we terminated a corresponding portion of the existing capped call transactions that we entered into in connection with the issuance of the 2023 Notes, which resulted in the net share settlement and our receipt and retirement of 285,466 shares of Class A common stock.

### ***Exchange of 2023 Notes***

In connection with the issuance of the 2024 & 2026 Notes discussed below, we entered into exchange agreements with certain holders of our outstanding 2023 Notes and, using a portion of the net proceeds from the issuance of the 2024 & 2026 Notes, we exchanged \$145.2 million principal amount, together with accrued and unpaid interest thereon, of the 2023 Notes for aggregate consideration of \$145.4 million in cash, representing the principal and accrued interest of the exchanged 2023 Notes, and 2.2 million shares of Class A common stock.

The exchange agreements were accounted for as an induced conversion, resulting from the issuance of shares of Class A common stock in excess of the shares that would have been issuable under the terms of the original 2023 Notes.

This exchange resulted in a loss on induced conversion and debt extinguishment of \$20.5 million, consisting of (i) a \$8.2 million market premium representing the excess of the fair value of the total consideration delivered over the fair value of the Class A common stock issuable for the principal amount exchanged pursuant to the original conversion terms and (ii) \$12.3 million representing the difference between the fair value and the carrying value, net of unamortized issuance costs, of the liability component of the exchanged 2023 Notes.

### ***2024 & 2026 Notes***

In August 2019, we sold \$400.0 million aggregate principal amount of our 0.50% Convertible Senior Notes due 2024, or the 2024 Notes, and \$400.0 million aggregate principal amount of our 1.00% Convertible Senior Notes due 2026, or the 2026 Notes, including the initial purchasers' exercise in full of their options to purchase an additional \$50.0 million of the 2024 Notes and an additional \$50.0 million of the 2026 Notes, in a private offering to qualified institutional buyers pursuant to Rule 144A promulgated under the Act.

The 2024 & 2026 Notes are our senior, unsecured obligations, and interest is payable semi-annually in arrears on February 1 and August 1 of each year beginning February 1, 2020. Prior to the close of business on the business day immediately preceding

May 1, 2024, or the 2024 Conversion Date, in the case of the 2024 Notes and May 1, 2026, or the 2026 Conversion Date, in the case of the 2026 Notes, the 2024 & 2026 Notes are convertible at the option of holders only upon satisfaction of certain conditions and during certain periods, and thereafter, at any time until the close of business on the second scheduled trading day immediately preceding the relevant maturity date. The conversion rate is subject to customary adjustments for certain events as described in the indentures between us and U.S. Bank National Association, as trustee, or the 2024 Notes Indenture, in the case of the 2024 Notes, or the 2026 Notes Indenture, in the case of the 2026 Notes. Upon conversion, the 2024 & 2026 Notes may be settled in shares of our Class A common stock, cash or a combination of cash and shares of our Class A common stock, at our election. It is our current intent to settle the principal amount of the 2024 & 2026 Notes with cash.

Prior to the close of business on the business day immediately preceding the 2024 Conversion Date, in the case of the 2024 Notes, or the 2026 Conversion Date, in the case of the 2026 Notes, the 2024 Notes and the 2026 Notes, respectively, are convertible at the option of the holders under the following circumstances:

- during any calendar quarter commencing after the calendar quarter ended December 31, 2019 (and only during such calendar quarter), if the last reported sale price of our Class A common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price of the 2024 Notes or the 2026 Notes, as applicable, on each applicable trading day;
- during the five business day period after any five consecutive trading day period in which the trading price per \$1,000 principal amount of the 2024 Notes or the 2026 Notes, as applicable, for each day of that five day consecutive trading day period was less than 98% of the product of the last reported sale price of our Class A common stock and the conversion rate of such series of Notes on such trading day; or
- upon the occurrence of specified corporate events described in the 2024 Notes Indenture or the 2026 Notes Indenture, as applicable.

The 2024 & 2026 Notes are not currently convertible.

We may not redeem the 2024 Notes or the 2026 Notes prior to the relevant maturity date. Holders of the 2024 & 2026 Notes have the right to require us to repurchase for cash all or a portion of their 2024 & 2026 Notes, as applicable, at 100% of their respective principal amounts, plus any accrued and unpaid interest, upon the occurrence of a fundamental change as defined in the 2024 Notes Indenture, in the case of the 2024 Notes, or the 2026 Notes Indenture, in the case of the 2026 Notes. We are also required to increase the conversion rate for holders who convert their 2024 Notes or 2026 Notes in connection with certain corporate events occurring prior to the relevant maturity date.

#### ***2024 and 2026 Capped Call Transactions***

In connection with the pricing of the 2024 & 2026 Notes, we entered into privately negotiated capped call transactions with other financial institutions. The capped call transactions are expected generally to reduce or offset potential dilution to holders of our common stock and/or offset the potential cash payments that we could be required to make in excess of the principal amount upon any conversion of the relevant series of the 2024 & 2026 Notes under certain circumstances, with such reduction and/or offset subject to a cap based on the cap price. Under the capped call transactions, we purchased capped call options that in the aggregate relate to the total number of shares of our Class A common stock underlying the relevant series of the 2024 & 2026 Notes, with an initial strike price of approximately \$189.36 per share, which corresponds to the initial conversion price of each of the 2024 & 2026 Notes and is subject to anti-dilution adjustments substantially similar to those applicable to the conversion rate of each of the 2024 & 2026 Notes, and have a cap price of \$315.60 per share. The cost of the purchased capped calls of \$87.4 million was recorded as a reduction to additional paid-in-capital in our consolidated balance sheet during the three months ended September 30, 2019.

We elected to integrate the capped call options with the 2024 & 2026 Notes for federal income tax purposes pursuant to applicable U.S. Treasury Regulations. Accordingly, the \$87.4 million gross cost of the purchased capped calls will be deductible for income tax purposes as original discount interest over the term of the relevant series of the 2024 & 2026 Notes. We recorded a deferred tax asset of \$20.9 million, which represents the tax benefit of these deductions with an offsetting entry to additional paid-in capital.

The Notes consisted of the following (in thousands):

	As of December 31, 2019			As of December 31, 2018
	2023 Notes	2024 Notes	2026 Notes	2023 Notes
<b>Liability:</b>				
Principal	\$ 84,759	\$ 400,000	\$ 400,000	\$ 230,000
Less: debt discount and issuance costs, net of amortization	(16,605)	(72,669)	(97,010)	(56,353)
Net carrying amount	\$ 68,154	\$ 327,331	\$ 302,990	\$ 173,647
Equity, net of issuance costs	\$ 46,474	69,749	93,380	\$ 57,251

The following table sets forth interest expense recognized related to the Notes (in thousands):

	Year Ended December 31,	
	2019	2018
Contractual interest expense	\$ 3,186	\$ 712
Amortization of debt issuance costs and discount	18,625	6,652
Total	\$ 21,811	\$ 7,364

The following table sets forth future contractual obligations of contractual interest and principal related to the Notes (in thousands):

	Payments Due by Period				
	Total	Less Than 1 Year	1 to 3 Years	3 to 5 Years	More Than 5 Years
Notes and related interest	\$ 924,059	\$ 6,240	\$ 12,848	\$ 496,971	\$ 408,000

#### 10. Accrued Payroll and Payroll-Related Liabilities

Accrued payroll and payroll-related liabilities included accrued commissions and bonuses as follows (in thousands):

	As of December 31,	
	2019	2018
Accrued commissions	\$ 23,037	\$ 8,589
Accrued bonuses	\$ 16,730	\$ 7,300

#### 11. Redeemable Convertible Preferred Stock and Stockholders' Equity

##### Redeemable Convertible Preferred Stock

Upon the closing of our initial public offering in March 2017, all shares of our then-outstanding convertible preferred stock automatically converted on a one-for-one basis into shares of Class B common stock.

##### Dual Class Common Stock Structure

In February 2017, we implemented a dual class common stock structure in which each then existing share of common stock converted into a share of Class B common stock and we also authorized a new class of common stock, the Class A common stock. The Class A common stock is entitled to one vote per share and the Class B common stock is entitled to ten votes per share. The Class A common stock and Class B common stock have the same dividend and liquidation rights, and the Class B common stock converts to Class A common stock at any time at the option of the holder, or automatically upon the date that is the earliest of (i) the date specified by a vote of the holders of at least 66 2/3% of the outstanding shares of Class B common stock, (ii) March 29, 2027, and (iii) the date that the total number of shares of Class B common stock outstanding cease to represent at least 10% of the aggregate number of shares of Class A common stock and Class B common stock then outstanding. In addition, each share of Class B common stock will convert automatically into one share of Class A common stock upon any transfer, except for certain

permitted transfers described in our restated certificate of incorporation, or the Restated Certificate. Upon the creation of the dual class common stock structure all outstanding options to purchase common stock became options to purchase an equivalent number of shares of Class B common stock, and all RSUs became RSUs for an equivalent number of shares of Class B common stock.

Upon the effectiveness of the Restated Certificate in March 2017, the number of shares of capital stock that were authorized to be issued consisted of 500,000,000 shares of Class A common stock, \$0.0001 par value per share, 500,000,000 shares of Class B common stock, \$0.0001 par value per share, and 10,000,000 shares of undesignated preferred stock, \$0.0001 par value per share.

### ***Preferred Stock***

Our board of directors is authorized, subject to limitations prescribed by Delaware law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, and to fix the designation, powers, preferences, and rights of the shares of each series and any of its qualifications, limitations, or restrictions, in each case without further vote or action by our stockholders. As of December 31, 2019, no shares of preferred stock were outstanding.

## ***12. Equity Awards***

### ***Amended and Restated 2013 Stock Plan***

We granted options and RSUs under our Amended and Restated 2013 Stock Plan, or 2013 Plan, until March 22, 2017, when the plan was terminated in connection with our IPO. Accordingly, no shares are available for future issuance under the 2013 Plan following the IPO. The 2013 Plan continues to govern outstanding equity awards granted thereunder.

### ***2017 Equity Incentive Plan***

In February 2017, our board of directors adopted, and our stockholders approved, the 2017 Equity Incentive Plan, or 2017 Plan. The 2017 Plan became effective on March 22, 2017 and is the successor plan to the 2013 Plan. Under the 2017 Plan, we initially reserved (i) 5.1 million shares of Class A common stock for future issuance and (ii) 0.5 million shares of Class A common stock equal to the number of Class B shares reserved but not issued under the 2013 Plan as of the effective date of the 2017 Plan. The number of shares of Class A common stock reserved for issuance under our 2017 Plan will increase automatically on the first day of January of each of 2018 through 2027 by the lesser of (a) 5% of the total outstanding shares of our Class A and Class B common stock as of the immediately preceding December 31 and (b) the number of shares determined by our board of directors. The share reserve may also increase to the extent that outstanding awards under our 2013 Plan expire or terminate. As of December 31, 2019, an aggregate of 9.3 million shares of Class A common stock were reserved for issuance under the 2017 Plan.

### ***2017 Employee Stock Purchase Plan***

In February 2017, our board of directors adopted, and our stockholders approved, the 2017 Employee Stock Purchase Plan, or 2017 ESPP. The 2017 ESPP became effective on March 23, 2017. Under the 2017 ESPP, we reserved 1.1 million shares of Class A common stock for future issuance. The number of shares of Class A common stock reserved for issuance under our 2017 ESPP will increase automatically on the first day of January of each of 2018 through 2027 by the lesser of (a) 1% of the total outstanding shares of our Class A and Class B common stock as of the immediately preceding December 31 and (b) the number of shares determined by our board of directors. The aggregate number of shares issued over the term of the 2017 ESPP may not exceed 11,000,000 shares of Class A common stock.

Under the 2017 ESPP, eligible employees are allowed to purchase shares of our Class A common stock at a discount through payroll deductions of up to 15% of their eligible compensation, subject to plan limitations. Except for the first offering period, which began on the date our Registration Statement on Form S-1 covering the initial public offering of our shares of Class A common stock was declared effective by the SEC, purchase periods are approximately six months in duration starting on the first trading date on or after February 15th and August 15th of each year. Participants are able to purchase shares of our Class A common stock at 85% of the lower of its fair market value on (i) the first day of the purchase period or on (ii) the purchase date, which is the last day of the purchase period.

In 2019, employees purchased 0.1 million shares of Class A common stock at a price per share of \$52.53. As of December 31, 2019, 2.0 million shares of Class A common stock were available for future issuance under the 2017 ESPP.

### ***Stock Options***

Stock options generally vest over a period of three to four years and expire ten years from the date of grant. Unvested stock options will be forfeited in case of a termination of employment or service before the satisfaction of the vesting schedule. Vested stock options generally expire three months after termination of employment.

Stock option activity, excluding activity related to the ESPP, during the year ended December 31, 2019 consisted of the following (in thousands, except weighted-average information):

	Options Outstanding	Weighted- Average Exercise Price	Aggregate Intrinsic Value	Weighted-Average Remaining Contractual Term (Years)
Options outstanding at December 31, 2018	4,049	\$ 12.48	\$ 190,277	7.2
Granted	392	80.88		
Exercised	(1,452)	10.90	\$ 115,409	
Cancelled/forfeited	(277)	18.68		
Options outstanding at December 31, 2019	<u>2,712</u>	\$ 22.58	\$ 211,488	6.6
Exercisable	1,629	\$ 9.15	\$ 148,119	5.6
Vested and expected to vest at December 31, 2019	<u>2,712</u>	\$ 22.58	\$ 211,488	6.6

The total intrinsic value of options exercised in the years ended December 31, 2018 and 2017 was \$56.9 million and \$25.7 million, respectively. The weighted-average exercise price of options granted in the years ended December 31, 2018 and 2017 was \$28.26 and \$17.48, respectively.

As of December 31, 2019, there was \$15.9 million of unrecognized compensation cost related to unvested stock options, which is expected to be recognized over a weighted-average period of 2.1 years.

#### **Valuation Assumptions**

The following table presents the weighted-average assumptions used for stock options granted under our 2017 Plan and for shares of our Class A common stock issued under our ESPP for each of the years indicated:

	Stock Options			Employee Stock Purchase Plan		
	2019	2018	2017	2019	2018	2017
Expected term (in years)	5.8	6.1	6.1	0.5	0.5	0.4
Estimated volatility	38%	41%	42%	56%	52%	29%
Risk-free interest rate	2%	2%	2%	2%	2%	1%
Estimated dividend yield	—	—	—	—	—	—
Weighted average fair value	\$ 32.20	\$ 12.09	\$ 7.53	\$ 30.02	\$ 12.13	\$ 4.02

#### **Restricted Stock Units**

RSUs granted under the 2017 Plan generally vest over a period of three to four years and expire ten years from date of grant. RSUs will be forfeited in case of a termination of employment or service before the satisfaction of the vesting schedule. RSU activity during the year ended December 31, 2019 consisted of the following (in thousands, except weighted-average information):

	Awards Outstanding	Weighted- Average Grant Date Fair Value	Aggregate Intrinsic Value
RSUs outstanding at December 31, 2018	1,215	\$ 31.93	\$ 72,266
Granted	908	90.00	
Vested	(340)	30.79	\$ 30,214
Cancelled/forfeited	(207)	40.97	
RSUs outstanding at December 31, 2019	<u>1,576</u>	\$ 64.46	\$ 157,752
RSUs expected to vest at December 31, 2019	<u>1,576</u>	\$ 64.46	\$ 157,752

The total intrinsic value of RSUs vested in the years ended December 31, 2018 and 2017 was \$9.8 million and \$1.8 million, respectively. The weighted-average grant date fair value of RSUs granted in the years ended December 31, 2018 and 2017 was \$35.51 and \$20.43, respectively.

As of December 31, 2019, total unrecognized compensation expense related to unvested RSUs was approximately \$80.6 million, which is expected to be recognized over a weighted-average period of 2.5 years.

We classified stock-based compensation expense in the accompanying consolidated statements of operations and comprehensive income (loss) as follows (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Cost of revenue	\$ 1,634	\$ 797	\$ 485
Research and development	6,954	3,699	1,635
Sales and marketing	12,659	6,153	2,302
General and administrative	11,878	5,998	4,519
Total	\$ 33,125	\$ 16,647	\$ 8,941

### 13. Retirement Plan

We established a savings plan that qualifies as a defined contribution plan under Section 401(k) of the Internal Revenue Code of 1986, as amended, or the Code, for the benefit of our employees. Our contributions to the savings plan are discretionary and vest immediately. We contributed approximately \$3.9 million, \$2.4 million and \$1.6 million to the savings plan for the years ended December 31, 2019, 2018, and 2017, respectively.

### 14. Leases

We have various non-cancelable operating leases for our corporate offices in California, Colorado, Illinois, Massachusetts, Michigan, New York, Texas and Virginia in the United States and Australia, Brazil, Canada, the Czech Republic, France, Germany, Japan, Singapore, Ukraine, the United Arab Emirates and the United Kingdom. These leases expire at various times through 2028. Certain lease agreements contain renewal options, rent abatement, and escalation clauses that are factored into our determination of lease payments when appropriate.

The table below presents lease-related assets and liabilities recorded on the consolidated balance sheet (in thousands):

	Classification	As of December 31, 2019
<b>Assets</b>		
Operating lease right-of-use assets	Operating lease right-of-use assets	\$ 33,600
<b>Liabilities</b>		
Operating lease liabilities (current)	Accrued expenses and other current liabilities	\$ 6,627
Operating lease liabilities (noncurrent)	Operating lease liabilities	29,293
Total lease liabilities		\$ 35,920

### Lease Costs

The following lease costs were included in our consolidated statements of operations and comprehensive income (loss) (in thousands):

	Year Ended December 31, 2019	
Operating lease cost	\$	7,066
Short-term lease cost		1,604
Variable lease cost		1,767
Total lease cost	\$	<u>10,437</u>

### ***Supplemental Information***

The table below presents supplemental information related to operating leases during the year ended December 31, 2019 (in thousands, except weighted-average information):

Cash paid for amounts included in the measurement of operating lease liabilities	\$	6,040
Weighted-average remaining lease term		5.9
Weighted-average discount rate		6.18%

In addition to the leases included on our consolidated balance sheet as of December 31, 2019, we have three leases that have been executed but not yet commenced as of December 31, 2019 with lease terms that range from seven to nine years. As of December 31, 2019, we have not gained access to any of these three leased assets nor do we have control of the underlying assets while under construction. We anticipate that these operating leases will commence during the year ended December 31, 2020. We expect to pay approximately \$73.5 million in minimum rent payments related to these leases, \$13.0 million of which will be paid over the next 24 months.

### ***Undiscounted Cash Flows***

The table below reconciles the undiscounted cash flows of the operating leases for each of the first five years, and total of the remaining years, to the operating lease liabilities recorded on the consolidated balance sheet as of December 31, 2019 (in thousands):

2020	\$	8,621
2021		7,768
2022		7,106
2023		5,562
2024		5,331
2025		4,434
Thereafter		4,641
Total minimum lease payments	\$	43,463
Less imputed interest		(7,543)
Present value of future minimum lease payments	\$	35,920
Less current obligations under leases		(6,627)
Long-term lease obligations	\$	<u>29,293</u>

### ***Disclosures Related to Periods Prior to Adoption of ASC 842***

Minimum lease payments under operating leases with non-cancelable terms in excess of one year as of December 31, 2018, were as follows (in thousands):



2019	\$	6,389
2020		6,781
2021		6,326
2022		6,276
2023		5,163
Thereafter		9,427
Total minimum lease payments	\$	<u>40,362</u>

### **15. Commitments and Contingencies**

In the ordinary course of business, we enter into purchase orders with vendors for the purchase of goods and services including non-cancelable agreements for software licenses and royalty agreements. Our minimum purchase obligations as of December 31, 2019 were as follows (in thousands):

2020	\$	16,270
2021		9,061
2022		7,544
2023		—
2024		—
Thereafter		—
Total minimum payments	\$	<u>32,875</u>

#### **Indemnification**

In the ordinary course of business, we enter into agreements in which we may agree to indemnify other parties with respect to certain matters, including losses resulting from claims of intellectual property infringement, damages to property or persons, business losses, or other liabilities. In addition, we have entered into indemnification agreements with our directors, executive officers, and certain other employees that will require us to indemnify them against liabilities that may arise by reason of their status or service as directors, officers, or employees. The term of these indemnification agreements with our directors, executive officers, and other employees, are generally perpetual after execution of the agreement. The maximum potential amount of future payments we could be required to make under these indemnification provisions is unlimited; however, we maintain insurance that reduces our exposure and enables us to recover a portion of any future amounts paid. As of each of December 31, 2019 and December 31, 2018, we have not accrued a liability for these indemnification provisions because the likelihood of incurring a payment obligation, if any, in connection with these arrangements is not probable or reasonably estimable.

#### **Litigation**

From time to time, we may be involved in lawsuits, claims, investigations, and proceedings, consisting of intellectual property, commercial, employment, and other matters, which arise in the ordinary course of business. We are not currently party to any material legal proceedings or claims, nor are we aware of any pending or threatened legal proceedings or claims that could have a material adverse effect on our business, operating results, cash flows, or financial condition should such legal proceedings or claims be resolved unfavorably.

#### **Warranty**

We provide an assurance-type warranty to customers that our platform will operate substantially in accordance with its specifications. Historically, no significant costs have been incurred related to product warranties and none are expected in the future and, as such, no accruals for product warranty costs have been made.

### **16. Income Taxes**

The components of income (loss) before benefit of income taxes were as follows (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Domestic	\$ 9,259	\$ 27,849	\$ 24,460
Foreign	(3,195)	(2,415)	(42,864)
Total	\$ 6,064	\$ 25,434	\$ (18,404)

The components of the benefit of income taxes were as follows (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Current:			
Federal	\$ (375)	\$ (14)	\$ 38
State	158	314	70
Foreign	1,176	587	297
Total current income tax expense	\$ 959	\$ 887	\$ 405
Deferred:			
Federal	\$ (18,684)	\$ (2,321)	\$ (1,564)
State	(3,406)	(869)	—
Foreign	52	(283)	254
Total deferred income tax benefit:	\$ (22,038)	\$ (3,473)	\$ (1,310)
Total	\$ (21,079)	\$ (2,586)	\$ (905)

The following table reconciles our benefit of income taxes at the statutory rate to that at the effective tax rate, using a U.S. federal statutory tax rate of 21% for each of 2019 and 2018, and 34% for 2017 (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Income tax at federal statutory rate	\$ 1,273	\$ 5,341	\$ (6,257)
Increase/(decrease) in tax resulting from:			
State income tax expense, net of federal	(2,567)	(438)	1,428
Foreign rate differential	789	853	15,375
Stock-based compensation	(20,913)	(7,916)	(1,086)
Change in valuation allowance	18,129	510	(20,500)
Tax impact due to tax law change	—	—	2,627
Meals and entertainment	658	310	229
Change in uncertain tax position reserves	—	—	7,854
Research credits	(3,177)	(1,563)	(2,249)
Tax basis step-up due to internal reorganization	(15,321)	—	—
Other	50	317	1,674
Total benefit of income taxes	\$ (21,079)	\$ (2,586)	\$ (905)

The following table shows the significant components of deferred income tax assets (liabilities) (in thousands):

	As of December 31,	
	2019	2018
Deferred tax assets:		
Deferred revenue	\$ 739	\$ 577
Net operating losses	10,997	3,424
Accruals and reserves	5,679	3,039
Research & other credits	11,027	5,185
Intangibles	12,291	—
Operating lease liabilities	7,586	—
Effect of Section 163(j) on interest expense	4,046	—
Stock-based compensation	6,623	3,361
State taxes	269	440
Other	84	695
Total deferred tax assets	59,341	16,721
Less valuation allowance	(19,683)	(1,138)
Net deferred tax assets	39,658	15,583
Deferred tax liabilities:		
Property and equipment	(48)	(953)
Operating lease right-of-use assets	(7,002)	—
Deferred commissions	(8,924)	(4,595)
Convertible senior notes	(20,459)	(8,499)
Effects of ASC 606 adoption	(8,819)	(13,113)
Total deferred tax liabilities	(45,252)	(27,160)
Net deferred tax liabilities	\$ (5,594)	\$ (11,577)

We have evaluated the available positive and negative evidence supporting the realization of our gross deferred tax assets, including our cumulative income, and the amount and timing of future taxable income. With the adoption of ASC 606 effective January 1, 2018, we filed proper tax forms to change our method of accounting for U.S. federal and state income tax reporting purposes. We deferred and are recognizing over four tax years, starting in 2018, the taxable portion of the income we recognized and recorded to the accumulated deficit at January 1, 2018, from adopting ASC 606. As a result, we recorded a related deferred tax liability, representing a source of significant future taxable income and constituting persuasive positive evidence supporting realization of our gross deferred assets. On that basis, we concluded it was more likely than not that we would realize a substantial portion of our deferred tax assets at January 1, 2018. Accordingly, we released \$6.7 million of our \$7.3 million valuation allowance at January 1, 2018. The release of the U.S. valuation allowance resulted in a tax benefit that is a part of the cumulative effect adjustment to accumulated deficit at January 1, 2018. Our valuation allowance at December 31, 2019 pertains to deferred tax assets that we are not more likely than not to realize, consisting of U.S. foreign tax credits, a U.S. capital loss carryforward, and all U.K. deferred tax assets.

The following table shows the changes in our valuation allowance (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Beginning balance	\$ 1,138	\$ 7,304	\$ 27,804
Decrease in valuation allowance due to Yhat acquisition	—	—	(998)
Decrease in valuation allowance due to adoption of ASC 606	—	\$ (6,676)	—
Increase in valuation allowance due to internal reorganization	15,321	—	—
Other increase (decrease) in valuation allowance	3,224	510	(19,502)
Ending balance	\$ 19,683	\$ 1,138	\$ 7,304

In 2019, through an internal reorganization, our U.K. subsidiary acquired foreign exploitation rights to intellectual property from two other of our subsidiaries. The U.K. subsidiary acquired the rights for their fair market value and that amount became the U.K. tax basis in such rights, which exceeds their carrying amount under U.S. GAAP. Accordingly, we recorded a deferred tax asset for the excess of U.K. tax basis over the U.S. GAAP carrying amount. Based on cumulative U.K. losses, we have concluded it was more likely than not that we would not realize our U.K. deferred tax asset, and accordingly, we have recorded a full valuation allowance against it.

As of December 31, 2019, we had U.S. federal and state income tax net operating loss carryforwards of approximately \$56.5 million and \$32.4 million, respectively. The U.S. federal and state net operating losses will begin to expire in 2035 and 2024, respectively, unless previously utilized.

Under Sections 382 and 383 of the Code, annual use of our net operating loss carryforwards and tax credits may be limited if a cumulative change in ownership of more than 50% occurs within a three-year period. We determined that ownership changes occurred in 2015 and 2019, which limit the future annual use of our net operating loss carryforwards and tax credits, but neither of which permanently disallows any of those tax attributes.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017, or the Tax Act, became law. The legislation adopts significant changes to the Code that include, among other things, reduction of the U.S. federal corporate income tax rate from 35% to 21%, effective for tax years beginning after December 31, 2018, the transition of U.S. international taxation from a worldwide tax system to a territorial system, and imposition of a one-time transition tax on cumulative foreign earnings at December 31, 2018. Under the Tax Act, we remeasured our U.S. deferred tax assets and liabilities that would reverse after December 31, 2017, at the reduced U.S. federal corporate income tax rate of 21%. As a result, we reduced our net U.S. deferred tax asset and our valuation allowance by \$2.6 million, which resulted in no net income tax expense for the year ended December 31, 2017. We had no cumulative foreign earnings at December 31, 2017, and as a result, were not impacted by the one-time transition tax included in the Tax Act. As of December 31, 2017, we completed our accounting for the income tax effects of the Tax Act, including our election of an accounting policy, the period cost method, which recognizes the tax effects of future inclusions of global intangible low-taxed income, or GILTI, in the period we become subject to GILTI. The Tax Act had minimal impact on our income tax provision and income tax accruals as of and for the years ended December 31, 2019 and 2018.

Other provisions in the Tax Act that took effect in 2018, such as those relevant to us pertaining to GILTI, covering foreign income earned in low-tax countries, and the deduction for foreign derived intangible income, or FDII, had no impact on our income tax provision and income tax accruals as of and for the year ended December 31, 2019. However, we expect the GILTI tax and the FDII deduction to impact our income tax provision and accruals after 2019.

The Tax Act changed the tax deductibility of interest expense through the new Section 163(j) of the Code, which limits our U.S. tax deduction for interest expense for tax years beginning after December 31, 2017 to the sum of our interest income and 30% of our adjusted taxable income, each as defined in the Tax Act. Disallowed interest expense in a tax year can be carried forward indefinitely to the next succeeding tax year(s) and is treated as business interest paid and deductible in that year(s), subject to the Section 163(j) limitation.

We have not accrued U.S. state income taxes or foreign withholding taxes on the earnings of our foreign subsidiaries, as these amounts are intended to be indefinitely reinvested in operations outside the United States. As of December 31, 2019, there are immaterial cumulative amounts of undistributed earnings at our foreign subsidiaries.

We are subject to taxation in the United States and various states and international jurisdictions. Our U.S. federal tax returns are open for examination for tax years 2016 and forward, and our state tax returns are open for examination for tax years 2014 and forward. Our tax returns for international jurisdictions are open for examination for tax years 2015 and forward. However, net operating loss and other tax attribute carryforwards utilized in subsequent years continue to be subject to examination by the tax authorities until the year to which the net operating loss and/or other tax attributes are carried forward is no longer subject to examination. Neither we nor any of our subsidiaries are currently under examination from tax authorities in the jurisdictions in which we do business.

At December 31, 2019, we had approximately \$7.6 million of unrecognized tax benefits. If fully recognized, \$7.0 million of the unrecognized tax benefits would reduce our effective tax rate. In the next 12 months, we do not expect our unrecognized tax benefits to decrease. We had no accruals for interest or penalties related to our uncertain tax positions at December 31, 2019 and 2018.

The following table shows the activity in gross unrecognized tax benefits (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Balance at beginning of year	\$ 6,234	\$ 5,794	\$ —
Additions based on tax position related to the current year	1,322	391	5,624
Additions for tax positions of prior years	—	49	170
Balance at end of year	\$ 7,556	\$ 6,234	\$ 5,794

### 17. Basic and Diluted Net Income (Loss) Per Share

The following table presents the computation of net income (loss) per share (in thousands except per share data):

	Year Ended December 31,		
	2019	2018	2017
Numerator:			
Net income (loss) attributable to common stockholders	\$ 27,143	\$ 28,020	\$ (19,482)
Denominator:			
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders, basic	63,424	60,829	53,006
Effect of dilutive securities:			
Convertible senior notes	1,975	409	—
Employee stock awards	3,259	3,506	—
Contingently issuable shares	3	—	—
Weighted-average shares used to compute net income (loss) per share attributable to common stockholders, diluted	68,661	64,744	53,006
Net income (loss) per share attributable to common stockholders, basic	\$ 0.43	\$ 0.46	\$ (0.37)
Net income (loss) per share attributable to common stockholders, diluted	\$ 0.40	\$ 0.43	\$ (0.37)

The following weighted-average equivalent shares of common stock, excluding the impact of the treasury stock method, were excluded from the diluted net income (loss) per share calculation because their inclusion would have been anti-dilutive (in thousands):

	Year Ended December 31,		
	2019	2018	2017
Stock awards	209	510	6,312
Convertible senior notes	1,644	—	—
Conversion of convertible preferred stock	—	—	3,290
Contingently issuable shares	—	—	7
Total shares excluded from net income (loss) per share	1,853	510	9,609

It is our current intent to settle the principal amount of the Notes with cash, and therefore, we use the treasury stock method for calculating any potential dilutive effect of the conversion option on diluted net income per share. The conversion options may have a dilutive impact on net income per share of common stock when the average market price per share of our Class A common stock for a given period exceeds the initial conversion price of the 2023 Notes and the 2024 & 2026 Notes of \$44.33 and \$189.36 per share, respectively.

### 18. Segment and Geographic Information

Operating segments are defined as components of an enterprise for which separate financial information is evaluated regularly by the chief operating decision maker, or CODM, who is our chief executive officer, in deciding how to allocate resources and assess our financial and operational performance. Our CODM evaluates our financial information and resources and assesses the

performance of these resources on a consolidated and aggregated basis. As a result, we have determined that our business operates in a single operating segment.

Long-lived assets classified by geographic location, and with countries over 10% of this total, were as follows (in thousands):

	As of December 31,	
	2019	2018
Long-lived assets:		
United States	\$ 39,641	\$ 10,610
United Kingdom	7,263	650
Other countries	6,992	469
Total	\$ 53,896	\$ 11,729

#### 19. Selected Quarterly Financial Data (Unaudited)

The following table sets forth unaudited quarterly financial information for the years ended December 31, 2019 and 2018. We have prepared the unaudited quarterly consolidated statements of operations data on a basis consistent with the audited annual consolidated financial statements. In the opinion of management, the financial information in this table reflects all adjustments, consisting of normal and recurring adjustments, necessary for the fair statement of this data (in thousands except per share data):

	2019			
	Quarter Ended			
	March 31	June 30	September 30	December 31
Revenue	\$ 76,020	\$ 82,043	\$ 103,397	\$ 156,450
Gross margin	68,020	72,748	93,752	144,239
Income (loss) from operations	(4,402)	(8,288)	11,936	38,735
Net income (loss)	5,914	(3,219)	(6,240)	30,688
Diluted income (loss) per share	0.09	(0.05)	(0.10)	\$ 0.44

	2018			
	Quarter Ended			
	March 31	June 30	September 30	December 31
Revenue	\$ 50,329	\$ 51,502	\$ 62,589	\$ 89,150
Gross margin	45,325	46,233	56,779	82,433
Income (loss) from operations	2,683	(3,425)	9,394	21,118
Net income (loss)	4,897	(4,239)	10,821	16,541
Diluted income (loss) per share	0.08	(0.07)	0.17	0.25

#### Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Reporting.

As previously reported on our Form 8-K dated January 24, 2019, at a meeting held on January 24, 2019, the audit committee approved the dismissal of PricewaterhouseCoopers LLP as our independent registered public accounting firm, effective January 24, 2019, and the appointment of Deloitte & Touche LLP, or Deloitte, as our independent registered public accounting firm, effective January 24, 2019, to perform independent audit services for the fiscal year ended December 31, 2018. PricewaterhouseCoopers LLP's reports on our financial statements for the years ended December 31, 2017 and 2016 did not contain an adverse opinion or a disclaimer of opinion, and were not qualified or modified as to uncertainty, audit scope, or accounting principles. During the fiscal years ended December 31, 2017 and 2016 and the subsequent interim period through January 24, 2019, there were no disagreements within the meaning of Item 304(a)(1)(iv) of Regulation S-K promulgated under the Exchange Act, or Regulation S-K, and the related instructions thereto, with PricewaterhouseCoopers LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of PricewaterhouseCoopers LLP, would have caused it to make reference to the subject matter of the disagreements in connection with its reports. Also during this same period, there were no reportable events within the meaning of Item 304(a)(1)(v) of Regulation S-K and the related instructions thereto, except for the material weakness in our internal control over financial reporting related to the evaluation of the accounting impact of certain contractual terms in certain arrangements with licensed data providers. We concluded this material weakness was remediated as of March 31, 2018 as disclosed in our Form 10-Q for the period then ended.

During the fiscal years ended December 31, 2017 and 2016, and the subsequent interim period through January 24, 2019, neither we nor anyone acting on our behalf consulted with Deloitte regarding any of the matters described in Items 304(a)(2)(i) and (ii) of Regulation S-K.

During the fiscal years ended December 31, 2017 and 2016 and during the subsequent period through the date of the engagement of Deloitte, neither we nor anyone acting on our behalf has consulted with Deloitte regarding:

- (i) The application of accounting principles to a specified transaction, either completed or proposed;
- (ii) The type of audit opinion that might be rendered on our financial statements, and either a written report was provided to us or oral advice was provided that Deloitte concluded was an important factor considered by us in reaching a decision as to an accounting, auditing or financial reporting issue; or
- (iii) Any matter that was either the subject of a disagreement or a reportable event, as each term is defined in Items 304(a)(1)(iv) or (v) of Regulation S-K, respectively.

There were no disagreements with Deloitte on accounting and financial disclosure matters from the date of the engagement of Deloitte through the date of this report.

We provided PricewaterhouseCoopers LLP, or PwC, with the statements we made in response to Item 304(a) of Regulation S-K prior to its filing with the Securities and Exchange Commission, or SEC, and requested that PwC provide us with a letter addressed to the SEC stating whether PwC agrees with the statements we made in response to Item 304(a) of Regulation S-K. A copy of this letter, dated January 24, 2019 and furnished by PwC in response to our request, was filed as Exhibit 16.1 to the Company's Form 8-K filed with the SEC on January 24, 2019.

## **Item 9A. Controls and Procedures.**

### ***Evaluation of Disclosure Controls and Procedures***

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, as of December 31, 2019. Our disclosure controls and procedures are designed to provide reasonable assurance that information we are required to disclose in the reports 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 disclosures, and is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded as of December 31, 2019 that our disclosure controls and procedures were effective at the reasonable assurance level.

### ***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 Rules 13a-15(f) and 15d-15(f). Our management conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2019 based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the results of its evaluation, management concluded that our internal control over financial reporting was effective as of December 31, 2019. The effectiveness of our internal control over financial reporting as of December 31, 2019 has been audited by Deloitte and Touche LLP, an independent registered public accounting firm, as stated in its report which is included in Part II, Item 8 of this Annual Report.

### ***Changes in Internal Control over Financial Reporting***

There was no change in our internal control over financial reporting that occurred during the quarter ended December 31, 2019 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

### ***Limitations on the Effectiveness of Disclosure Controls and Procedures***

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues within a company are detected. The inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected. 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.

### **Item 9B. Other Information.**

None.

## **PART III**

### **Item 10. Directors, Executive Officers, and Corporate Governance.**

The information required by this item will be included in our Definitive Proxy Statement for the 2020 Annual Meeting of Stockholders to be filed with the SEC, within 120 days of the fiscal year ended December 31, 2019, and is incorporated herein by reference.

### **Item 11. Executive Compensation.**

The information required by this item will be included in our Definitive Proxy Statement for the 2020 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2019, and is incorporated herein by reference.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.**

The information required by this item will be included in our Definitive Proxy Statement for the 2020 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2019, and is incorporated herein by reference.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence.**

The information required by this item will be included in our Definitive Proxy Statement for the 2020 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2019, and is incorporated herein by reference.

### **Item 14. Principal Accounting Fees and Services.**

The information required by this item will be included in our Definitive Proxy Statement for the 2020 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended December 31, 2019, and is incorporated herein by reference.



**PART IV**

**Item 15. Exhibits and Financial Statement Schedules.**

The following documents are filed as part of this Annual Report:

1 Financial Statements

Our consolidated financial statements are listed in the “Index to Consolidated Financial Statements” under Part II, Item 8, of this Annual Report.

2 Financial Statement Schedules

All financial statement schedules have been omitted because they are not required or are not applicable, or the required information is shown in our consolidated financial statements or the notes thereto.

3 Exhibits

Exhibit Number	Exhibit Title	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	<a href="#">Restated Certificate of Incorporation.</a>	10-Q	001-38034	3.1	May 11, 2017	
3.2	<a href="#">Restated Bylaws.</a>	10-Q	001-38034	3.2	May 11, 2017	
4.1	<a href="#">Form of Class A common stock certificate.</a>	S-1/A	333-216237	4.1	March 13, 2017	
4.2	<a href="#">Second Amended and Restated Investors’ Rights Agreement by and among the Registrant and certain security holders of the Registrant, dated September 24, 2015, as amended.</a>	S-1	333-220342	4.2	September 5, 2017	
4.3	<a href="#">Indenture dated May 18, 2018 between Alteryx, Inc. and U.S. Bank National Association.</a>	8-K	001-38034	4.1	May 18, 2018	
4.4	<a href="#">Indenture, with respect to the 2024 Notes, dated August 12, 2019 between Alteryx, Inc. and U.S. Bank National Association.</a>	8-K	001-38034	4.1	August 12, 2019	
4.5	<a href="#">Indenture, with respect to the 2026 Notes, dated August 12, 2019 between Alteryx, Inc. and U.S. Bank National Association.</a>	8-K	001-38034	4.2	August 12, 2019	
4.6	<a href="#">Description of Class A Common Stock Registered Under Section 12 of the Securities Exchange Act of 1934, as amended.</a>					X
10.1*	<a href="#">Form of Indemnity Agreement.</a>	S-1	333-216237	10.1	February 24, 2017	
10.2*	<a href="#">Amended and Restated 2013 Stock Plan and forms of award agreements.</a>	S-1	333-216237	10.2	February 24, 2017	
10.3*	<a href="#">2017 Equity Incentive Plan and forms of award agreements.</a>	S-1	333-216237	10.3	February 24, 2017	
10.4*	<a href="#">2017 Employee Stock Purchase Plan and form of subscription agreement.</a>	S-1	333-216237	10.4	February 24, 2017	
10.5*	<a href="#">Alteryx 2019 Discretionary Bonus Plan</a>					X
10.6*	<a href="#">Amended and Restated Offer Letter by and between the Registrant and Dean A. Stoecker, dated February 22, 2017.</a>	S-1	333-216237	10.6	February 24, 2017	
10.7*	<a href="#">Amended and Restated Offer Letter by and between the Registrant and Robert S. Jones.</a>	10-K	001-38034	10.9	March 8, 2018	

Exhibit Number	Exhibit Title	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
10.8*	<a href="#">Amended and Restated Offer Letter by and between the Registrant and Christopher M. Lal.</a>	10-K	001-38034	10.9	March 1, 2019	
10.9*	<a href="#">Amended and Restated Offer Letter by and between the Registrant and Kevin Rubin.</a>	10-K	001-38034	10.10	March 1, 2019	
10.10*	<a href="#">Offer Letter by and between the Registrant and Scott Davidson.</a>					X
10.11*	<a href="#">Offer Letter by and between the Registrant and Derek Knudsen.</a>					X
10.12*	<a href="#">Separation Agreement by and between the Registrant and Seth Greenberg.</a>	10-Q	001-38034	10.1	May 2, 2019	
10.13	<a href="#">Lease by and between the Registrant and LBA IV-PPI, LLC, dated December 7, 2015.</a>	S-1	333-216237	10.9	February 24, 2017	
10.14	<a href="#">First Amendment to Multi-Tenant Office Lease by and between the Registrant and LBG IV-PPO, LLC, dated December 11, 2017.</a>	10-K	001-38034	10.11	March 8, 2018	
10.15	<a href="#">Second Amendment to Multi-Tenant Office Lease by and between the Registrant and LBG IV-PPO, LLC, dated August 6, 2018.</a>	10-Q	001-38034	10.1	November 8, 2018	
10.16	<a href="#">Third Amendment to Multi-Tenant Office Lease by and between the Registrant and LBG IV-PPO, LLC, dated September 27, 2018.</a>	10-Q	001-38034	10.2	November 8, 2018	
10.17	<a href="#">Lease between the Registrant and Irvine Spectrum Terrace I LLC, dated October 14, 2019.</a>					X
10.18*	<a href="#">Form of Severance and Change in Control Agreement.</a>	S-1	333-216237	10.10	February 24, 2017	
21.1	<a href="#">List of Subsidiaries.</a>					X
23.1	<a href="#">Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm.</a>					X
23.2	<a href="#">Consent of Deloitte &amp; Touche, LLP, independent registered public accounting firm.</a>					X
24.1	<a href="#">Power of Attorney (included on signature pages to Annual Report).</a>					
31.1	<a href="#">Certification of Dean A. Stoecker, Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>					X
31.2	<a href="#">Certification of Kevin Rubin, Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>					X
32.1#	<a href="#">Certification of Dean A. Stoecker, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>					X

Exhibit Number	Exhibit Title	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
32.2#	<a href="#">Certification of Kevin Rubin, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>					X
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					X
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document.					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					X
104	Cover Page Interactive Data File - the cover page from the Registrant's Annual Report on Form 10-K for the year ended December 31, 2019 is formatted in Inline XBRL.					X

\* Indicates a management contract or compensatory plan.

# This certification is deemed not filed for purposes of section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.



Name	Title	Date
<hr/> /s/ Dean A. Stoecker <hr/> Dean A. Stoecker	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	February 14, 2020
<hr/> /s/ Kevin Rubin <hr/> Kevin Rubin	Chief Financial Officer (Principal Financial and Accounting Officer)	February 14, 2020
<hr/> /s/ Kimberly E. Alexy <hr/> Kimberly E. Alexy	Director	February 14, 2020
<hr/> /s/ Mark Anderson <hr/> Mark Anderson	Director	February 14, 2020
<hr/> /s/ John Bellizzi <hr/> John Bellizzi	Director	February 14, 2020
<hr/> /s/ Charles R. Cory <hr/> Charles R. Cory	Director	February 14, 2020
<hr/> /s/ Jeffrey L. Horing <hr/> Jeffrey L. Horing	Director	February 14, 2020
<hr/> /s/ Timothy I. Maudlin <hr/> Timothy I. Maudlin	Director	February 14, 2020
<hr/> /s/ Eileen M. Schloss <hr/> Eileen M. Schloss	Director	February 14, 2020

**DESCRIPTION OF THE REGISTRANT'S SECURITIES**  
**REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES**  
**EXCHANGE ACT OF 1934**

*As of December 31, 2019, Alteryx, Inc. (the "Company," "we" or "our") had one class of securities registered under Section 12 of the Securities Exchange Act of 1934: our Class A common stock.*

**Description of Capital Stock**

The following summary of the terms of our capital stock is based upon our restated certificate of incorporation and our restated bylaws. The summary is not complete, and is qualified by reference to our restated certificate of incorporation and our restated bylaws, 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 restated bylaws and the applicable provisions of the Delaware General Corporation Law, or DGCL, for additional information.

**General**

We have authorized capital stock consisting of 500,000,000 shares of Class A common stock, \$0.0001 par value per share, 500,000,000 shares of Class B Common Stock, \$0.0001 par value per share, and 10,000,000 shares of undesignated preferred stock, \$0.0001 par value per share.

**Common Stock**

***Dividend rights***

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our common stock are entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to issue dividends and then only at the times and in the amounts that our board of directors may determine.

***Voting rights***

Holders of our Class A common stock are entitled to one vote for each share of Class A common stock held on all matters submitted to a vote of stockholders and holders of our Class B common stock are entitled to ten votes for each share of Class B common stock held on all matters submitted to a vote of stockholders. Holders of shares of our Class A common stock and Class B common stock vote together as a single class on all matters (including the election of directors) submitted to a vote of stockholders, unless otherwise required by law. Our restated certificate of incorporation does not provide for cumulative voting for the election of directors. As a result, the holders of a majority of our voting shares can elect all of the directors then

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standing for election. Our restated certificate of incorporation establishes a classified board of directors that is divided into three classes with staggered three-year terms. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms.

***No preemptive or similar rights***

Our common stock is not entitled to preemptive rights, and is not subject to redemption or sinking fund provisions.

***Conversion***

Each outstanding share of Class B common stock is convertible at any time at the option of the holder into one share of Class A common stock. In addition, each share of Class B common stock converts automatically into one share of Class A common stock upon any transfer, whether or not for value, except for certain permitted transfers described in our restated certificate of incorporation, including transfers to family members, trusts solely for the benefit of the stockholder or their family members, and partnerships, corporations, and other entities exclusively owned by the stockholder or their family members. Once converted or transferred and converted into Class A common stock, the Class B common stock will not be reissued.

All the outstanding shares of Class B common stock will convert automatically into shares of Class A common stock upon the date that is the earliest of (i) the date specified by a vote of the holders of 66 2/3% of the outstanding shares of Class B common stock, (ii) March 29, 2027, and (iii) the date that the total number of shares of Class B common stock outstanding cease to represent at least 10% of all outstanding shares of our common stock. Following such conversion, each share of Class A common stock will have one vote per share and the rights of the holders of all outstanding common stock will be identical. Once converted into Class A common stock, the Class B common stock may not be reissued.

***Right to receive liquidation distributions***

Upon our liquidation, dissolution or winding-up, the assets legally available for distribution to our stockholders would be distributable ratably among the holders of our common stock and any participating preferred stock outstanding at that time, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights of and the payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

**Preferred Stock**

Our board of directors is authorized, subject to limitations prescribed by Delaware law, to issue preferred stock in one or more series, to establish from time to time the number of shares to be included in each series, and to fix the designation, powers, preferences, and rights of the shares of each series and any of its qualifications, limitations, or restrictions, in each case without further vote or action by our stockholders. Our board of directors can also increase or decrease the number of shares of any series of preferred stock, but not below the number of shares of that

series then outstanding, without any further vote or action by our stockholders. Our board of directors may authorize the issuance of preferred stock with voting or conversion rights that could adversely affect the voting power or other rights of the holders of our common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring, or preventing a change in our control and might adversely affect the market price of our Class A common stock and the voting and other rights of the holders of our common stock.

## **Anti-Takeover Provisions**

The provisions of Delaware law, our restated certificate of incorporation, and our restated bylaws could have the effect of delaying, deferring, or discouraging another person from acquiring control of our company. These provisions, which are summarized below, may have the effect of discouraging takeover bids.

### ***Delaware Law***

We are subject to the provisions of Section 203 of the DGCL regulating corporate takeovers. In general, DGCL Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years following the date on which the person became an interested stockholder unless:

- prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding, but not the outstanding voting stock owned by the interested stockholder, (i) shares owned by persons who are directors and also officers and (ii) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or subsequent to the date of the transaction, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66.67% of the outstanding voting stock that is not owned by the interested stockholder.

Generally, a business combination includes a merger, asset or stock sale, or other transaction or series of transactions together resulting in a financial benefit to the interested stockholder. An interested stockholder is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation's outstanding voting stock. We expect the existence of this provision to have an anti-takeover effect with respect to transactions our board of directors does not approve in advance. We also anticipate that DGCL Section 203 may also discourage attempts



that might result in a premium over the market price for the shares of common stock held by stockholders.

### ***Restated Certificate of Incorporation and Restated Bylaws Provisions***

Our restated certificate of incorporation and our restated bylaws include a number of provisions that could deter hostile takeovers or delay or prevent changes in control of our management team, including the following:

- *Dual Class Common Stock.* Our restated certificate of incorporation provides for a dual class common stock structure pursuant to which holders of our Class B common stock have the ability to control the outcome of matters requiring stockholder approval, even if they own significantly less than a majority of the shares of our outstanding Class A common stock and Class B common stock, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets. Directors, executive officers, and employees, and their respective affiliates, have the ability to exercise significant influence over those matters.
- *Board of Directors Vacancies.* Our restated certificate of incorporation and restated bylaws authorize only our board of directors to fill vacant directorships, including newly created seats. In addition, the number of directors constituting our board of directors is permitted to be set only by a resolution adopted by a majority vote of our entire board of directors. These provisions prevent a stockholder from increasing the size of our board of directors and then gaining control of our board of directors by filling the resulting vacancies with its own nominees. This makes it more difficult to change the composition of our board of directors but promotes continuity of management.
- *Classified Board.* Our restated certificate of incorporation and restated bylaws provide that our board of directors is classified into three classes of directors. The existence of a classified board of directors could discourage a third-party from making a tender offer or otherwise attempting to obtain control of us as it is more difficult and time consuming for stockholders to replace a majority of the directors on a classified board of directors.
- *Directors Removed Only for Cause.* Our restated certificate of incorporation provides that stockholders may remove directors only for cause.
- *Supermajority Requirements for Amendments of Our Restated Certificate of Incorporation and Restated Bylaws.* Our restated certificate of incorporation further provides that the affirmative vote of holders of at least 66 2/3% of the voting power of all of the then outstanding shares of voting stock is required to amend certain provisions of our restated certificate of incorporation, including provisions relating to the classified board, the size of the board, removal of directors, special meetings, actions by written consent, and designation of our preferred stock. In addition, the affirmative vote of holders of 75% of the voting power of each of our Class A common stock and Class B common stock, voting separately by class, is required to amend the provisions of our restated certificate of incorporation relating to the terms of our Class B common stock. The affirmative vote of holders of at least 66 2/3% of the voting power of all of the then outstanding shares of voting stock is required to amend or repeal our restated bylaws,

although our restated bylaws may be amended by a simple majority vote of our board of directors.

- *Stockholder Action; Special Meeting of Stockholders.* Our restated certificate of incorporation provides that special meetings of our stockholders may be called only by a majority of our board of directors, the chairman of our board of directors, our lead independent director, our chief executive officer, or our president. Our restated certificate of incorporation provides that our stockholders may not take action by written consent, but may only take action at annual or special meetings of our stockholders. As a result, holders of our capital stock would not be able to amend our restated bylaws or remove directors without holding a meeting of our stockholders called in accordance with our restated bylaws. Further, our restated bylaws provide that special meetings of our stockholders may be called only by a majority of our board of directors, the chairman of our board of directors, our lead independent director, our chief executive officer, or our president, thus prohibiting a stockholder from calling a special meeting. These provisions might delay the ability of our stockholders to force consideration of a proposal or for stockholders to take any action, including the removal of directors.
- *Advance Notice Requirements for Stockholder Proposals and Director Nominations.* Our restated bylaws provide advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders or to nominate candidates for election as directors at our annual meeting of stockholders. Our restated bylaws also specify certain requirements regarding the form and content of a stockholder's notice. These provisions might preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders if the proper procedures are not followed. We expect that these provisions might also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.
- *No Cumulative Voting.* The DGCL provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless a corporation's certificate of incorporation provides otherwise. Our restated certificate of incorporation and restated bylaws do not provide for cumulative voting.
- *Issuance of Undesignated Preferred Stock.* Our board of directors has the authority, without further action by the stockholders, to issue up to 10,000,000 shares of undesignated preferred stock with rights and preferences, including voting rights, designated from time to time by our board of directors. The existence of authorized but unissued shares of preferred stock enables our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest, or other means.
- *Choice of Forum.* Our restated certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of fiduciary duty, any action asserting a claim against us arising pursuant to the DGCL, our restated certificate

of incorporation, or our restated bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine.

**Exchange Listing**

Our Class A common stock is listed on The New York Stock Exchange under the symbol “AYX.”

**Transfer Agent and Registrar**

The transfer agent and registrar for our Class A common stock is American Stock Transfer & Trust Company, LLC.

## Alteryx 2019 Discretionary Bonus Plan

### **1. Purpose**

To provide a performance-based incentive bonus plan that will:

- align the interests of our company, our associates and our investors;
- enable Alteryx to achieve and exceed specified financial goals;
- attract and retain associates to enhance our leadership position within the industry; and
- recognize and reward employees for their individual contributions to our success.

### **2. Performance Period**

The performance period is January 1, 2019 through December 31, 2019.

### **3. Eligibility**

Eligible participants are Alteryx employees and employees of its wholly owned subsidiaries who:

- were employed prior to October 1, 2019
- are in positions deemed as bonus eligible
- are actively employed, in good standing, on the date that bonus payments are made and are not on a performance improvement plan; and
- are not eligible for another incentive, commission, or variable compensation plan (*e.g.*, sales/services commission plans).

### **4. Payments**

The payment schedule for the bonus plan will be as follows:

- Payable with the normal payroll payment on or before March 15, 2020
-

## 5. **Eligible Compensation**

Eligible compensation for purposes of calculating an employee's bonus payment will be the employee's annual base salary in effect on December 31, 2019.

Eligible employees starting after March 31, 2019 will be eligible for a prorated bonus based on their employment start date.

For employees on Leave of Absence during the performance period, eligible bonus will be prorated for the number of days on active status.

## 6. **Company Performance Metrics**

Company performance will be determined by achievement of specific Revenue targets.

Revenue is the revenue Alteryx recognizes in accordance with accounting principles generally accepted in the United States, including or excluding certain adjustments as determined by the Chief Financial Officer.

An employee's bonus award calculated on the above performance metric may be increased or decreased at the discretion of management to reflect individual performance or extraordinary events.

## 7. **Bonus Pool Funding**

The Company must achieve a minimum performance threshold of Revenue for the bonus pool to be funded and paid.

At 100% achievement of Revenue performance targets, the bonus pool will be funded at 100% of target. If Revenue is above or below the target, the bonus pool funding amount will be interpolated between pool funding amounts as exemplified on the chart shown below.

<b>Measurement: Full Year Revenue</b>	
<b>Target Achievement</b>	<b>Pool Funding</b>
< 80%	\$0
100%	100%
110%	150%
115%+	200%

For example, the bonus pool will not fund until we reach 80% of the target, achievement of 80% to 100% of target will result in pool funding at a percent-for percent rate, achievement of greater than 100% through 110% of target will result in pool funding at an

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incremental 5% for every incremental percent achievement above 100% (for example, 105% achievement will yield 125% pool funding), achievement of greater than 110% of target will result in pool funding of an incremental 10% for every incremental percent achievement above 110% (for example, 112% achievement will yield 170% pool funding). Achievement will be rounded the nearest whole percentage. The chart is for illustrative purposes only to summarize bonus pool funding and may change based on company goals.

## 8. Participant's Target Bonus

A participant's target bonus award is determined by his or her job level and is expressed as either as a percentage of base salary or a flat dollar amount. The final award is determined by the amount available for disbursement (*see* Section 7), Company performance, and any adjustments for individual performance pursuant to Section 9.

## 9. Individual Performance

Based on performance and the achievement of individual goals (MBOs), modification to a participant's target award can range from 0% to 150%. However, the total of all bonus awards for any Department cannot exceed 100% of the available pool unless approved by the Chief Financial Officer.

$$\begin{array}{|c|} \hline \text{Revenue} \\ \hline \text{vs.} \\ \hline \text{Target} \\ \hline \end{array} \times \begin{array}{|c|} \hline \text{Individual} \\ \hline \text{Performance} \\ \hline \% \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Individual} \\ \hline \text{Bonus} \\ \hline \text{Award} \\ \hline \end{array}$$

## 10. Administration

The bonus program will be administered by Alteryx's Compensation Committee, with day-to-day management to be conducted by Human Resources and the Chief Financial Officer.

The Committee has authority, among other things, to:

- determine eligibility for participation in the bonus program;
  - determine performance measures, performance targets, award opportunities and earned awards; and
  - interpret the bonus program and exercise its power to prescribe, amend, suspend or rescind the terms of the bonus program.
-

## **11. General Provisions**

Alteryx may deduct any taxes required by law to be withheld upon payment of any bonus under this program.

Bonus awards granted under the program will not be transferrable other than by will or laws of descent and distribution.

Nothing in the program or in any bonus award granted will confer on an individual any right to an award, or to continue in the employ of the company or any of its subsidiaries or deter in any way the right of the company or any subsidiary to terminate any employment.

10/10/19

Scott Davidson

Dear Scott:

Alteryx, Inc. (the "Company") is pleased to offer you employment on the following terms:

**1. Position.** Your title will be Chief Operating Officer and you will report to the Company's Chief Executive Officer, Dean Stoecker. This is a full-time position. While you render services to the Company, you will not engage in any other employment, consulting or other business activity (whether full-time or part-time) that would create a conflict of interest with the Company or that would, directly or indirectly, constitute your engagement in or participation in any business that is competitive in any manner with the business of the Company. By signing this offer letter, you confirm to the Company that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for the Company.

**2. Cash Compensation.** The \$435,000 per year, payable in accordance with the Company's standard payroll schedule. This compensation rate will be subject to adjustment pursuant to the Company's employee compensation policies in effect from time to time.

With your specific position, you will be eligible to receive a discretionary annual bonus of up to 85% of your base annual salary, based on both Company and individual performance, and in accordance with the Alteryx Standard Bonus Plan. For your first year of employment, we will guarantee your bonus payment at \$400,000 to occur in March 2021. Please note that all discretionary bonus programs, payouts and criterion are subject to change or adjustment as the business or departmental needs at Alteryx may require.

In addition, you will be paid a one-time signing bonus of \$100,000 in connection with your employment with Alteryx, payable on the next scheduled payroll date immediately following the thirty (30) day period commencing the date you start working for the Company. If you resign or your employment is terminated prior to twelve (12) months of continuous service with the Company for any reason, such signing bonus will be repayable by you to the Company in full at the time of termination. You agree that the Company reserves the right to withhold any balance payable to the Company from any form of compensation due to you, including salary, commissions, incentives, vacation time, buy-back of stock differentials and reimbursable expenses, except where prohibited by United States Federal or State law.

**3. Employee Benefits.** As a regular employee of the Company, you will be eligible to participate in a number of Company-sponsored benefits to the extent that you comply with the



eligibility requirements of each such benefit plan. You will receive a summary of such employee benefits. The Company, in its sole discretion, may amend, suspend or terminate its employee benefits at any time, with or without notice. In addition, you will be entitled to paid vacation in accordance with the Company's vacation policy, as in effect from time to time.

**4. Equity.** Subject to the approval of the Company's Board of Directors and in accordance with the Company's equity granting policy, you will be granted equity awards that will consist of a 50/50 combination of restricted stock units for shares of the Company's Class A Common Stock (the "RSU") and non-qualified stock options (the "Option"), with an aggregate grant value of \$7,000,000.

The RSU will be subject to the terms and conditions applicable to restricted stock units granted under the 2017 Equity Incentive Plan (the "Plan"), as described in the Plan, and the applicable Restricted Stock Unit Award Agreement. So long as your continuous service status does not terminate, one-third of the total number of shares subject to RSU will vest on each of the first, second, and third annual anniversaries of the vesting commencement date (as set forth in the Restricted Stock Unit Award Agreement).

The Option will be Subject to the limitations set forth in the Plan and the Option Grantee's Option Award Agreement, 1/3rd of the total number of shares subject to the Option Award shall vest and become exercisable on the one-year anniversary of the Vesting Commencement Date and thereafter and an additional 1/36th of the total number of shares subject to the Option Award shall vest and become exercisable on each monthly anniversary thereafter, subject to the Option Grantee's Service (as defined in the Plan) through each vesting date. If the Option Grantee has entered into a Severance and Change in Control Agreement with the Company, the Option Award shall be subject to its terms.

**5. Confidential Information and Invention Assignment Agreement.** You will be required, as a condition of your employment with the Company, to sign the Company's standard Confidential Information and Invention Assignment Agreement, a copy of which is attached hereto as **Exhibit A**.

**6. No Conflicting Obligations.** You represent and warrant to the Company that you are under no obligations or commitments, whether contractual or otherwise, that are inconsistent with your obligations under this offer letter. You shall not use or disclose, in connection with your employment, any trade secrets or other proprietary information or intellectual property in which you or any other person has any right, title or interest and you confirm that your employment with the Company will not infringe or violate the rights of any other person. Also, we expect you to abide by any contractual obligations to refrain from soliciting any person employed by or otherwise associated with any former or current employer. You represent and warrant to the Company that you have returned all property and confidential information belonging to any prior employer.

**7. Verification of Information and Eligibility.** This offer of employment is also contingent upon the successful verification of the information you provided to the Company during your application process, professional reference checks and a general background check performed by the Company to confirm your suitability for employment. By accepting this offer of employment,

you warrant that all information provided by you is true and correct to the best of your knowledge, and you expressly release the Company from any claim or cause of action arising out of the Company's verification of such information. You have a right to review copies of any public records obtained by the Company in conducting this verification process unless you check the box below. Your offer is contingent upon the Company's verification that you are permitted to legally work in the United States. You agree to provide the Company in a timely manner with any and all documentation reasonably necessary to confirm the foregoing.

**8. At Will Employment Relationship.** Employment with the Company is for no specific period of time. Your employment with the Company will be "at will," meaning that either you or the Company may terminate your employment at any time and for any reason, with or without cause or notice. Any contrary representations that may have been made to you are superseded by this offer letter. This is the full and complete agreement between you and the Company on this term. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at will" nature of your employment may only be changed in an express written agreement signed by you and the Company's CEO.

**9. Tax Matters.**

**(a) Withholding.** All forms of compensation referred to in this offer letter are subject to reduction to reflect applicable withholding and payroll taxes and other deductions required by law.

**(b) Tax Advice.** You are encouraged to obtain your own tax advice regarding your compensation from the Company. You agree that the Company does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities, and you will not make any claim against the Company or its Board of Directors related to tax liabilities arising from your compensation.

**10. Interpretation, Amendment and Enforcement.** This offer letter and Exhibit A constitute the complete agreement between you and the Company, contain all of the terms of your employment with the Company and supersede any prior or contemporaneous agreements, representations or understandings (whether written, oral or implied) between you and the Company. This offer letter may not be amended or modified, except by an express written agreement signed by both you and a duly authorized officer of the Company. The terms of this offer letter and the resolution of any disputes as to the meaning, effect, performance or validity of this offer letter or arising out of, related to, or in any way connected with, this offer letter, your employment with the Company or any other relationship between you and the Company (the "Disputes") will be governed by California law, excluding laws relating to conflicts or choice of law. You and the Company submit to the exclusive personal jurisdiction of the federal and state courts located in Orange County, California in connection with any Dispute or any claim related to any Dispute.

\* \* \* \* \*

We hope that you will accept our offer to join the Company. You may indicate your agreement with these terms and accept this offer by signing and dating both the enclosed duplicate original

of this offer letter and the enclosed Confidential Information and Invention Assignment Agreement and returning them to Human Resources by close of business on 10/14/2019. As required by law, your employment with the Company is contingent upon your providing legal proof of your identity and authorization to work in the United States. Your employment is also contingent upon you starting work in this new position as of 1/1/2020.

If you have any questions, please call me at .

Congratulations on your offer of employment! We are looking forward to you joining our team and the contributions we anticipate you making at Alteryx.

ALTERYX, INC.

/s/ Dean Stoecker

By: Dean Stoecker

Title: Chief Executive Officer

I have read and accept this employment offer:

Name: Scott Davidson

Signature: /s/ Scott Davidson

Date: 10/16/2019

I hereby waive my right to receive any public records as described above.

**Attachment**

Exhibit A: Confidential Information and Invention Assignment Agreement

**ALTERYX, Inc.**

**CONFIDENTIAL INFORMATION AND INVENTION ASSIGNMENT AGREEMENT**

**(Federal)**

THIS CONFIDENTIAL INFORMATION AND INVENTION ASSIGNMENT AGREEMENT ("Agreement"), is being entered into by me with Alteryx, Inc., a Delaware corporation, and their respective subsidiaries, affiliates, successors or assigns (together the "Company"), as a condition of my employment with the Company (as further described below). As such, in consideration of my employment with the Company and my receipt of the compensation now and hereafter paid to me by Company, I agree to the following:

1. *Employment.* I acknowledge and agree that my employment with the Company is strictly "at-will", in that at all times, and under all conditions whatsoever, either the Company or I can terminate the subject employment relationship at any time, with or without prior notice, and for any reason not prohibited by law. As part of this employment relationship, and in addition to executing this Agreement for the benefit of the Company, I am also entering into a Comprehensive Agreement (Employment At-Will and Arbitration) ("Comprehensive Agreement") that designates the Company as my employer.

2. *Confidential Information.*

A. *Company Information.* I agree at all times during the term of my employment and thereafter, to hold in strictest confidence, and not to use, except for the benefit of the Company, or to disclose to any person, firm or corporation without written authorization of the President of the Company, any Confidential Information of the Company, except under a nondisclosure agreement duly authorized and executed by the Company. I understand that "Confidential Information" means any non-public information that relates to the actual or anticipated business or research and development of the Company, technical data, trade secrets or know-how, including, but not limited to, research, product plans or other information regarding Company's products or services and markets therefor, customer lists and customers (including, but not limited to, customers of the Company on whom I called or with whom I became acquainted during the term of my employment), software, source code, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances or other business information. I further understand that Confidential Information does not include any of the foregoing items which have become publicly known and made generally available through no wrongful act of mine or of others who were under confidentiality obligations as to the item or items involved or improvements or new versions thereof. Notwithstanding such nondisclosure obligations, pursuant to the Defend Trade Secrets Act of 2016, I 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: (i) in confidence to an attorney or a federal, state, or local government official solely for the purpose of reporting or investigating a suspected violation of law; or (ii) in a complaint or other document filed in a lawsuit or other proceeding, as long as such filing is made under seal.

B. *Former Employer Information.* I agree that I will not, during my employment with the Company, improperly use or disclose any proprietary information or trade secrets of any former or concurrent employer or other person or entity and that I will not bring onto the premises of the Company any unpublished document or proprietary information belonging to any such employer, person or entity unless consented to in writing by such employer, person or entity.

C. *Third Party Information.* I recognize that the Company has received and in the future will receive from third parties their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. I agree to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any

person, firm or corporation or to use it except as necessary in carrying out my work for the Company consistent with the Company's agreement with such third party.

3. *Inventions.*

A. *Inventions Retained and Licensed.* I have attached hereto, as Exhibit A, a list describing all inventions, original works of authorship, developments, improvements, and trade secrets which were made by me prior to my employment with the Company (collectively referred to as "Prior Inventions"), which belong to me, which relate to the Company's proposed business, products or research and development, and which are not assigned to the Company hereunder; or, if no such list is attached, I represent that there are no such Prior Inventions. If in the course of my employment with the Company, I incorporate into a Company product, process or service a Prior Invention owned by me or in which I have an interest, I hereby grant to the Company a nonexclusive, royalty-free, fully paid-up, irrevocable, perpetual, worldwide license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or service, and to practice any method related thereto.

B. *Purpose of Employment.* I acknowledge that one of the primary purposes of the Company is that of developing software for sale and licensing to the Company's customers, and to the extent I have been hired by the Company to program and create software and provide services to the Company's customers concerning the same, I acknowledge and agree that I will be receiving compensation to further this primary purpose for the benefit of the Company.

C. *Assignment of Inventions.* I agree that I will promptly make full written disclosure to the Company, will hold in trust for the sole right and benefit of the Company, and hereby assign to the Company, or its designee, all my right, title, and interest in and to any and all inventions, original works of authorship, software, source code, developments, concepts, improvements, designs, discoveries, ideas, trademarks or trade secrets, whether or not patentable or registrable under copyright or similar laws, and all the derivatives rights thereto, which I may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, during the period of time I am in the employ of the Company (collectively referred to as "Inventions"), except as provided in Section 4 below. I further acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of and during the period of my employment with the Company and which are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act, 17 U.S.C. Section 101, and as such, the same are the sole and exclusive property of the Company. I understand and agree that the decision whether or not to commercialize or market any invention developed by me solely or jointly with others is within the Company's sole discretion and for the Company's sole benefit and that no royalty will be due to me as a result of the Company's efforts to commercialize or market any such invention.

D. *Maintenance of Records.* I agree to keep and maintain adequate and current written records of all Inventions made by me (solely or jointly with others) during the term of my employment with the Company. The records will be in the form of notes, sketches, drawings, and any other format that may be specified by the Company. The records will be available to and remain the sole property of the Company at all times.

E. *Patent and Copyright Registrations.* I agree to assist the Company, or its designee, at the Company's expense, in every proper way to secure the Company's rights in the Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto 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 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, its successors, assigns, and nominees the sole and exclusive rights, title and interest in and to such Inventions, and any copyrights, patents, mask work rights or other intellectual property rights relating thereto. I further agree that my obligation to execute or cause to be

executed, when it is in my power to do so, any such instrument or papers shall continue after the termination of this Agreement. If the Company is unable because of my mental or physical incapacity or for any other reason to secure my signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Inventions or original works of authorship assigned to the Company as above, then I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact, to act for and in my behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent or copyright registrations thereon with the same legal force and effect as if executed by me.

4. *Exception to Assignments.* I understand that the provisions of this Agreement requiring assignment of Inventions to the Company do not apply to any invention that I developed entirely on my own time without using the Company's equipment, supplies, facilities, or trade secret information except for those inventions that either (i) relate at the time of conception or reduction to practice of the invention to the Company's business, or actual or demonstrably anticipated research or development of the Company; or (ii) result from any work performed by me for the Company. I will advise the Company promptly in writing of any inventions that I believe meet the foregoing criteria and not otherwise disclosed on Exhibit A.

5. *Conflicting Employment.* I agree that, during the term of my employment with the Company, I will not engage in any other employment, occupation or consulting directly related to the business in which the Company is now involved or becomes involved during the term of my employment, nor will I engage in any other activities that conflict with my obligations to the Company.

6. *Returning Company Documents.* I agree that, at the time of leaving the employ of the Company, I will deliver to the Company (and will not keep in my possession, recreate or deliver to anyone else) any and all devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items developed by me pursuant to my employment with the Company or otherwise belonging to the Company, its successors or assigns, including, without limitation, those records maintained pursuant to paragraph 3.D. In the event of the termination of my employment, I agree to sign and deliver a "termination certificate", or similar document reasonably requested by the Company, confirming that I have complied with all the terms of this Agreement, and that I have returned all the Confidential Information to the Company, including, but not limited to all devices, software, software codes, records, data, notes, reports, proposals, lists, correspondences, specifications, drawings, blueprints, sketches, materials, equipment, or other documents or property which is the Company's Confidential Information and/or related to in any to the Company's Invention (including, but not limited to all the Company's software and source code).

7. *Notification of New Employer.* In the event that I leave the employ of the Company, I hereby grant consent to notification by the Company to my new employer about my rights and obligations under this Agreement.

8. *Solicitation of Employees.* I agree that for a period of twelve (12) months immediately following the termination of my relationship with the Company for any reason, whether with or without cause, I shall not either directly or indirectly solicit, induce, recruit or encourage any of the Company's employees to leave their employment, or take away such employees, or attempt to solicit, induce, recruit, encourage or take away employees of the Company, either for myself or for any other person or entity.

9. *Non-Disparagement.* I agree that I shall not engage in disparaging conduct directed at the Company, and will refrain from making any negative, detracting, derogatory, and unfavorable statements about the Company.

10. *Representations.* I agree to execute any proper oath or verify any proper document required to carry out the terms of this Agreement. I represent that my performance of all the terms of this Agreement will not breach any agreement to keep in confidence proprietary information acquired by me in confidence or in trust prior to my employment by the Company. I hereby represent and warrant that I have not entered into, and I will not enter into, any oral or written agreement in conflict herewith.

11. *Notification of Labor Code 2872.* If an employment agreement entered into after January 1, 1980 contains a provision requiring the employee to assign or offer to assign any of his or her rights to any invention to his or her employer, the employer must also, at the time the agreement is made, provide a written notification to the employee that the agreement does not apply to an invention which qualifies fully under the provisions of Labor Code 2870. In any suit arising thereunder, the burden of proof shall be on the employee claiming the benefits of its provisions.

12. *Arbitration and Equitable Relief.*

A. *Arbitration.* ALL DISPUTES CONCERNING THIS AGREEMENT, OR THE BREACH HEREOF, SHALL BE RESOLVED BY BINDING ARBITRATION. IN SUCH BINDING ARBITRATION, I AGREE THAT THE ARBITRATOR SHALL HAVE THE POWER TO AWARD ANY REMEDIES, INCLUDING ATTORNEYS' FEES AND COSTS, AVAILABLE UNDER APPLICABLE LAW.

B. *Availability of Injunctive Relief.* I AGREE THAT ANY PARTY MAY SEEK INJUNCTIVE RELIEF WHERE EITHER PARTY ALLEGES OR CLAIMS A VIOLATION OF THIS AGREEMENT. I UNDERSTAND THAT ANY BREACH OR THREATENED BREACH OF THIS AGREEMENT WILL CAUSE IRREPARABLE INJURY AND THAT MONEY DAMAGES WILL NOT PROVIDE AN ADEQUATE REMEDY THEREFOR AND BOTH PARTIES HEREBY CONSENT TO THE ISSUANCE OF AN INJUNCTION. IN THE EVENT EITHER PARTY SEEKS INJUNCTIVE RELIEF, THE PREVAILING PARTY SHALL BE ENTITLED TO RECOVER REASONABLE COSTS AND ATTORNEYS' FEES.

C. *Voluntary Nature of Agreement.* I ACKNOWLEDGE AND AGREE THAT I AM EXECUTING THIS AGREEMENT VOLUNTARILY AND WITHOUT ANY DURESS OR UNDUE INFLUENCE BY THE COMPANY OR ANYONE ELSE. I FURTHER ACKNOWLEDGE AND AGREE THAT I HAVE CAREFULLY READ THIS AGREEMENT AND THAT I HAVE ASKED ANY QUESTIONS NEEDED FOR ME TO UNDERSTAND THE TERMS, CONSEQUENCES AND BINDING EFFECT OF THIS AGREEMENT AND FULLY UNDERSTAND IT, INCLUDING THAT I AM WAIVING MY RIGHT TO A JURY TRIAL.

FINALLY, I AGREE THAT I HAVE BEEN PROVIDED AN OPPORTUNITY TO SEEK THE ADVICE OF AN ATTORNEY OF MY CHOICE BEFORE SIGNING THIS AGREEMENT.

13. *General Provisions.*

A. *Governing Law; Consent to Personal Jurisdiction.* This Agreement will be governed by the laws of the State of California. I hereby expressly consent to the personal jurisdiction of the state and federal courts located in California for any lawsuit filed there against me by the Company arising from or relating to this Agreement.

B. *Entire Agreement.* This Agreement sets forth the entire agreement and understanding between the Company and me relating to the subject matter herein and supersedes all prior discussions or representations between us including, but not limited to, any representations made during my interview(s) or relocation negotiations, whether written or oral. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing signed by the President of the Company and me. Any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement. If there are any conflicts between the terms and conditions of the Comprehensive Agreement or this Agreement, the terms and conditions of this Agreement shall control.

C. *Severability.* If one or more of the provisions in this Agreement are deemed void by law, then the remaining provisions will continue in full force and effect.

D. *Successors and Assigns.* This Agreement will be binding upon my heirs, executors, administrators and other legal representatives and will be for the benefit of the Company, its successors, and its assigns.

IN WITNESS WHEREOF, the individual parties hereto (or their duly authorized representatives, as the case may be) have caused this Confidential Information and Invention Assignment Agreement to be executed effective as of the day and year written.

**COMPANY:** ALTERYX, Inc., a Delaware corporation

By: /s/ Dean A. Stoecker Dated: 11/17/2015  
Dean A. Stoecker, Chief Executive Officer

**EMPLOYEE:**

By: /s/ Scott Davidson Dated: October 16, 2019  
Employee Signature

Scott Davidson  
Employee's Name (please print)



**Exhibit A**

**LIST OF PRIOR INVENTIONS AND ORIGINAL WORKS OF AUTHORSHIP**

Identifying Number of Brief  
Title Date Description

No inventions or improvements

Additional Sheets Attached

Signature of Employee: /s/ Scott Davidson

Print Name of Employee: Scott Davidson

7/16/2018

Derek Knudsen

Dear Derek:

Alteryx, Inc. (the “Company”) is pleased to offer you employment on the following terms:

**1. Position.** Your title will be Chief Technology Officer and you will report to the Company’s Chief Executive Officer, Dean Stoecker. This is a full-time position. While you render services to the Company, you will not engage in any other employment, consulting or other business activity (whether full-time or part-time) that would create a conflict of interest with the Company or that would, directly or indirectly, constitute your engagement in or participation in any business that is competitive in any manner with the business of the Company. By signing this offer letter, you confirm to the Company that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for the Company.

**2. Cash Compensation.** The \$325,000 per year, payable in accordance with the Company’s standard payroll schedule. This compensation rate will be subject to adjustment pursuant to the Company’s employee compensation policies in effect from time to time.

With your specific position, you will be eligible to receive a discretionary annual bonus of up to 50% of your base annual salary, based on both Company and individual performance, and in accordance with the Alteryx Standard Bonus Plan. Please note that all discretionary bonus programs, payouts and criterion are subject to change or adjustment as the business or departmental needs at Alteryx may require.

**3. Employee Benefits.** As a regular employee of the Company, you will be eligible to participate in a number of Company-sponsored benefits to the extent that you comply with the eligibility requirements of each such benefit plan. You will receive a summary of such employee benefits. The Company, in its sole discretion, may amend, suspend or terminate its employee benefits at any time, with or without notice. In addition, you will be entitled to paid vacation in accordance with the Company’s vacation policy, as in effect from time to time.

**4. Equity.** Subject to the approval of the Company’s Board of Directors and in accordance with the Company’s equity granting policy, you will be granted equity awards that will consist of a combination of restricted stock units for shares of the Company’s Class A Common Stock (the “RSU”) and non-qualified stock options (the “Option”), with an aggregate grant value of \$1,000,000.

The RSU will be subject to the terms and conditions applicable to restricted stock units granted under the 2017 Equity Incentive Plan (the “Plan”), as described in the Plan, and the applicable Restricted Stock Unit Award Agreement. So long as your continuous service status does not terminate, one-fourth of the total number of shares subject to RSU will vest on each of the first, second, third, and fourth annual anniversaries of the vesting commencement date (as set forth in the Restricted Stock Unit Award Agreement).

The Option will be subject to the terms and conditions applicable to options granted under the Plan, as described in the Plan and the applicable Stock Option Agreement. So long as your continuous service status does not terminate, this Option shall vest and become exercisable in accordance with the following schedule: One fourth (1/4<sup>th</sup>) of the total number of such shares will vest on the first anniversary of the vesting commencement date (as set forth in the Stock Option Award Agreement), and thereafter one forty-eighth (1/48<sup>th</sup>) of the total number of such shares will vest on each monthly anniversary of the vesting commencement date thereafter.

**5. Confidential Information and Invention Assignment Agreement.** You will be required, as a condition of your employment with the Company, to sign the Company’s standard Confidential Information and Invention Assignment Agreement, a copy of which is attached hereto as **Exhibit A**.

**6. No Conflicting Obligations.** You represent and warrant to the Company that you are under no obligations or commitments, whether contractual or otherwise, that are inconsistent with your obligations under this offer letter. You shall not use or disclose, in connection with your employment, any trade secrets or other proprietary information or intellectual property in which you or any other person has any right, title or interest and you confirm that your employment with the Company will not infringe or violate the rights of any other person. Also, we expect you to abide by any contractual obligations to refrain from soliciting any person employed by or otherwise associated with any former or current employer. You represent and warrant to the Company that you have returned all property and confidential information belonging to any prior employer.

**7. Verification of Information and Eligibility.** This offer of employment is also contingent upon the successful verification of the information you provided to the Company during your application process, professional reference checks and a general background check performed by the Company to confirm your suitability for employment. By accepting this offer of employment, you warrant that all information provided by you is true and correct to the best of your knowledge, and you expressly release the Company from any claim or cause of action arising out of the Company’s verification of such information. You have a right to review copies of any public records obtained by the Company in conducting this verification process unless you check the box below. Your offer is contingent upon the Company’s verification that you are permitted to legally work in the United States. You agree to provide the Company in a timely manner with any and all documentation reasonably necessary to confirm the foregoing.

**8. At Will Employment Relationship.** Employment with the Company is for no specific period of time. Your employment with the Company will be “at will,” meaning that either you or the Company may terminate your employment at any time and for any reason, with or without

cause or notice. Any contrary representations that may have been made to you are superseded by this offer letter. This is the full and complete agreement between you and the Company on this term. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at will" nature of your employment may only be changed in an express written agreement signed by you and the Company's CEO.

**9. Tax Matters.**

**(a) Withholding.** All forms of compensation referred to in this offer letter are subject to reduction to reflect applicable withholding and payroll taxes and other deductions required by law.

**(b) Tax Advice.** You are encouraged to obtain your own tax advice regarding your compensation from the Company. You agree that the Company does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities, and you will not make any claim against the Company or its Board of Directors related to tax liabilities arising from your compensation.

**10. Interpretation, Amendment and Enforcement.** This offer letter and Exhibit A constitute the complete agreement between you and the Company, contain all of the terms of your employment with the Company and supersede any prior or contemporaneous agreements, representations or understandings (whether written, oral or implied) between you and the Company. This offer letter may not be amended or modified, except by an express written agreement signed by both you and a duly authorized officer of the Company. The terms of this offer letter and the resolution of any disputes as to the meaning, effect, performance or validity of this offer letter or arising out of, related to, or in any way connected with, this offer letter, your employment with the Company or any other relationship between you and the Company (the "Disputes") will be governed by California law, excluding laws relating to conflicts or choice of law. You and the Company submit to the exclusive personal jurisdiction of the federal and state courts located in Orange County, California in connection with any Dispute or any claim related to any Dispute.

\* \* \* \* \*

We hope that you will accept our offer to join the Company. You may indicate your agreement with these terms and accept this offer by signing and dating both the enclosed duplicate original of this offer letter and the enclosed Confidential Information and Invention Assignment Agreement and returning them to Human Resources by close of business on 7/20/2018. As required by law, your employment with the Company is contingent upon your providing legal proof of your identity and authorization to work in the United States. Your employment is also contingent upon you starting work in this new position as of 8/13/2018.

If you have any questions, please call me at \_\_\_\_\_.

Congratulations on your offer of employment! We are looking forward to you joining our team and the contributions we anticipate you making at Alteryx.

ALTERYX, INC.

/s/ Chad Bennett

By: Chad Bennett

Title: Senior Vice President, Human Resources

I have read and accept this employment offer:

Name: Derek Knudsen

Signature: /s/ Derek Knudsen

Date: 07/19/2018

I hereby waive my right to receive any public records as described above.

**Attachment**

Exhibit A: Confidential Information and Invention Assignment Agreement

**ALTERYX, Inc.**

**CONFIDENTIAL INFORMATION AND INVENTION ASSIGNMENT AGREEMENT**

**(Federal)**

THIS CONFIDENTIAL INFORMATION AND INVENTION ASSIGNMENT AGREEMENT ("Agreement"), is being entered into by me with Alteryx, Inc., a Delaware corporation, and their respective subsidiaries, affiliates, successors or assigns (together the "Company"), as a condition of my employment with the Company (as further described below). As such, in consideration of my employment with the Company and my receipt of the compensation now and hereafter paid to me by Company, I agree to the following:

1. *Employment.* I acknowledge and agree that my employment with the Company is strictly "at-will", in that at all times, and under all conditions whatsoever, either the Company or I can terminate the subject employment relationship at any time, with or without prior notice, and for any reason not prohibited by law. As part of this employment relationship, and in addition to executing this Agreement for the benefit of the Company, I am also entering into a Comprehensive Agreement (Employment At-Will and Arbitration) ("Comprehensive Agreement") that designates the Company as my employer.

2. *Confidential Information.*

A. *Company Information.* I agree at all times during the term of my employment and thereafter, to hold in strictest confidence, and not to use, except for the benefit of the Company, or to disclose to any person, firm or corporation without written authorization of the President of the Company, any Confidential Information of the Company, except under a nondisclosure agreement duly authorized and executed by the Company. I understand that "Confidential Information" means any non-public information that relates to the actual or anticipated business or research and development of the Company, technical data, trade secrets or know-how, including, but not limited to, research, product plans or other information regarding Company's products or services and markets therefor, customer lists and customers (including, but not limited to, customers of the Company on whom I called or with whom I became acquainted during the term of my employment), software, source code, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, finances or other business information. I further understand that Confidential Information does not include any of the foregoing items which have become publicly known and made generally available through no wrongful act of mine or of others who were under confidentiality obligations as to the item or items involved or improvements or new versions thereof. Notwithstanding such nondisclosure obligations, pursuant to the Defend Trade Secrets Act of 2016, I 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: (i) in confidence to an attorney or a federal, state, or local government official solely for the purpose of reporting or investigating a suspected violation of law; or (ii) in a complaint or other document filed in a lawsuit or other proceeding, as long as such filing is made under seal.

B. *Former Employer Information.* I agree that I will not, during my employment with the Company, improperly use or disclose any proprietary information or trade secrets of any former or concurrent employer or other person or entity and that I will not bring onto the premises of the Company any unpublished document or proprietary information belonging to any such employer, person or entity unless consented to in writing by such employer, person or entity.

C. *Third Party Information.* I recognize that the Company has received and in the future will receive from third parties their confidential or proprietary information subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. I agree to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any

person, firm or corporation or to use it except as necessary in carrying out my work for the Company consistent with the Company's agreement with such third party.

3. *Inventions.*

A. *Inventions Retained and Licensed.* I have attached hereto, as Exhibit A, a list describing all inventions, original works of authorship, developments, improvements, and trade secrets which were made by me prior to my employment with the Company (collectively referred to as "Prior Inventions"), which belong to me, which relate to the Company's proposed business, products or research and development, and which are not assigned to the Company hereunder; or, if no such list is attached, I represent that there are no such Prior Inventions. If in the course of my employment with the Company, I incorporate into a Company product, process or service a Prior Invention owned by me or in which I have an interest, I hereby grant to the Company a nonexclusive, royalty-free, fully paid-up, irrevocable, perpetual, worldwide license to make, have made, modify, use and sell such Prior Invention as part of or in connection with such product, process or service, and to practice any method related thereto.

B. *Purpose of Employment.* I acknowledge that one of the primary purposes of the Company is that of developing software for sale and licensing to the Company's customers, and to the extent I have been hired by the Company to program and create software and provide services to the Company's customers concerning the same, I acknowledge and agree that I will be receiving compensation to further this primary purpose for the benefit of the Company.

C. *Assignment of Inventions.* I agree that I will promptly make full written disclosure to the Company, will hold in trust for the sole right and benefit of the Company, and hereby assign to the Company, or its designee, all my right, title, and interest in and to any and all inventions, original works of authorship, software, source code, developments, concepts, improvements, designs, discoveries, ideas, trademarks or trade secrets, whether or not patentable or registrable under copyright or similar laws, and all the derivatives rights thereto, which I may solely or jointly conceive or develop or reduce to practice, or cause to be conceived or developed or reduced to practice, during the period of time I am in the employ of the Company (collectively referred to as "Inventions"), except as provided in Section 4 below. I further acknowledge that all original works of authorship which are made by me (solely or jointly with others) within the scope of and during the period of my employment with the Company and which are protectable by copyright are "works made for hire," as that term is defined in the United States Copyright Act, 17 U.S.C. Section 101, and as such, the same are the sole and exclusive property of the Company. I understand and agree that the decision whether or not to commercialize or market any invention developed by me solely or jointly with others is within the Company's sole discretion and for the Company's sole benefit and that no royalty will be due to me as a result of the Company's efforts to commercialize or market any such invention.

D. *Maintenance of Records.* I agree to keep and maintain adequate and current written records of all Inventions made by me (solely or jointly with others) during the term of my employment with the Company. The records will be in the form of notes, sketches, drawings, and any other format that may be specified by the Company. The records will be available to and remain the sole property of the Company at all times.

E. *Patent and Copyright Registrations.* I agree to assist the Company, or its designee, at the Company's expense, in every proper way to secure the Company's rights in the Inventions and any copyrights, patents, mask work rights or other intellectual property rights relating thereto 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 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, its successors, assigns, and nominees the sole and exclusive rights, title and interest in and to such Inventions, and any copyrights, patents, mask work rights or other intellectual property rights relating thereto. I further agree that my obligation to execute or cause to be

executed, when it is in my power to do so, any such instrument or papers shall continue after the termination of this Agreement. If the Company is unable because of my mental or physical incapacity or for any other reason to secure my signature to apply for or to pursue any application for any United States or foreign patents or copyright registrations covering Inventions or original works of authorship assigned to the Company as above, then I hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as my agent and attorney in fact, to act for and in my behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent or copyright registrations thereon with the same legal force and effect as if executed by me.

4. *Exception to Assignments.* I understand that the provisions of this Agreement requiring assignment of Inventions to the Company do not apply to any invention that I developed entirely on my own time without using the Company's equipment, supplies, facilities, or trade secret information except for those inventions that either (i) relate at the time of conception or reduction to practice of the invention to the Company's business, or actual or demonstrably anticipated research or development of the Company; or (ii) result from any work performed by me for the Company. I will advise the Company promptly in writing of any inventions that I believe meet the foregoing criteria and not otherwise disclosed on Exhibit A.

5. *Conflicting Employment.* I agree that, during the term of my employment with the Company, I will not engage in any other employment, occupation or consulting directly related to the business in which the Company is now involved or becomes involved during the term of my employment, nor will I engage in any other activities that conflict with my obligations to the Company.

6. *Returning Company Documents.* I agree that, at the time of leaving the employ of the Company, I will deliver to the Company (and will not keep in my possession, recreate or deliver to anyone else) any and all devices, records, data, notes, reports, proposals, lists, correspondence, specifications, drawings blueprints, sketches, materials, equipment, other documents or property, or reproductions of any aforementioned items developed by me pursuant to my employment with the Company or otherwise belonging to the Company, its successors or assigns, including, without limitation, those records maintained pursuant to paragraph 3.D. In the event of the termination of my employment, I agree to sign and deliver a "termination certificate", or similar document reasonably requested by the Company, confirming that I have complied with all the terms of this Agreement, and that I have returned all the Confidential Information to the Company, including, but not limited to all devices, software, software codes, records, data, notes, reports, proposals, lists, correspondences, specifications, drawings, blueprints, sketches, materials, equipment, or other documents or property which is the Company's Confidential Information and/or related to in any to the Company's Invention (including, but not limited to all the Company's software and source code).

7. *Notification of New Employer.* In the event that I leave the employ of the Company, I hereby grant consent to notification by the Company to my new employer about my rights and obligations under this Agreement.

8. *Solicitation of Employees.* I agree that for a period of twelve (12) months immediately following the termination of my relationship with the Company for any reason, whether with or without cause, I shall not either directly or indirectly solicit, induce, recruit or encourage any of the Company's employees to leave their employment, or take away such employees, or attempt to solicit, induce, recruit, encourage or take away employees of the Company, either for myself or for any other person or entity.

9. *Non-Disparagement.* I agree that I shall not engage in disparaging conduct directed at the Company, and will refrain from making any negative, detracting, derogatory, and unfavorable statements about the Company.



10. *Representations.* I agree to execute any proper oath or verify any proper document required to carry out the terms of this Agreement. I represent that my performance of all the terms of this Agreement will not breach any agreement to keep in confidence proprietary information acquired by me in confidence or in trust prior to my employment by the Company. I hereby represent and warrant that I have not entered into, and I will not enter into, any oral or written agreement in conflict herewith.

11. *Notification of Labor Code 2872.* If an employment agreement entered into after January 1, 1980 contains a provision requiring the employee to assign or offer to assign any of his or her rights to any invention to his or her employer, the employer must also, at the time the agreement is made, provide a written notification to the employee that the agreement does not apply to an invention which qualifies fully under the provisions of Labor Code 2870. In any suit arising thereunder, the burden of proof shall be on the employee claiming the benefits of its provisions.

12. *Arbitration and Equitable Relief.*

A. *Arbitration.* ALL DISPUTES CONCERNING THIS AGREEMENT, OR THE BREACH HEREOF, SHALL BE RESOLVED BY BINDING ARBITRATION. IN SUCH BINDING ARBITRATION, I AGREE THAT THE ARBITRATOR SHALL HAVE THE POWER TO AWARD ANY REMEDIES, INCLUDING ATTORNEYS' FEES AND COSTS, AVAILABLE UNDER APPLICABLE LAW.

B. *Availability of Injunctive Relief.* I AGREE THAT ANY PARTY MAY SEEK INJUNCTIVE RELIEF WHERE EITHER PARTY ALLEGES OR CLAIMS A VIOLATION OF THIS AGREEMENT. I UNDERSTAND THAT ANY BREACH OR THREATENED BREACH OF THIS AGREEMENT WILL CAUSE IRREPARABLE INJURY AND THAT MONEY DAMAGES WILL NOT PROVIDE AN ADEQUATE REMEDY THEREFOR AND BOTH PARTIES HEREBY CONSENT TO THE ISSUANCE OF AN INJUNCTION. IN THE EVENT EITHER PARTY SEEKS INJUNCTIVE RELIEF, THE PREVAILING PARTY SHALL BE ENTITLED TO RECOVER REASONABLE COSTS AND ATTORNEYS' FEES.

C. *Voluntary Nature of Agreement.* I ACKNOWLEDGE AND AGREE THAT I AM EXECUTING THIS AGREEMENT VOLUNTARILY AND WITHOUT ANY DURESS OR UNDUE INFLUENCE BY THE COMPANY OR ANYONE ELSE. I FURTHER ACKNOWLEDGE AND AGREE THAT I HAVE CAREFULLY READ THIS AGREEMENT AND THAT I HAVE ASKED ANY QUESTIONS NEEDED FOR ME TO UNDERSTAND THE TERMS, CONSEQUENCES AND BINDING EFFECT OF THIS AGREEMENT AND FULLY UNDERSTAND IT, INCLUDING THAT I AM WAIVING MY RIGHT TO A JURY TRIAL.

FINALLY, I AGREE THAT I HAVE BEEN PROVIDED AN OPPORTUNITY TO SEEK THE ADVICE OF AN ATTORNEY OF MY CHOICE BEFORE SIGNING THIS AGREEMENT.

13. *General Provisions.*

A. *Governing Law; Consent to Personal Jurisdiction.* This Agreement will be governed by the laws of the State of California. I hereby expressly consent to the personal jurisdiction of the state and federal courts located in California for any lawsuit filed there against me by the Company arising from or relating to this Agreement.

B. *Entire Agreement.* This Agreement sets forth the entire agreement and understanding between the Company and me relating to the subject matter herein and supersedes all prior discussions or representations between us including, but not limited to, any representations made during my interview(s) or relocation negotiations, whether written or oral. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing signed by the President of the Company and me. Any subsequent change or changes in my duties, salary or compensation will not affect the validity or scope of this Agreement. If there are any conflicts between the terms and conditions of the Comprehensive Agreement or this Agreement, the terms and conditions of this Agreement shall control.

C. *Severability.* If one or more of the provisions in this Agreement are deemed void by law, then the remaining provisions will continue in full force and effect.

D. *Successors and Assigns.* This Agreement will be binding upon my heirs, executors, administrators and other legal representatives and will be for the benefit of the Company, its successors, and its assigns.

IN WITNESS WHEREOF, the individual parties hereto (or their duly authorized representatives, as the case may be) have caused this Confidential Information and Invention Assignment Agreement to be executed effective as of the day and year written.

**COMPANY:** ALTERYX, Inc., a Delaware corporation

By: /s/ Dean A. Stoecker Dated: 11/17/2015  
Dean A. Stoecker, Chief Executive Officer

**EMPLOYEE:**

By: /s/ Derek Knudsen Dated: 7/19/2018  
Employee Signature

Derek Knudsen  
Employee's Name (please print)

**Exhibit A**

**LIST OF PRIOR INVENTIONS AND ORIGINAL WORKS OF AUTHORSHIP**

Identifying Number of Brief  
Title Date Description

\_\_\_ No inventions or improvements

\_\_\_ Additional Sheets Attached

Signature of Employee: \_\_\_\_\_

Print Name of Employee: \_\_\_\_\_

**LEASE**

**BETWEEN**

**IRVINE SPECTRUM TERRACE I LLC**

**AND**

**ALTERYX, INC.**

---

## LEASE

THIS LEASE is made as of October 14, 2019, by and between **IRVINE SPECTRUM TERRACE I LLC**, a Delaware limited liability company, hereafter called "**Landlord**," and **ALTERYX, INC.**, a Delaware corporation, hereafter called "**Tenant**."

### ARTICLE 1. BASIC LEASE PROVISIONS

Each reference in this Lease to the "**Basic Lease Provisions**" shall mean and refer to the following collective terms, the application of which shall be governed by the provisions in the remaining Articles of this Lease.

1. **Tenant's Trade Name:** N/A

2. **Premises:** The Premises are more particularly described in Section 2.1.

**Address of Buildings:** 17100 Laguna Canyon Road, Irvine, CA 92618 ("**17100 Building**")  
17200 Laguna Canyon Road, Irvine, CA 92618 ("**17200 Building**")  
(collectively, "**Building**")

**Project Description:** Spectrum Terrace (as shown on **Exhibit Y** to this Lease)

3. **Use of Premises:** General office and any lawful use ancillary thereto, and for no other use.

4. **Commencement Date:** See Section 3.1

5. **Lease Term:** 84 months, plus such additional days as may be required to cause this Lease to expire on the final day of the calendar month, and subject to two 60-month extension periods pursuant to Section 7 of **Exhibit G** to this Lease.

6. **Basic Rent:**

Months of Term or Period	Monthly Rate Per Rentable Square Foot	Monthly Basic Rent (rounded to the nearest dollar)
1 to 12	\$3.30	\$601,877.00
13 to 24	\$3.42	\$623,764.00
25 to 36	\$3.54	\$645,650.00
37 to 48	\$3.66	\$667,536.00
49 to 60	\$3.79	\$691,247.00
61 to 72	\$3.92	\$714,957.00
73 to 84	\$4.06	\$740,491.00

Notwithstanding the above schedule of Basic Rent to the contrary, as long as Tenant is not then in Default (as defined in Section 14.1) under this Lease, Tenant shall be entitled to an abatement of 6 full calendar months of Basic Rent in the aggregate amount of \$3,611,262.00 (i.e. \$601,877.00 per month) (the "**Abated Basic Rent**") for the first 6 full calendar months of the Term (the "**Abatement Period**"). In the event of a default by Tenant under the terms of the Lease that results in termination of the Lease, then as a part of Landlord's recovery (but only to the extent Landlord is not otherwise "made whole" for the Abated Basic Rent hereunder through its recovery of leasehold damages), Landlord shall be entitled to the recovery of the then unamortized remaining balance of the Abated Basic Rent (such amortization being calculated on a straight line basis over the initial 84-month Lease Term and such balance being determined as of the date of Tenant's Default). The payment by Tenant of the Abated Basic Rent in the event of a Default shall not limit or affect any of Landlord's other rights, pursuant to this Lease or at law or in equity. Only Basic Rent shall be abated during the Abatement Period and all other additional rent and other costs and charges specified in this Lease shall remain as due and payable pursuant to the provisions of this Lease.

7. **Expense Recovery Period:** Every twelve month period during the Term (or portion thereof during the first and last Lease years) ending June 30.

8. **Floor Area of Premises:** approximately 182,387 rentable square feet

**Floor Area of 17100 Building:** approximately 116,261 rentable square feet

**Floor Area of 17200 Building:** approximately 116,261 rentable square feet

9. **Security Deposit:** \$814,540.00

10. **Broker(s):** Irvine Management Company ("**Landlord's Broker**") is the agent of Landlord exclusively and CBRE/Newport Beach ("**Tenant's Broker**") is the agent of Tenant exclusively.

11. **Parking:** 729 parking spaces in accordance with the provisions set forth in **Exhibit F** to this Lease.

12. **Address for Payments and Notices:**

**LANDLORD**

**TENANT**

Payment Registration Address:

Prior to the Commencement Date:

Email [tenantportal@irvinecompany.com](mailto:tenantportal@irvinecompany.com) to request an account for the Tenant Payment Portal

ALTERYX, INC.

3345 Michelson Drive, Suite 400  
Irvine, CA 92614

Notice Address:

Attn: Christopher Lal, Chief Legal Officer

550 Newport Center Drive  
Newport Beach, CA 92660  
Attn: Senior Vice President, Property Operations  
Irvine Office Properties

After the Commencement Date:

17200 Laguna Canyon Road, Suite 100  
Irvine, CA 92618  
Attn: Christopher Lal, Chief Legal Officer

**LIST OF LEASE EXHIBITS** (All exhibits, riders and addenda attached to this Lease are hereby incorporated into and made a part of this Lease):

- Exhibit A Description of Premises
- Exhibit B Operating Expenses
- Exhibit C Utilities and Services
- Exhibit D Tenant's Insurance
- Exhibit E Rules and Regulations
- Exhibit F Parking
- Exhibit G Additional Provisions
- Exhibit G-1 First Right Space
- Exhibit H Landlord's Disclosures
- Exhibit X Work Letter
- Exhibit Y Project Description

## ARTICLE 2. PREMISES

**2.1. LEASED PREMISES.** Landlord leases to Tenant and Tenant leases from Landlord the initial Premises shown in **Exhibit A** (the "**Premises**"), containing approximately the floor area set forth in Item 8 of the Basic Lease Provisions (the "**Floor Area**"). The Premises consist of all of the Floor Area of the 17200 Building identified in Item 2 of the Basic Lease Provisions and a portion of the Floor Area of the 17100 Building identified in Item 2 of the Basic Lease Provisions known as Suites 150, 300, and 400, which are a portion of the project described in Item 2 (the "**Project**"). Landlord and Tenant stipulate and agree that the Floor Area of Premises set forth in Item 8 of the Basic Lease Provisions is correct.

**2.2. ACCEPTANCE OF PREMISES.** Tenant acknowledges that neither Landlord nor any representative of Landlord has made any representation or warranty with respect to the Premises, the Building or the Project or the suitability or fitness of either for any purpose, except as set forth in this Lease. Tenant acknowledges that the flooring materials which may be installed within portions of the Premises located on the ground floor of the Building may be limited by the moisture content of the Building slab and underlying soils. The taking of possession or use of the Premises by Tenant for any purpose other than construction shall conclusively establish that the Premises and the Building were in satisfactory condition and in conformity with the provisions of this Lease in all respects, except for those matters which Tenant shall have brought to Landlord's attention on a written punch list. The punch list shall be limited to any items required to be accomplished by Landlord under the Work Letter (if any) attached as **Exhibit X**, and shall be delivered to Landlord within 30 days after the Commencement Date (as defined herein). If there is no Work Letter, or if no items are required of Landlord under the Work Letter, by taking possession of the Premises Tenant accepts the improvements in their existing condition, and waives any right or claim against Landlord arising out of the condition of the Premises. Nothing contained in this Section 2.2 shall affect the commencement of the Term or the obligation of Tenant to pay rent. Landlord shall diligently complete all punch list items of which it is notified as provided above.

**2.3. CONDITION AND MAINTENANCE OF BUILDING STRUCTURES AND BUILDING SYSTEMS.** Notwithstanding the foregoing or anything in this Lease to the contrary, Landlord hereby warrants to Tenant that the base Building, including the foundation, floor/ceiling slabs, roof, curtain wall, exterior glass and mullions, windows and seals, columns, beams, shafts (including elevator shafts), stairs, stairwells, elevator cabs, base building washrooms, and main electrical room (collectively, "**Building Structure**"), the Common Areas, and the mechanical systems (including Building elevators), electrical, life safety, plumbing, sprinkler systems (connected to the core) and HVAC systems (collectively, "**Building Systems**") shall, as of the date of the Delivery Date as defined in Section 3.1 below, be in good operating order and condition in accordance with manufacturers' specifications and in compliance with all applicable laws that apply to new construction, and shall as of the Delivery Date be structurally sound and water tight as to the roof and perimeter walls and windows, and with all then existing wiring, cabling and conduits removed ("**Delivery Condition**"). Notwithstanding the foregoing, to the extent that any elements of the Building Structure or Building Systems shall be modified or altered as part of or in connection with the Tenant Improvements, Landlord's warranty with respect to the Delivery Condition shall expressly exclude such elements. Provided that Tenant shall notify Landlord of a non-compliance with the foregoing warranty on or before 120 days following the date Tenant commences business operations from the Premises, then Landlord shall, notwithstanding anything to the contrary contained in this Lease or the Work Letter attached as **Exhibit X** to this Lease, at Landlord's sole cost and expense and without deduction from the Landlord Contribution as set forth in Section II of **Exhibit X**, promptly after receipt of written notice from Tenant setting forth the nature and extent of such non-compliance, rectify same at Landlord's cost and expense to the extent necessary to allow Tenant to obtain the equivalent of a certificate of occupancy and to allow Tenant to conduct normal and customary business office operations. In addition, Landlord shall be responsible, at its cost (except to the extent properly included in Project Costs), for correcting any violations of Title III of the Americans with Disabilities Act (ADA) of which it is notified by governmental authorities (or by which Tenant is notified by governmental authorities or which have to be cured or corrected in order for Tenant to obtain permits to construct its Tenant Improvements and as to which Tenant has notified Landlord of such occurrence or receipt of notice from governmental authorities). Landlord shall comply with all applicable laws relating to the base Building, provided that compliance with such applicable laws is not the responsibility of Tenant under this Lease, and provided further that Landlord's failure to comply therewith would prohibit Tenant from obtaining or maintaining a certificate of occupancy for the Premises, or would unreasonably and materially affect the safety of Tenant's employees or create a significant health hazard for Tenant's employees.

## ARTICLE 3. TERM

**3.1. GENERAL.** The term of this Lease ("**Term**") shall be for the period shown in Item 5 of the Basic Lease Provisions. The Term shall commence ("**Commencement Date**") on the earlier of (a) 22 weeks following the Delivery Date (as defined in this Section 3.1 below), which 22-week period shall be extended for Commencement Date Delays as defined in Section III of **Exhibit X**, or (b) the date Tenant commences its regular business activities within the Premises, but in no event earlier than January 1, 2020. Promptly following request by Landlord, the parties shall memorialize on a form provided by Landlord (the "**Commencement Memorandum**") the actual Commencement Date and the expiration date ("**Expiration Date**") of this Lease; should Tenant fail to execute and return the Commencement Memorandum to Landlord within 5 business days (or provide specific written objections thereto within that period), then Landlord's determination of the Commencement and Expiration Dates as set forth in the Commencement Memorandum shall be conclusive.

**3.2. TENDER OF POSSESSION AND EARLY ENTRY.** Following the Delivery Date, and delivery of proper evidence of all required funds, documents, and insurance pursuant to **Exhibit D** hereof, Landlord shall permit Tenant and its agents to enter the Premises in order that Tenant may perform any work to be performed by Tenant hereunder through its own contractors, subject to Landlord's prior written approval, which approval shall not be unreasonably withheld, conditioned, or delayed, and otherwise in accordance with the requirements of Section 7.3 of this Lease. The foregoing license to enter the Premises prior to the Commencement Date is however, conditioned upon the compliance by Tenant's contractors with all reasonable requirements (that are not inconsistent with this Lease) imposed by Landlord on third party contractors, including without limitation the maintenance by Tenant and its contractors and subcontractors of workers' compensation and public liability and property damage insurance in amounts and with companies and on forms reasonably satisfactory to Landlord, with certificates of such insurance being furnished to Landlord prior to proceeding with any such entry. The entry shall be deemed to be under all of the provisions of the Lease except as to the covenants to pay Rent. Except to the extent arising from Landlord's negligence or willful misconduct, Landlord shall not be liable in any way for any injury, loss or damage which may occur to any such work being performed by Tenant, the same being solely at Tenant's risk. In no event shall the failure of Tenant's contractors to complete any work in the Premises extend the Commencement Date of the Lease except to the extent such failure results from a Commencement Date Delay as defined in Section III of **Exhibit X**. Notwithstanding the foregoing, in the event Tenant commences its regular business activities in the Premises prior to the Commencement Date but on or after January 1, 2020, Tenant shall pay Rent under the Lease as of the date Tenant commences its regular business activities in the Premises. For the avoidance of doubt, Tenant may commence its regular business activities in the Premises prior to January 1, 2020, and Tenant shall not be required to pay Rent until the Commencement Date.

#### **ARTICLE 4. RENT AND OPERATING EXPENSES**

**4.1. BASIC RENT.** From and after the Commencement Date, Tenant shall pay to Landlord without deduction or offset (except as otherwise provided herein) a Basic Rent for the Premises in the total amount shown (including subsequent adjustments, if any) in Item 6 of the Basic Lease Provisions (the "**Basic Rent**"). If the Commencement Date is other than the first day of a calendar month, any rental adjustment shown in Item 6 shall be deemed to occur on the first day of the next calendar month following the specified monthly anniversary of the Commencement Date. The Basic Rent shall be due and payable in advance commencing on the Commencement Date and continuing thereafter on the first day of each successive calendar month of the Term, as prorated for any partial month. No demand, notice or invoice shall be required. An installment in the amount of 1 full month's Basic Rent at the initial rate specified in Item 6 of the Basic Lease Provisions, and 1 month's estimated Tenant's Share of Operating Expenses, for the Premises shall be delivered to Landlord concurrently with Tenant's execution of this Lease and shall be applied against the Basic Rent first due hereunder; the next installment of Basic Rent shall be due on the first day of the appropriate calendar month of the Term after taking into account the Abatement Period, which installment shall, if necessary, be appropriately prorated to reflect the amount prepaid for that calendar month.

**4.2. OPERATING EXPENSES.** Tenant shall pay Tenant's Share of Operating Expenses in accordance with **Exhibit B** of this Lease.

**4.3. SECURITY DEPOSIT.** Concurrently with Tenant's delivery of this Lease, Tenant shall deposit with Landlord the sum, if any, stated in Item 9 of the Basic Lease Provisions (the "**Security Deposit**"), to be held by Landlord as security for the full and faithful performance of Tenant's obligations under this Lease, to pay any rental sums, including without limitation such additional rent as may be owing under any provision hereof, and to maintain the Premises as required by Sections 7.1 and 15.2 or any other provision of this Lease. Upon any breach of the foregoing obligations by Tenant, Landlord may apply all or part of the Security Deposit as full or partial compensation. If any portion of the Security Deposit is so applied, Tenant shall within 5 business days after written demand by Landlord deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its original amount. Landlord shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on the Security Deposit. In no event may Tenant utilize all or any portion of the Security Deposit as a payment toward any rental sum due under this Lease. Any unapplied balance of the Security Deposit shall be returned to Tenant or, at Landlord's option, to the last assignee of Tenant's interest in this Lease within 30 days following the termination of this Lease and Tenant's vacation of the Premises. Tenant hereby waives the provisions of Section 1950.7 of the California Civil Code, or any similar or successor laws now or hereafter in effect, in connection with Landlord's application of the Security Deposit to prospective rent that would have been payable by Tenant but for the early termination due to Tenant's Default (as defined herein).

#### **ARTICLE 5. USES**

**5.1. USE.** Tenant shall use the Premises only for the purposes stated in Item 3 of the Basic Lease Provisions and for no other use whatsoever. The uses prohibited under this Lease shall include, without limitation, use of the Premises or a portion thereof for (i) offices of any agency or bureau of the United States or any state or political subdivision thereof; (ii) offices or agencies of any foreign governmental or political subdivision thereof; or (iii) schools, temporary employment agencies or other training facilities which are not ancillary to corporate, executive or professional office use. Tenant shall not do or permit anything to be done in or about the Premises which will in any way interfere with the rights or quiet enjoyment of other occupants



of the Building or the Project, or use or allow the Premises to be used for any unlawful purpose, nor shall Tenant permit any nuisance or commit any waste in the Premises or the Project. Tenant shall not perform any work or conduct any business whatsoever in the Project other than inside the Premises. Tenant shall comply at its expense with all present and future laws, ordinances and requirements of all governmental authorities that pertain to Tenant or its use of the Premises, and with all energy usage reporting requirements of Landlord. Pursuant to California Civil Code § 1938, Landlord hereby states that the Premises have not undergone inspection by a Certified Access Specialist (CASp) (defined in California Civil Code § 55.52(a)(3)). Pursuant to Section 1938 of the California Civil Code, Landlord hereby provides the following notification to Tenant: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction related accessibility standards within the premises." Tenant shall have access to the Building, the Premises, and all parking that Tenant is entitled to under this Lease 24 hours per day 7 days per week, except as expressly otherwise stated in this Lease.

**5.2. SIGNS.** Except as set forth in **Exhibit G** below, and except for Landlord's standard suite entry and, if applicable, lobby directory signage identifying Tenant's name and/or logo, Tenant shall have no right to maintain signs in any location in, on or about the Premises, the Building or the Project and shall not place or erect any signs that are visible from the exterior of the Building. Notwithstanding the foregoing, Tenant may install any signage within the interior of the 17200 Building without Landlord's prior written consent, provided that such interior signage (i) shall not contain words or graphics which would reasonably offend a landlord of a comparable institutionally-owned office building located near the Project, (ii) is consistent with the quality and operation of the Project as a first-class business environment, and (iii) is reasonably related to the operation of Tenant's business activities within the Premises and does not consist of marketing or other advertisement to the general public. The size, design, graphics, material, style, color and other physical aspects of any permitted sign shall be subject to Landlord's written determination, as determined solely by Landlord, prior to installation, that signage is in compliance with any covenants, conditions or restrictions encumbering the Premises and Landlord's signage program for the Project, as in effect from time to time and approved by the City in which the Premises are located ("**Signage Criteria**"). Prior to placing or erecting any such signs, Tenant shall obtain and deliver to Landlord a copy of any applicable municipal or other governmental permits and approvals, except to Landlord's standard suite signage. Tenant shall be responsible for all costs of any permitted sign, including, without limitation, the fabrication, installation, maintenance and removal thereof and the cost of any permits therefor, except that Landlord shall pay for the initial installation costs only of the standard suite signage. If Tenant fails to maintain its sign in good condition, or if Tenant fails to remove same upon termination of this Lease and repair and restore any damage caused by the sign or its removal, Landlord may do so at Tenant's expense. Landlord shall have the right to temporarily remove any signs in connection with any repairs or maintenance in or upon the Building. The term "**sign**" as used in this Section shall include all signs, designs, monuments, displays, advertising materials, logos, banners, projected images, pennants, decals, pictures, notices, lettering, numerals or graphics.

**5.3. HAZARDOUS MATERIALS.** Tenant shall not generate, handle, store or dispose of hazardous or toxic materials (as such materials may be identified in any federal, state or local law or regulation) in the Premises or Project without the prior written consent of Landlord; provided that the foregoing shall not be deemed to proscribe the use by Tenant of customary office supplies in normal quantities so long as such use comports with all applicable laws. Tenant acknowledges that it has read, understands and, if applicable, shall comply with the provisions of **Exhibit H** to this Lease, if that Exhibit is attached.

Landlord, to the best of Landlord's knowledge (as hereinafter defined), represents to Tenant that except for customary office supplies and except as otherwise disclosed in **Exhibit H**, no hazardous or toxic materials are present in or about the Building as of the date of this Lease which are in violation of any applicable federal, state or local law, ordinance or regulation. Notwithstanding any such disclosure, should any such materials be discovered in, on, under or about any portion of the Project and should their remediation be legally required, then unless such materials were introduced by Tenant, its agents, employees, subtenants, vendors, licensees, invitees or contractors, Landlord shall remediate same at its expense and shall hold Tenant harmless from any cost in connection therewith. As used herein, "Landlord's knowledge" shall mean the actual knowledge, without duty of inquiry or investigation, of the current employees or authorized agents of Landlord.

## ARTICLE 6. LANDLORD SERVICES

**6.1. UTILITIES AND SERVICES.** Landlord and Tenant shall be responsible to furnish those utilities and services to the Premises to the extent provided in **Exhibit C**, subject to the conditions and payment obligations and standards set forth in this Lease. Landlord shall not be liable for any failure to furnish any services or utilities when the failure is the result of any cause beyond Landlord's reasonable control, nor shall Landlord be liable for damages resulting from power surges or any breakdown in telecommunications facilities or services. Landlord's temporary inability to furnish any services or utilities shall not entitle Tenant

to any damages, relieve Tenant of the obligation to pay rent or constitute a constructive or other eviction of Tenant, except that Landlord shall diligently attempt to restore the service or utility promptly. However, if the Premises, or a material portion of the Premises, are made untenable for a period in excess of 3 consecutive business days as a result of a service interruption that is reasonably within the control of Landlord to correct and through no fault of Tenant and for reasons other than as contemplated in Article 11, then Tenant, as its sole remedy, shall be entitled to receive an abatement of rent payable hereunder during the period beginning on the 4th consecutive business day of the service interruption and ending on the day the service has been restored. Tenant shall comply with all rules and regulations which Landlord may reasonably establish for the provision of services and utilities, and shall cooperate with all reasonable conservation practices established by Landlord. Subject to Section 7.5 below, Landlord shall at all reasonable times have free access to all electrical and mechanical installations of Landlord.

**6.2. OPERATION AND MAINTENANCE OF COMMON AREAS.** During the Term, Landlord shall operate, maintain, and repair all Common Areas within the Building and the Project in a first class manner. The term “**Common Areas**” shall mean all areas within the Building and other buildings in the Project which are not held for exclusive use by persons entitled to occupy space, including without limitation parking areas and structures, driveways, sidewalks, landscaped and planted areas, hallways and interior stairwells not located within the premises of any tenant, common electrical rooms, entrances and lobbies, elevators, and restrooms not located within the premises of any tenant.

**6.3. USE OF COMMON AREAS.** The occupancy by Tenant of the Premises shall include the use of the Common Areas in common with Landlord and with all others for whose convenience and use the Common Areas may be provided by Landlord, subject, however, to compliance with Rules and Regulations described in Article 17 below. Landlord shall at all times during the Term have exclusive control of the Common Areas, and may restrain or permit any use or occupancy, except as otherwise provided in this Lease or in Landlord’s rules and regulations. Tenant shall keep the Common Areas clear of any obstruction or unauthorized use related to Tenant’s operations. Landlord may temporarily close any portion of the Common Areas for repairs, remodeling and/or alterations, to prevent a public dedication or the accrual of prescriptive rights, or for any other reasonable purpose. Landlord’s temporary closure of any portion of the Common Areas for such purposes shall not deprive Tenant of reasonable access to the Premises.

**6.4. CHANGES AND ADDITIONS BY LANDLORD.** Landlord reserves the right to make alterations or additions to the Building or the Project or to the attendant fixtures, equipment and Common Areas, and such change shall not entitle Tenant to any abatement of rent or other claim against Landlord. No change by Landlord to the Common Areas shall: (i) materially impair access to and from the Premises from the parking areas, (ii) reduce the number of vehicle parking spaces to which Tenant is entitled under **Exhibit F** of this Lease, or (iii) otherwise unreasonably interfere with Tenant’s access to and use of the Premises, the parking areas and the Common Areas adjacent to the Building in any material manner without Tenant’s prior written consent, which shall not be unreasonably withheld.

## **ARTICLE 7. REPAIRS AND MAINTENANCE**

**7.1. TENANT’S MAINTENANCE AND REPAIR.** Subject to Articles 11 and 12, Tenant at its sole expense shall make all repairs necessary to keep the Premises and all improvements and fixtures therein in good condition and repair. Notwithstanding Section 7.2 below, Tenant’s maintenance obligation shall include without limitation all appliances, interior glass, doors, door closures, hardware, fixtures, electrical, plumbing, fire extinguisher equipment and other equipment installed in the Premises and all Alterations constructed by Tenant pursuant to Section 7.3 below, together with any supplemental HVAC equipment servicing only the Premises. All repairs and other work performed by Tenant or its contractors shall be subject to the terms of Sections 7.3 and 7.4 below. Alternatively, should Landlord or its management agent agree to make a repair on behalf of Tenant and at Tenant’s request, Tenant shall promptly reimburse Landlord as additional rent for all reasonable costs incurred (including the standard supervision fee) upon submission of an invoice.

**7.2. LANDLORD’S MAINTENANCE AND REPAIR.** Subject to Articles 11 and 12, Landlord shall provide service, maintenance and repair with respect to the heating, ventilating and air conditioning (“**HVAC**”) equipment of the Building (exclusive of any supplemental HVAC equipment servicing only the Premises) and shall maintain in good repair the Common Areas, roof, foundations, footings, the exterior surfaces of the exterior walls of the Building (including exterior glass), and the structural, electrical, mechanical and plumbing systems of the Building (including elevators, if any, serving the Building), except to the extent provided in Section 7.1 above. Landlord need not make any other improvements or repairs except as specifically required under this Lease, and nothing contained in this Section 7.2 shall limit Landlord’s right to reimbursement from Tenant for maintenance, repair costs and replacement costs as provided elsewhere in this Lease. Notwithstanding any provision of the California Civil Code or any similar or successor laws to the contrary, except as expressly provided in Section 7.6 below, Tenant understands that it shall not make repairs at Landlord’s expense or by rental offset. Except as provided in Section 11.1 and Article 12 below, there shall be no abatement of rent and no liability of Landlord by reason of any injury to or interference with Tenant’s business arising from the making of any repairs, alterations or improvements to any portion of the Building, including repairs to the Premises, nor shall any related activity by Landlord constitute an actual or constructive eviction; provided, however, that in making repairs, alterations or improvements, Landlord shall interfere as little as reasonably practicable with the conduct of Tenant’s business in the Premises. Tenant

hereby waives any and all rights under and benefits of subsection 1 of Section 1932, and Sections 1941 and 1942 of the California Civil Code, or any similar or successor laws now or hereafter in effect.

**7.3. ALTERATIONS.** Except for cosmetic alteration projects that do not exceed \$250,000.00 during each calendar year and that satisfy the criteria in the next following sentence (which work shall require notice to Landlord but not Landlord's consent), Tenant shall make no alterations, additions, decorations or improvements (collectively referred to as "**Alterations**") to the Premises without the prior written consent of Landlord. Landlord's consent shall not be unreasonably withheld as long as the proposed Alterations do not affect the Building Structure or the Building Systems, are not visible from the exterior of the Premises, do not change the basic floor plan of the Premises, and utilize only Landlord's building standard materials ("**Standard Improvements**"). Landlord may impose, as a condition to its consent, any commercially reasonable requirements that Landlord may deem desirable. Without limiting the generality of the foregoing, Tenant shall use Landlord's designated mechanical and electrical contractors for all Alterations work affecting the mechanical or electrical systems of the Building. Should Tenant perform any Alterations work that would necessitate any ancillary Building modification or other expenditure by Landlord, then Tenant shall reimburse Landlord for the cost thereof within 30 days following receipt of paid invoices from Landlord. Tenant shall obtain all required permits for the Alterations and shall perform the work in compliance with all applicable laws, regulations and ordinances with contractors reasonably acceptable to Landlord, and except for cosmetic Alterations not requiring a permit, Landlord shall be entitled to a supervision fee in the amount of 5% of the first \$200,000.00 of the cost of any Alterations, and 2.5% of the cost of any Alterations in excess of \$200,000.00. Any request for Landlord's consent shall be made in writing and shall contain architectural plans describing the work in detail reasonably satisfactory to Landlord. Landlord may elect to cause its architect to review Tenant's architectural plans, and the reasonable cost of that review shall be reimbursed by Tenant. Should the Alterations proposed by Tenant and consented to by Landlord change the floor plan of the Premises, then Tenant shall, at its expense, furnish Landlord with as-built drawings and CAD disks compatible with Landlord's systems. Alterations shall be constructed in a good and workmanlike manner using materials of a quality reasonably approved by Landlord. Unless Landlord otherwise agrees in writing, all Alterations affixed to the Premises, including without limitation all Tenant Improvements constructed pursuant to the Work Letter (except as otherwise provided in the Work Letter), but excluding moveable trade fixtures and furniture, shall become the property of Landlord. Such Alterations shall be surrendered with the Premises at the end of the Term, except that Landlord may, by notice to Tenant given at the time of Landlord's approval, require Tenant to remove by the Expiration Date, or sooner termination date of this Lease, all or any Alterations (including without limitation all telephone and data cabling) installed either by Tenant or by Landlord at Tenant's request (collectively, the "**Required Removables**"), and to replace any non-Standard Improvements with the applicable Standard Improvements. Tenant, at the time it requests approval for a proposed Alteration, may request in writing that Landlord advise Tenant whether the Alteration or any portion thereof, is a Required Removable. Within 10 days after receipt of Tenant's request, Landlord shall advise Tenant in writing as to which portions of the subject Alterations are Required Removables. In connection with its removal of Required Removables, Tenant shall repair any damage to the Premises arising from that removal and shall restore the affected area to its pre-existing condition, reasonable wear and tear excepted. Notwithstanding the foregoing, provided that Tenant leases the Premises for a Term of not less than 15 years, then (i) Landlord shall waive any and all removal and restoration requirements with respect to any initial Tenant Improvements and subsequent Alterations that do not affect the Building Structure or Building Systems (for avoidance of doubt the foregoing waiver shall apply to Alterations and improvements related to wall partitions, wall coverings, signs, floor coverings, doors, hardware, or other fixtures that are customarily replaced by institutional landlords of comparable buildings in connection with the re-leasing of space similar to the Premises), and (ii) if Tenant installs an interconnecting stairwell connecting two or more floors of the 17200 Building as part of the initial Tenant Improvements or subsequently to the 17100 Building, Landlord shall waive any removal and restoration requirements with respect to such stairwell.

**7.4. MECHANIC'S LIENS.** Tenant shall keep the Premises free from any liens arising out of any work performed, materials furnished, or obligations incurred by or for Tenant. Upon request by Landlord, Tenant shall promptly cause any such lien to be released by posting a bond in accordance with California Civil Code Section 8424 or any successor statute. In the event that Tenant shall not, within 15 days following the imposition of any lien, cause the lien to be released of record by payment or posting of a proper bond, Landlord shall have, in addition to all other available remedies, the right to cause the lien to be released by any means it deems proper, including payment of or defense against the claim giving rise to the lien. All expenses so incurred by Landlord, including Landlord's reasonable attorneys' fees, shall be reimbursed by Tenant promptly following Landlord's demand, together with interest from the date of Tenant's receipt of Landlord's demand at the maximum rate permitted by law until paid. Tenant shall give Landlord no less than 20 days' prior notice in writing before commencing construction of any kind on the Premises.

**7.5. ENTRY AND INSPECTION.** Landlord shall at all reasonable times have the right to enter the Premises to inspect them, to supply services in accordance with this Lease, to make repairs and renovations as reasonably deemed necessary by Landlord, and to submit the Premises to prospective or actual purchasers or encumbrance holders (or, during the final twelve months of the Term or when an uncured Default exists, to prospective tenants), all without being deemed to have caused an eviction of Tenant and without abatement of rent except as provided elsewhere in this Lease. If reasonably necessary, Landlord may temporarily close all or a portion of the Premises to perform repairs, alterations and additions. Except in emergencies or to provide Building services, Landlord shall provide Tenant with at least 24 hours prior verbal notice of entry and shall use reasonable efforts to minimize any interference with Tenant's use of the Premises.

**7.6 TENANT'S RIGHT TO MAKE REPAIRS.** Notwithstanding any provision set forth in this Lease to the contrary, if Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the Building Structure and/or the Building Systems and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance, and Landlord fails to provide such action within a reasonable period of time, given the circumstances, after the receipt of such notice, but in any event not later than 7 days after receipt of such notice, then Tenant may proceed to take the required action upon delivery of an additional 3 business days' notice to Landlord specifying that Tenant is taking such required action (provided, however, that neither of the notices shall be required in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities), and if such action was required under the terms of this Lease to be taken by Landlord and was not taken by Landlord within such notice period (unless such notice was not required as provided above), then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in taking such action. Landlord agrees that Tenant will have access to the Building, Building Systems, Building Structure and Common Areas to the extent necessary to perform the work contemplated by this provision. In the event Tenant takes such action, and such work will affect the Building Structure and/or the Building Systems, Tenant shall use only those contractors used or approved by Landlord in the Building for work on such Building Structure or Building Systems unless such contractors are unwilling or unable to perform (and are able to immediately perform), or timely and competitively perform, such work, in which event Tenant may utilize the services of any other qualified contractor which normally and regularly performs similar work in comparable buildings in Orange County. The foregoing right to make repairs shall be effective if and only if Tenant is then leasing and occupying the entire Building to which the repair and/or maintenance pertains. Furthermore, if Landlord does not deliver a detailed written objection to Tenant within 30 days after receipt of an invoice by Tenant of its costs of taking action which Tenant claims should have been taken by Landlord, and if such invoice from Tenant sets forth a reasonably particularized breakdown of its costs and expenses in connection with taking such action on behalf of Landlord, then Tenant shall be entitled to deduct from Rent payable by Tenant under this Lease, the amount set forth in such invoice. If, however, Landlord delivers to Tenant, within 30 days after receipt of Tenant's invoice, a written objection to the payment of such invoice, setting forth with reasonable particularity Landlord's reasons for its claim that such action did not have to be taken by Landlord pursuant to the terms of this Lease or that the charges are excessive (in which case Landlord shall pay the amount it contends would not have been excessive), then Tenant shall not then be entitled to such deduction from Rent, but as Tenant's sole remedy, Tenant may proceed to claim a default by Landlord or, if elected by either Landlord or Tenant, the matter shall proceed to resolution by the selection of an arbitrator to resolve the dispute, which arbitrator shall be selected and qualified pursuant to the procedures set forth the arbitration provision in this Lease, and whose costs shall be paid for by the losing party, unless it is not clear that there is a "losing party", in which event the costs of arbitration shall be shared equally. If Tenant prevails in the arbitration, the amount of the award which shall include interest at the Interest Rate (from the time of each expenditure by Tenant until the date Tenant receives such amount by payment or offset and attorneys' fees and related costs) may be deducted by Tenant from the Rents next due and owing under this Lease.

## **ARTICLE 8. [INTENTIONALLY OMITTED]**

## **ARTICLE 9. ASSIGNMENT AND SUBLETTING**

### **9.1. RIGHTS OF PARTIES.**

(a) Except as otherwise specifically provided in this Article 9, Tenant may not, either voluntarily or by operation of law, assign, sublet, encumber, or otherwise transfer all or any part of Tenant's interest in this Lease, or permit the Premises to be occupied by anyone other than Tenant (each, a "**Transfer**"), without Landlord's prior written consent, which consent shall not unreasonably be withheld, conditioned or delayed in accordance with the provisions of Section 9.1(b). For purposes of this Lease, references to any subletting, sublease or variation thereof shall be deemed to apply not only to a sublease effected directly by Tenant, but also to a sub-subletting or an assignment of subtenancy by a subtenant at any level. Except as otherwise specifically provided in this Article 9, no Transfer (whether voluntary, involuntary or by operation of law) shall be valid or effective without Landlord's prior written consent and, at Landlord's election, such a Transfer shall constitute a material default of this Lease. Notwithstanding the foregoing, a Transfer shall not include the infusion of additional equity capital in Tenant or a transfer of less than a controlling interest in the equity securities of Tenant traded on a national securities exchange.

(b) Except as otherwise specifically provided in this Article 9, if Tenant or any subtenant hereunder desires to transfer an interest in this Lease, Tenant shall first notify Landlord in writing and shall request Landlord's consent thereto. Tenant shall also submit to Landlord in writing: (i) the name and address of the proposed transferee; (ii) the nature of any proposed subtenant's or assignee's business to be carried on in the Premises; (iii) the terms and provisions of any proposed sublease or assignment (including without limitation the rent and other economic provisions, term, improvement obligations and commencement date); (iv) evidence that the proposed assignee or subtenant will comply with the requirements of **Exhibit D** to this Lease; and (v) any other information requested by Landlord and reasonably related to the Transfer. Landlord

shall not unreasonably withhold its consent, provided: (1) the use of the Premises will be consistent with the provisions of this Lease and with Landlord's commitment to other tenants of the Building and Project; (2) any proposed subtenant or assignee demonstrates that it is financially responsible by submission to Landlord of all reasonable information as Landlord may request concerning the proposed subtenant or assignee, including, but not limited to, a balance sheet of the proposed subtenant or assignee as of a date within 180 days of the request for Landlord's consent and statements of income or profit and loss of the proposed subtenant or assignee for the two-year period preceding the request for Landlord's consent; (3) the proposed assignee or subtenant is neither an existing tenant or occupant of the Building or Project nor a prospective tenant with whom Landlord or Landlord's affiliate has been actively negotiating to become a tenant at the Building or Project, except that Landlord will not enforce this restriction if it does not have sufficient available space to accommodate the proposed transferee; and (4) the proposed transferee is not an SDN (as defined below) and will not impose additional burdens or security risks on Landlord. If Landlord consents to the proposed Transfer, then the Transfer may be effected within 90 days after the date of the consent upon the terms described in the information furnished to Landlord; provided that any material change in the terms shall be subject to Landlord's consent as set forth in this Section 9.1(b). Landlord shall approve or disapprove any requested Transfer within 30 days following receipt of Tenant's written notice and the information set forth above. Except in connection with a Permitted Transfer (as defined below), if Landlord approves the Transfer Tenant shall pay a transfer fee of \$1,000.00 to Landlord concurrently with Tenant's execution of a Transfer consent prepared by Landlord.

(c) Notwithstanding the provisions of Subsection (b) above, and except in connection with a **"Permitted Transfer"** (as defined below), in the event Tenant contemplates a Transfer of all or a portion of the Premises (not less than a full floor) for all or substantially all of the remaining Term, Tenant shall give Landlord notice (the **"Intention to Transfer Notice"**) of such contemplated Transfer (whether or not the contemplated Transferee or the terms of such contemplated Transfer have been determined). The Intention to Transfer Notice shall specify the portion of and amount of rentable square feet of the Premises which Tenant intends to Transfer (the **"Contemplated Transfer Space"**), the contemplated date of commencement of the contemplated Transfer (the **"Contemplated Effective Date"**), and the contemplated length of the term of such contemplated Transfer, and shall specify that such Intention to Transfer Notice is delivered to Landlord pursuant to this Section 9(c) in order to allow Landlord to elect to recapture the Contemplated Transfer Space. Thereafter, Landlord shall have the option, by giving written notice to Tenant (the **"Recapture Notice"**) within twenty (20) days after receipt of any Intention to Transfer Notice, to recapture the Contemplated Transfer Space. Such recapture shall cancel and terminate this Lease with respect to the Contemplated Transfer Space as of the date stated in the Intention to Transfer Notice as the effective date of the proposed Transfer; provided, however, that Tenant may notify Landlord within 10 days of receiving the Recapture Notice that Tenant elects to cancel the Transfer and remain in the Premises and, in such event, this Lease will continue in full force and effect. Such recapture of the Contemplated Transfer Space by Landlord shall cancel and terminate this Lease with respect to the Contemplated Transfer Space. In the event of a recapture by Landlord, if this Lease shall be canceled with respect to less than the entire Premises, the Rent reserved herein shall be prorated on the basis of the number of rentable square feet retained by Tenant in proportion to the number of rentable square feet contained in the Premises, and this Lease as so amended shall continue thereafter in full force and effect, and upon request of either party, the parties shall execute written confirmation of the same. If Landlord declines, or fails to elect in a timely manner, to recapture the Contemplated Transfer Space under this Section 9(c), then, provided Landlord has consented to the proposed Transfer, Tenant shall be entitled to proceed to transfer the Contemplated Transfer Space to the proposed Transferee, subject to the provisions of Article 9. Subject to the other terms of this Article 9, for a period of nine (9) months (the **"Nine Month Period"**) commencing on the last day of such twenty (20) day period, Landlord shall not have any right to recapture the Contemplated Transfer Space with respect to any Transfer made during the Nine Month Period, provided that any such Transfer is substantially on the terms set forth in the Intention to Transfer Notice, and provided further that any such Transfer shall be subject to the remaining terms of this Article 9. If such a Transfer is not so consummated within the Nine Month Period (or if a Transfer is so consummated, then upon the expiration of the term of any Transfer of such Contemplated Transfer Space consummated within such Nine Month Period), Tenant shall again be required to submit a new Intention to Transfer Notice to Landlord with respect any contemplated Transfer, as provided above in this Section 9(c).

(d) Should any Transfer occur, Tenant shall, except in connection with a Permitted Transfer, promptly pay or cause to be paid to Landlord, as additional rent, 50% of any amounts paid by the assignee or subtenant, however described and whether funded during or after the Lease Term, to the extent such amounts are in excess of the sum of (i) the scheduled Basic Rent payable by Tenant hereunder (or, in the event of a subletting of only a portion of the Premises, the Basic Rent allocable to such portion as reasonably determined by Landlord) and (ii) the direct out-of-pocket costs, as evidenced by third party invoices provided to Landlord, incurred by Tenant to effect the Transfer, which costs shall be amortized over the remaining Term of this Lease or, if shorter, over the term of the sublease. For purposes herein, such transfer costs shall include all reasonable and customary expenses directly incurred by Tenant attributable to the Transfer, including brokerage fees, legal fees, construction costs, and Landlord's review fee.

(e) The sale of all or substantially all of the assets of Tenant (other than bulk sales in the ordinary course of business), the merger or consolidation of Tenant, the sale of Tenant's capital stock, or any other direct or indirect change of control of Tenant, including, without limitation, change of control of Tenant's parent company or a merger by Tenant or its parent company, shall be deemed a Transfer within the meaning and provisions of this Article, provided that the sale of Tenant's capital stock on a public exchange or over the counter shall not be deemed a Transfer hereunder. Notwithstanding the foregoing, Tenant may assign this

Lease to a successor to Tenant by merger, consolidation or the purchase of substantially all of Tenant's assets, or assign this Lease or sublet all or a portion of the Premises to an Affiliate (defined below), without the consent of Landlord but subject to the provisions of Section 9.2, provided that all of the following conditions are satisfied (a "**Permitted Transfer**"): (i) Tenant is not then in Default hereunder; (ii) Tenant gives Landlord written notice at least 10 business days before such Permitted Transfer, however, if prohibited by confidentiality, then Tenant shall give Landlord written notice within 10 days after the effective date of the transfer; and (iii) the successor entity resulting from any merger or consolidation of Tenant or the sale of all or substantially all of the assets of Tenant, has a net worth (computed in accordance with generally accepted accounting principles, except that intangible assets such as goodwill, patents, copyrights, and trademarks shall be excluded in the calculation ("**Net Worth**")) at the time of the Permitted Transfer that is at least equal to the Net Worth of Tenant immediately before the Permitted Transfer. Tenant's notice to Landlord shall include reasonable information and documentation evidencing the Permitted Transfer and showing that each of the above conditions has been satisfied. If requested by Landlord, Tenant's successor shall sign and deliver to Landlord a commercially reasonable form of assumption agreement. "**Affiliate**" shall mean an entity controlled by, controlling or under common control with Tenant.

**9.2. EFFECT OF TRANSFER.** No subletting or assignment, even with the consent of Landlord, shall relieve Tenant, or any successor-in-interest to Tenant hereunder, of its obligation to pay rent and to perform all its other obligations under this Lease. Each assignee, other than Landlord, shall be deemed to assume all obligations of Tenant under this Lease and shall be liable jointly and severally with Tenant for the payment of all rent, and for the due performance of all of Tenant's obligations, under this Lease. Such joint and several liability shall not be discharged or impaired by any subsequent modification or extension of this Lease. Consent by Landlord to one or more transfers shall not operate as a waiver or estoppel to the future enforcement by Landlord of its rights under this Lease.

**9.3. SUBLEASE REQUIREMENTS.** Any sublease, license, concession or other occupancy agreement entered into by Tenant shall be subordinate and subject to the provisions of this Lease, and if this Lease is terminated during the term of any such agreement, Landlord shall have the right to: (i) treat such agreement as cancelled and repossess the subject space by any lawful means, or (ii) require that such transferee attorn to and recognize Landlord as its landlord (or licensor, as applicable) under such agreement. Landlord shall not, by reason of such attornment or the collection of sublease rentals, be deemed liable to the subtenant for the performance of any of Tenant's obligations under the sublease. If Tenant is in Default (hereinafter defined), Landlord is irrevocably authorized to direct any transferee under any such agreement to make all payments under such agreement directly to Landlord (which Landlord shall apply towards Tenant's obligations under this Lease) until such Default is cured. No collection or acceptance of rent by Landlord from any transferee shall be deemed a waiver of any provision of Article 9 of this Lease, an approval of any transferee, or a release of Tenant from any obligation under this Lease, whenever accruing. In no event shall Landlord's enforcement of any provision of this Lease against any transferee be deemed a waiver of Landlord's right to enforce any term of this Lease against Tenant or any other person.

## ARTICLE 10. INSURANCE AND INDEMNITY

**10.1. TENANT'S INSURANCE.** Tenant, at its sole cost and expense, shall provide and maintain in effect the insurance described in **Exhibit D**. Evidence of that insurance must be delivered to Landlord prior to the Commencement Date.

**10.2. LANDLORD'S INSURANCE.** Landlord shall provide the following types of insurance, with or without deductible and in amounts and coverages as may be determined by Landlord in its discretion: property insurance, subject to standard exclusions (such as, but not limited to, earthquake and flood exclusions), covering the Building or Project. In addition, Landlord may, at its election, obtain insurance coverages for such other risks as Landlord or its Mortgagees may from time to time deem appropriate, including earthquake, terrorism and commercial general liability coverage. Landlord shall not be required to carry insurance of any kind on any tenant improvements or Alterations in the Premises installed by Tenant or its contractors or otherwise removable by Tenant (collectively, "**Tenant Installations**"), or on any trade fixtures, furnishings, equipment, interior plate glass, signs or items of personal property in the Premises, and Landlord shall not be obligated to repair or replace any of the foregoing items should damage occur. All proceeds of insurance maintained by Landlord upon the Building and Project shall be the property of Landlord, whether or not Landlord is obligated to or elects to make any repairs.

### 10.3. JOINT INDEMNITY.

(a) To the fullest extent permitted by law, but subject to Section 10.5 below, Tenant shall defend, indemnify and hold harmless Landlord, its agents, lenders, and any and all affiliates of Landlord, from and against any and all claims, liabilities, costs or expenses arising either before or after the Commencement Date from Tenant's use or occupancy of the Premises, the Building or the Common Areas, or from the conduct of its business, or from any activity, work, or thing done or permitted by Tenant or its agents, employees, subtenants, vendors, contractors, invitees or licensees in or about the Premises, the Building or the Common Areas, or from any Default in the performance of any obligation on Tenant's part to be performed under this Lease, or from any act or negligence of Tenant or its agents, employees, subtenants, vendors, contractors, invitees or licensees. Landlord may, at its option, require Tenant to assume Landlord's defense in any action covered by this Section 10.3(a) through counsel reasonably satisfactory to Landlord. Notwithstanding the foregoing, Tenant shall not be obligated to indemnify Landlord against any liability or expense to the extent

such liability or expense: (i) is ultimately determined to have been caused by the negligence or willful misconduct of Landlord, its agents, contractors or employees, or (ii) covered by Landlord's indemnity obligations set forth in Section 10.3(b) below.

(b) To the fullest extent permitted by law, but subject to Section 10.5 below, Landlord shall defend, indemnify and hold harmless Tenant, its agents, lenders, and any and all affiliates of Tenant, from and against any and all claims, liabilities, costs or expenses arising either before or after the Commencement Date from the active negligence or willful misconduct of Landlord, its employees, agents invitees, licensees or contractors, or to the extent arising in connection with the maintenance or repair of the Common Areas of the Project or from any default in the performance of any obligation on Landlord's part to be performed under this Lease. Tenant may, at its option, require Landlord to assume Tenant's defense in any action covered by this Section 10.3(b) through counsel reasonably satisfactory to Tenant. Notwithstanding the foregoing, Landlord shall not be obligated to indemnify Tenant against any liability or expense to the extent such liability or expense: (i) is ultimately determined to have been caused by the sole negligence or willful misconduct of Tenant, its agents, contractors or employees, or (ii) is covered by Tenant's indemnity obligations set forth in Section 10.3(a) above.

**10.4. LANDLORD'S NONLIABILITY.** Unless caused by the negligence or intentional misconduct of Landlord, its agents, employees or contractors but subject to Section 10.5 below, Landlord shall not be liable to Tenant, its employees, agents and invitees, and Tenant hereby waives all claims against Landlord, its employees and agents for loss of or damage to any property, or any injury to any person, resulting from any condition including, but not limited to, acts or omissions (criminal or otherwise) of third parties and/or other tenants of the Project, or their agents, employees or invitees, fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak or flow from or into any part of the Premises or from the breakage, leakage, obstruction or other defects of the pipes, sprinklers, wires, appliances, plumbing, air conditioning, electrical works or other fixtures in the Building, whether the damage or injury results from conditions arising in the Premises or in other portions of the Building. It is understood that any such condition may require the temporary evacuation or closure of all or a portion of the Building. Should Tenant elect to receive any service from a concessionaire, licensee or third party tenant of Landlord, Tenant shall not seek recourse against Landlord for any breach or liability of that service provider. Notwithstanding anything to the contrary contained in this Lease, in no event shall Landlord be liable for Tenant's loss or interruption of business or income (including without limitation, Tenant's consequential damages, lost profits or opportunity costs), or for interference with light or other similar intangible interests.

**10.5. WAIVER OF SUBROGATION.** Landlord and Tenant each hereby waives all rights of recovery against the other on account of loss and damage occasioned to the property of such waiving party to the extent that the waiving party is entitled to proceeds for such loss and damage under any property insurance policies carried or otherwise required to be carried by this Lease. By this waiver it is the intent of the parties that neither Landlord nor Tenant shall be liable to any insurance company (by way of subrogation or otherwise) insuring the other party for any loss or damage insured against under any property insurance policies, even though such loss or damage might be occasioned by the negligence of such party, its agents, employees, contractors or invitees. The foregoing waiver by Tenant shall also inure to the benefit of Landlord's management agent for the Building.

## ARTICLE 11. DAMAGE OR DESTRUCTION

### 11.1. RESTORATION.

(a) If the Building of which the Premises are a part is damaged as the result of an event of casualty, then subject to the provisions below, Landlord shall repair that damage as soon as reasonably possible unless Landlord reasonably determines that: (i) the Premises have been materially damaged and there is less than 1 year of the Term remaining on the date of the casualty; (ii) any Mortgagee (defined in Section 13.1) requires that the insurance proceeds be applied to the payment of the mortgage debt; or (iii) proceeds necessary to pay the full cost of the repair are not available from Landlord's insurance, including without limitation earthquake insurance. Should Landlord elect not to repair the damage for one of the preceding reasons, Landlord shall so notify Tenant in the "Casualty Notice" (as defined below), and this Lease shall terminate as of the date of delivery of that notice. For the avoidance of doubt, in the event that the insurance proceeds to pay the full cost of the repairs are not payable from Landlord's insurance and neither party terminates this Lease as permitted under this Article 11, the excess cost of such repairs shall be paid by Landlord.

(b) As soon as reasonably practicable following the casualty event but not later than 60 days thereafter, Landlord shall notify Tenant in writing ("**Casualty Notice**") of Landlord's election, if applicable, to terminate this Lease. If this Lease is not so terminated, the Casualty Notice shall set forth the anticipated period for repairing the casualty damage. If the anticipated repair period exceeds 270 days and if the damage is so extensive as to reasonably prevent Tenant's substantial use and enjoyment of the Premises, then either party may elect to terminate this Lease by written notice to the other within 10 days following delivery of the Casualty Notice. If Tenant was entitled to but elected not to exercise its right to terminate the Lease and Landlord does not substantially complete the repair and restoration of the Premises within 2 months after expiration of the estimated period of time set forth in the Casualty Notice, which period shall be extended to the extent of any Reconstruction Delays (defined below), then Tenant may terminate this Lease by written notice to Landlord within 15 days after the expiration of such period, as the same may be extended. For

purposes of this Lease, the term "**Reconstruction Delays**" shall mean: (i) any delays caused by the insurance adjustment process, provided that Landlord is using commercially reasonable due diligence to complete such process; (ii) any delays caused by Tenant; and (iii) any delays caused by events of force majeure.

(c) In the event that neither Landlord nor Tenant terminates this Lease pursuant to Section 11.1(b), Landlord shall repair all material damage to the Premises or the Building as soon as reasonably possible and this Lease shall continue in effect for the remainder of the Term. Upon notice from Landlord, Tenant shall assign or endorse over to Landlord (or to any party designated by Landlord) all property insurance proceeds payable to Tenant under Tenant's insurance with respect to any Tenant Installations; provided if the estimated cost to repair such Tenant Installations exceeds the amount of insurance proceeds received by Landlord from Tenant's insurance carrier, the excess cost of such repairs shall be paid by Tenant to Landlord prior to Landlord's commencement of repairs. Within 15 days of demand, Tenant shall also pay Landlord for any additional excess costs that are determined during the performance of the repairs to such Tenant Installations.

(d) From and after the date of the casualty event, the rental to be paid under this Lease shall be abated in the same proportion that the Floor Area of the Premises that is rendered unusable by the damage from time to time bears to the total Floor Area of the Premises; provided that if the Premises are damaged such that the remaining portion of the Premises is not sufficient to allow Tenant to conduct its business operations from such remaining portion and Tenant does not conduct its business operations therefrom, then Landlord shall allow Tenant a total abatement of Rent during the time and to the extent that the entire Premises are unfit for occupancy for the purposes permitted under this Lease, and not occupied by Tenant as a result of the subject damage.

(e) Notwithstanding the provisions of subsections (a), (b) and (c) of this Section 11.1, but subject to Section 10.5, the cost of any repairs shall be borne by Tenant, and Tenant shall not be entitled to rental abatement or termination rights, if the damage is due to the fault or neglect of Tenant or its employees, subcontractors, contractors, invitees or representatives. In addition, except as provided in subsection (c) above, the provisions of this Section 11.1 shall not be deemed to require Landlord to repair any Tenant Installations, fixtures and other items that Tenant is obligated to insure pursuant to **Exhibit D** or under any other provision of this Lease.

**11.2. LEASE GOVERNS.** Tenant agrees that the provisions of this Lease, including without limitation Section 11.1, shall govern any damage or destruction and shall accordingly supersede any contrary statute or rule of law.

**11.3. ABATEMENT AND INTERFERENCE WITH USE.** In the event that Tenant is prevented from using, and does not use, the Premises or any material portion thereof, as a result of (i) any repair, maintenance or alteration performed by Landlord (including repairs, maintenance and alterations required or permitted by Landlord hereunder), or which Landlord was required to perform under this Lease and failed to perform after the Commencement Date, which substantially interferes with Tenant's use of or ingress to or egress from the Building, Project, Premises or the parking areas; (ii) any failure by Landlord to provide HVAC or electrical service as a result of the direct actions or omissions (where a duty to act exists) of Landlord, its employees, contractors or authorized agents (and Landlord shall use its reasonable efforts to repair or restore such failure), as to which Landlord does not provide substitute services reasonably suitable for Tenant's purposes, such as, for example, bringing in portable air conditioning equipment or back up electrical generators; (iii) any failure of Tenant to have ingress to and egress from the Building, Project, Premises or parking areas as a result of the direct actions or omissions (where a duty to act exists) of Landlord, its employees, contractors or authorized agents, unless Landlord provides alternate ingress, egress or access; (iv) the presence of Hazardous Materials (not caused or knowingly permitted by Tenant or Tenant Parties) in violation of applicable laws which poses a material health risk to the employees of Tenant as a result of continued occupancy of the Premises, or (v) any default by Landlord under this Lease (any such set of circumstances as set forth in items (i) through (v), above, to be known as an "**Abatement Event**"), then Tenant shall give Landlord notice of such Abatement Event, and if such Abatement Event continues for five (5) consecutive business days after Landlord's receipt of any such notice (the "**Eligibility Period**"), then the Basic Rent and Tenant's Share of Operating Expenses shall be abated after expiration of the Eligibility Period for such time and to the extent that Tenant continues to be so prevented from using, and does not use, the Premises, or a portion thereof, in the proportion that the rentable area of the portion of the Premises that Tenant is prevented from using, and does not use ("**Unusable Area**"), bears to the total rentable area of the Premises. In the event that Tenant is prevented from using, and does not use, the Unusable Area for a period of time in excess of the Eligibility Period and the remaining portion of the Premises is not reasonably usable for the conduct its business therein, and if Tenant does not conduct its business from such remaining portion, then for such time after expiration of the Eligibility Period during which and to the extent the Premises are unfit for occupancy for Tenant's permitted use, and Tenant does not use, the Premises, the Basic Rent and Tenant's Share of Operating Expenses for the entire Premises shall be abated. If, however, Tenant reoccupies any portion of the Premises during such period, the Basic Rent and Tenant's Share of Operating Expenses allocable to such reoccupied portion, based on the proportion that the rentable area of such reoccupied portion of the Premises bears to the total rentable area of the Premises, shall be payable by Tenant from the date Tenant reoccupies such portion of the Premises. Such right to abate Basic Rent and Tenant's Share of Operating Expenses shall be Tenant's sole and exclusive remedy at law or in equity for an Abatement Event; provided, however, that (a) nothing in this Section 11.3 shall impair Tenant's rights under Section 14.5, and (b) in the event that the Premises or the Building are rendered inaccessible to Tenant



as a result of an Abatement Event for a period of two hundred seventy (270) days following the date of Landlord's actual knowledge of the occurrence of the Abatement Event, Tenant shall have the right to terminate this Lease by written notice given to Landlord within fifteen (15) business days following the end of such 270-day period, which termination shall be effective as of a date set forth in such notice, not less than thirty (30) days, and not more than one (1) year, following the delivery of such notice, unless Landlord cures such Abatement Event within the thirty (30) day period following receipt of Tenant's notice of termination of this Lease. Any disputes concerning the foregoing provisions shall be submitted to and resolved by judicial reference pursuant to Section 14.7(b) of this Lease. This Section 11.3 shall not be applicable with respect to damage or destruction by casualty (which shall be governed by Section 11.1), or any condemnation (which shall be governed by Article 12).

## ARTICLE 12. EMINENT DOMAIN

Either party may terminate this Lease if any material part of the Premises is taken or condemned for any public or quasi-public use under Law, by eminent domain or private purchase in lieu thereof (a "**Taking**"). Landlord shall also have the right to terminate this Lease if there is a Taking of any portion of the Building or Project which would have a material adverse effect on Landlord's ability to profitably operate the remainder of the Building. The termination shall be effective as of the effective date of any order granting possession to, or vesting legal title in, the condemning authority. If this Lease is not terminated, Basic Rent and Tenant's Share of Operating Expenses shall be appropriately adjusted to account for any reduction in the square footage of the Building or Premises. All compensation awarded for a Taking shall be the property of Landlord and the right to receive compensation or proceeds in connection with a Taking are expressly waived by Tenant; provided, however, Tenant may file a separate claim for Tenant's personal property and Tenant's reasonable relocation expenses, provided the filing of the claim does not diminish the amount of Landlord's award. If only a part of the Premises is subject to a Taking and this Lease is not terminated, Landlord, with reasonable diligence, will restore the remaining portion of the Premises as nearly as practicable to the condition immediately prior to the Taking. Tenant agrees that the provisions of this Lease shall govern any Taking and shall accordingly supersede any contrary statute or rule of law.

## ARTICLE 13. SUBORDINATION; ESTOPPEL CERTIFICATE

**13.1. SUBORDINATION.** Tenant accepts this Lease subject and subordinate to any mortgage(s), deed(s) of trust, ground lease(s) or other lien(s) now or subsequently arising upon the Premises, the Building or the Project, and to renewals, modifications, refinancings and extensions thereof (collectively referred to as a "**Mortgage**"). The party having the benefit of a Mortgage shall be referred to as a "**Mortgagee**". This clause shall be self-operative, but upon request from a Mortgagee, Tenant shall execute a commercially reasonable subordination and attornment agreement in favor of the Mortgagee, provided such agreement provides a non-disturbance covenant benefiting Tenant. Alternatively, a Mortgagee shall have the right at any time to subordinate its Mortgage to this Lease. Upon request, Tenant, without charge, shall attorn to any successor to Landlord's interest in this Lease in the event of a foreclosure of any mortgage. Tenant agrees that any purchaser at a foreclosure sale or lender taking title under a deed in lieu of foreclosure shall not be responsible for any act or omission of a prior landlord, shall not be subject to any offsets or defenses Tenant may have against a prior landlord, and shall not be liable for the return of the Security Deposit not actually recovered by such purchaser nor bound by any rent paid in advance of the calendar month in which the transfer of title occurred; provided that the foregoing shall not release the applicable prior landlord from any liability for those obligations. Tenant acknowledges that Landlord's Mortgagees and their successors-in-interest are intended third party beneficiaries of this Section 13.1.

Notwithstanding the foregoing in this Section to the contrary, Landlord will use reasonable efforts to obtain a non-disturbance, subordination and attornment agreement from Landlord's current Mortgagee on such Mortgagee's then current standard form of agreement. "Reasonable efforts" of Landlord shall not require Landlord to incur any out of pocket cost, expense or liability to obtain such agreement, it being agreed that Tenant shall be responsible for any fee or review costs charged by the Mortgagee. Upon request of Landlord, Tenant will execute the Mortgagee's form of non-disturbance, subordination and attornment agreement and return the same to Landlord for execution by the Mortgagee. Landlord's failure to obtain a non-disturbance, subordination and attornment agreement for Tenant shall have no effect on the rights, obligations and liabilities of Landlord and Tenant or be considered to be a default by Landlord hereunder. Notwithstanding anything to the contrary in this Section, as a condition precedent to the future subordination of this Lease to a future Mortgage, Landlord shall be required to provide Tenant with a commercially reasonable non-disturbance, subordination, and attornment agreement in favor of Tenant from any Mortgagee who comes into existence after the Commencement Date. Any non-disturbance, subordination, and attornment agreement in favor of Tenant provided in accordance with this Section shall provide that, so long as Tenant is paying the Rent due under the Lease and is not otherwise in default under the Lease beyond any applicable cure period, its right to possession and the other terms of the Lease shall remain in full force and effect. Such non-disturbance, subordination, and attornment agreement may include other commercially reasonable provisions in favor of the Mortgagee, including, without limitation, additional time on behalf of the Mortgagee to cure defaults of the Landlord and provide that (a) neither Mortgagee nor any successor-in-interest shall be bound by (i) any payment of the Rent, or other sum due under this Lease for more than 1 month in advance or (ii) any amendment or modification of the Lease made without the express written consent of Mortgagee or any successor-in-interest; (b) neither Mortgagee nor any successor-in-interest will be liable for (i) any act or omission or warranties of any prior landlord (including Landlord), except as to any continuing non-monetary default, (ii) the breach of any warranties or obligations relating to construction of

improvements on the Building or any tenant finish work performed or to have been performed by any prior landlord (including Landlord), or (iii) the return of any Security Deposit, except to the extent such deposits have been received by Mortgagee; and (c) neither Mortgagee nor any successor-in-interest shall be subject to any offsets or defenses which Tenant might have against any prior landlord (including Landlord), except as to any continuing non-monetary default.

**13.2. ESTOPPEL CERTIFICATE.** Tenant shall, within 10 business days after receipt of a written request from Landlord, execute and deliver a commercially reasonable estoppel certificate (or be diligently negotiating the form of the estoppel certificate) in favor of those parties as are reasonably requested by Landlord (including a Mortgagee or a prospective purchaser of the Building or the Project). Landlord shall, within 10 business days after receipt of a written request from Tenant, execute and deliver a commercially reasonable estoppel certificate in favor of those parties as are reasonably requested from Tenant.

## ARTICLE 14. DEFAULTS AND REMEDIES

**14.1. TENANT'S DEFAULTS.** In addition to any other event of default set forth in this Lease, the occurrence of any one or more of the following events shall constitute a "Default" by Tenant:

(a) The failure by Tenant to make any payment of Rent required to be made by Tenant, as and when due, where the failure continues for a period of 5 business days after written notice from Landlord to Tenant. The term "Rent" as used in this Lease shall be deemed to mean the Basic Rent and all other sums required to be paid by Tenant to Landlord pursuant to the terms of this Lease.

(b) The assignment, sublease, encumbrance or other Transfer of the Lease by Tenant, either voluntarily or by operation of law, whether by judgment, execution, transfer by intestacy or testacy, or other means, without the prior written consent of Landlord unless otherwise authorized in Article 9 of this Lease.

(c) The discovery by Landlord that any financial statement provided by Tenant, or by any affiliate, successor or guarantor of Tenant, was materially false.

(d) Except where a specific time period is otherwise set forth for Tenant's performance in this Lease (in which event the failure to perform by Tenant within such time period shall be a Default), the failure or inability by Tenant to observe or perform any of the covenants or provisions of this Lease to be observed or performed by Tenant, other than as specified in any other subsection of this Section 14.1, where the failure continues for a period of 30 days after written notice from Landlord to Tenant. However, if the nature of the failure is such that more than 30 days are reasonably required for its cure, then Tenant shall not be deemed to be in Default if Tenant commences the cure within 30 days, and thereafter diligently pursues the cure to completion.

The notice periods provided herein are in lieu of, and not in addition to, any notice periods provided by law, and Landlord shall not be required to give any additional notice under California Code of Civil Procedure Section 1161, or any successor statute, in order to be entitled to commence an unlawful detainer proceeding.

### 14.2. LANDLORD'S REMEDIES.

(a) Upon the occurrence of any Default by Tenant, then in addition to any other remedies available to Landlord, Landlord may exercise the following remedies:

(i) Landlord may terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall surrender possession of the Premises to Landlord within the time period required by law. Such termination shall not affect any accrued obligations of Tenant under this Lease. Upon termination, Landlord shall have the right to reenter the Premises and remove all persons and property. Landlord shall also be entitled to recover from Tenant:

(1) The worth at the time of award of the unpaid Rent which had been earned at the time of termination;

(2) The worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such loss that Tenant proves could have been reasonably avoided;

(3) The worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such loss that Tenant proves could be reasonably avoided;

(4) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result from Tenant's default, including, but not limited to, the cost of recovering possession of the Premises, commissions and other expenses of reletting, including necessary repair of the Premises, reasonable attorneys' fees, and any other reasonable costs; and

(5) At Landlord's election, all other amounts in addition to or in lieu of the foregoing as may be permitted by law. Any sum, other than Basic Rent, shall be computed on the basis of the -average monthly amount accruing during the 24-month period immediately prior to Default, except that if it becomes necessary to compute such rental before the 24-month period has occurred, then the computation shall be on the basis of the average monthly amount during the shorter period. As used in subparagraphs (1) and (2) above, the "worth at the time of award" shall be computed by allowing interest at the rate of 10% per annum. As used in subparagraph (3) above, the "worth at the time of award" shall be computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus 1%.

(ii) Landlord may elect not to terminate Tenant's right to possession of the Premises, in which event Landlord may continue to enforce all of its rights and remedies under this Lease, including the right to collect all rent as it becomes due. Efforts by the Landlord to maintain, preserve or relet the Premises, or the appointment of a receiver to protect the Landlord's interests under this Lease, shall not constitute a termination of the Tenant's right to possession of the Premises. In the event that Landlord elects to avail itself of the remedy provided by this subsection (ii), Landlord shall not unreasonably withhold its consent to an assignment or subletting of the Premises subject to the reasonable standards for Landlord's consent as are contained in this Lease.

(b) The various rights and remedies reserved to Landlord in this Lease or otherwise shall be cumulative and, except as otherwise provided by California law, Landlord may pursue any or all of its rights and remedies at the same time. No delay or omission of Landlord to exercise any right or remedy shall be construed as a waiver of the right or remedy or of any breach or Default by Tenant. The acceptance by Landlord of rent shall not be a (i) waiver of any preceding breach or Default by Tenant of any provision of this Lease, other than the failure of Tenant to pay the particular rent accepted, regardless of Landlord's knowledge of the preceding breach or Default at the time of acceptance of rent, or (ii) a waiver of Landlord's right to exercise any remedy available to Landlord by virtue of the breach or Default. The acceptance of any payment from a debtor in possession, a trustee, a receiver or any other person acting on behalf of Tenant or Tenant's estate shall not waive or cure a Default under Section 14.1. No payment by Tenant or receipt by Landlord of a lesser amount than the rent required by this Lease shall be deemed to be other than a partial payment on account of the earliest due stipulated rent, nor shall any endorsement or statement on any check or letter be deemed an accord and satisfaction and Landlord shall accept the check or payment without prejudice to Landlord's right to recover the balance of the rent or pursue any other remedy available to it. Tenant hereby waives any right of redemption or relief from forfeiture under California Code of Civil Procedure Section 1174 or 1179, or under any successor statute, in the event this Lease is terminated by reason of any Default by Tenant. No act or thing done by Landlord or Landlord's agents during the Term shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept a surrender shall be valid unless in writing and signed by Landlord. No employee of Landlord or of Landlord's agents shall have any power to accept the keys to the Premises prior to the termination of this Lease, and the delivery of the keys to any employee shall not operate as a termination of the Lease or a surrender of the Premises.

(c) If a Default by Tenant occurs, Landlord shall not be entitled to recover any resulting consequential damages, lost profit or opportunity costs, provided that nothing contained in this Section 14.2(c) shall limit or otherwise restrict Landlord's right to recover any other damages resulting from Tenant's breach of its obligations under Sections 5.3, 7.4, 13.2, and/or 15.1 of this Lease, or Landlord's right to recover any amounts described under Section 14.2(a)(i)(1),(2), (3) and (4) above.

**14.3. LATE PAYMENTS.** Any Rent due under this Lease that is not paid to Landlord within 5 business days of the date when due shall bear interest at the maximum rate permitted by law from the date due until fully paid. The payment of interest shall not cure any Default by Tenant under this Lease. In addition, Tenant acknowledges that the late payment by Tenant to Landlord of rent will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult and impracticable to ascertain. Those costs may include, but are not limited to, administrative, processing and accounting charges, and late charges which may be imposed on Landlord by the terms of any ground lease, mortgage or trust deed covering the Premises. Accordingly, if any rent due from Tenant shall not be received by Landlord or Landlord's designee within 5 business days after the date due, then Tenant shall pay to Landlord, in addition to the interest provided above, a late charge for each delinquent payment equal to the greater of (i) 5% of that delinquent payment or (ii) \$100.00; provided that Landlord shall waive the payment of said late charge for the initial delinquent payment of Basic Rent or Operating Expenses by Tenant. Acceptance of a late charge by Landlord shall not constitute a waiver of Tenant's Default with respect to the overdue amount, nor shall it prevent Landlord from exercising any of its other rights and remedies.

**14.4. RIGHT OF LANDLORD TO PERFORM.** If Tenant is in Default (beyond any applicable notice and cure period) of any of its obligations under the Lease, Landlord shall have the right to perform such obligations. Tenant shall reimburse Landlord for the cost of such performance upon demand together with an administrative charge equal to 10% of the cost of the work performed by Landlord.

**14.5. DEFAULT BY LANDLORD.** Landlord shall not be deemed to be in default in the performance of any obligation under this Lease unless and until it has failed to perform the obligation within 30 days after written notice by Tenant to Landlord specifying in reasonable detail the nature and extent of the failure; provided, however, that if the nature of Landlord's obligation is such that more than 30 days are required for

its performance, then Landlord shall not be deemed to be in default if it commences performance within the 30 day period and thereafter diligently pursues the cure to completion. Except as otherwise set forth in this Lease, Tenant agrees that its remedies shall be limited to a suit for actual damages and/or injunction and shall in no event include any consequential damages, lost profits or opportunity costs.

**14.6. EXPENSES AND LEGAL FEES.** Should either Landlord or Tenant bring any action in connection with this Lease, the prevailing party shall be entitled to recover as a part of the action its reasonable attorneys' fees, and all other reasonable costs. The prevailing party for the purpose of this paragraph shall be determined by the trier of the facts.

**14.7. WAIVER OF JURY TRIAL/JUDICIAL REFERENCE.**

(a) **LANDLORD AND TENANT EACH ACKNOWLEDGES THAT IT IS AWARE OF AND HAS HAD THE ADVICE OF COUNSEL OF ITS CHOICE WITH RESPECT TO ITS RIGHT TO TRIAL BY JURY, AND EACH PARTY DOES HEREBY EXPRESSLY AND KNOWINGLY WAIVE AND RELEASE ALL SUCH RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER PARTY HERETO AGAINST THE OTHER (AND/OR AGAINST ITS OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, OR SUBSIDIARY OR AFFILIATED ENTITIES) ON ANY MATTERS WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE, TENANT'S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM OF INJURY OR DAMAGE.**

(b) In the event that the jury waiver provisions of Section 14.7(a) are not enforceable under California law, then, unless otherwise agreed to by the parties, the provisions of this Section 14.7(b) shall apply. Landlord and Tenant agree that any disputes arising in connection with this Lease (including but not limited to a determination of any and all of the issues in such dispute, whether of fact or of law) shall be resolved (and a decision shall be rendered) by way of a general reference as provided for in Part 2, Title 8, Chapter 6 (§§ 638 et. seq.) of the California Code of Civil Procedure, or any successor California statute governing resolution of disputes by a court appointed referee. Nothing within this Section 14.7 shall apply to an unlawful detainer action.

**14.8. SATISFACTION OF JUDGMENT.** The obligations of Landlord do not constitute the personal obligations of the individual partners, trustees, directors, officers, members or shareholders of Landlord or its constituent partners or members. Should Tenant recover a money judgment against Landlord, such judgment shall be satisfied only from the interest of Landlord in the Project and out of the rent or other income from such property receivable by Landlord, and from available insurance proceeds, and no action for any deficiency may be sought or obtained by Tenant.

**ARTICLE 15. END OF TERM**

**15.1. HOLDING OVER.** If Tenant holds over for any period after the Expiration Date (or earlier termination of the Term) without the prior written consent of Landlord, such tenancy shall constitute a tenancy at sufferance only and a Default by Tenant; such holding over with the prior written consent of Landlord shall constitute a month-to-month tenancy commencing on the 1<sup>st</sup> day following the termination of this Lease and terminating 30 days following delivery of written notice of termination by either Landlord or Tenant to the other. In either of such events, possession shall be subject to all of the terms of this Lease, except that the monthly rental shall be 150% of the total monthly rental for the month immediately preceding the date of termination, subject to Landlord's right to modify same upon 30 days' notice to Tenant. The acceptance by Landlord of monthly hold-over rental in a lesser amount shall not constitute a waiver of Landlord's right to recover the full amount due unless otherwise agreed in writing by Landlord. If Tenant fails to surrender the Premises within 15 days following the expiration of this Lease despite demand to do so by Landlord, Tenant shall indemnify and hold Landlord harmless from all loss or liability, including without limitation, any claims made by any succeeding tenant relating to such failure to surrender. The foregoing provisions of this Section 15.1 are in addition to and do not affect Landlord's right of re-entry or any other rights of Landlord under this Lease or at law.

**15.2. SURRENDER OF PREMISES; REMOVAL OF PROPERTY.** Upon the Expiration Date or upon any earlier termination of this Lease, Tenant shall quit and surrender possession of the Premises to Landlord in as good order, condition and repair as when received or as hereafter may be improved by Landlord or Tenant, reasonable wear and tear and repairs which are Landlord's obligation excepted, and shall remove or fund to Landlord the cost of removing all wallpapering, voice and/or data transmission cabling installed by or for Tenant and Required Removables, together with all personal property and debris, and shall perform all work required under Section 7.3 of this Lease. If Tenant shall fail to comply with the provisions of this Section 15.2, Landlord may effect the removal and/or make any repairs, and the cost to Landlord shall be additional rent payable by Tenant upon demand.

**ARTICLE 16. PAYMENTS AND NOTICES**

All sums payable by Tenant to Landlord shall be paid, without deduction or offset except as expressly provided in this Lease, in lawful money of the United States to Landlord at its address set forth in Item 12 of the Basic Lease Provisions, or at any other place as Landlord may designate in writing. Unless this Lease expressly provides otherwise, as for example in the payment of rent pursuant to Section 4.1, all payments shall be due and payable within 10 business days after demand. All payments requiring proration shall be

prorated on the basis of the number of days in the pertinent calendar month or year, as applicable. Any notice, election, demand, consent, approval or other communication to be given or other document to be delivered by either party to the other may be delivered to the other party, at the address set forth in Item 12 of the Basic Lease Provisions, by personal service, or by any courier or "overnight" express mailing service. Either party may, by written notice to the other, served in the manner provided in this Article, designate a different address. The refusal to accept delivery of a notice, or the inability to deliver the notice (whether due to a change of address for which notice was not duly given or other good reason), shall be deemed delivery and receipt of the notice as of the date of attempted delivery. If more than one person or entity is named as Tenant under this Lease, service of any notice upon any one of them shall be deemed as service upon all of them.

#### **ARTICLE 17. RULES AND REGULATIONS**

Tenant agrees to comply with the Rules and Regulations attached as **Exhibit E**, and any reasonable and nondiscriminatory amendments, modifications and/or additions as may be adopted (provided such rules and regulations adopted by Landlord after the date of this Lease shall not impose any additional material or unreasonable burdens or additional material or unreasonable liabilities on Tenant) and published by written notice to tenants by Landlord for the safety, care, security, good order, or cleanliness of the Premises, Building, Project and/or Common Areas. Landlord shall not be liable to Tenant for any violation of the Rules and Regulations or the breach of any covenant or condition in any lease or any other act or conduct by any other tenant, and the same shall not constitute a constructive eviction hereunder. One or more waivers by Landlord of any breach of the Rules and Regulations by Tenant or by any other tenant(s) shall not be a waiver of any subsequent breach of that rule or any other. Tenant's failure to keep and observe the Rules and Regulations shall constitute a default under this Lease. In the case of any conflict between the Rules and Regulations and this Lease, this Lease shall be controlling. Landlord shall not knowingly discriminate against Tenant in Landlord's enforcement of the rules and regulations. The rules and regulations shall be generally applicable, and generally applied in the same manner, to all tenants of the Building.

#### **ARTICLE 18. BROKER'S COMMISSION**

The parties recognize as the broker(s) who negotiated this Lease the firm(s) whose name(s) is (are) stated in Item 10 of the Basic Lease Provisions, and agree that Landlord shall be responsible for the payment of brokerage commissions to those broker(s) unless otherwise provided in this Lease. It is understood that Landlord's Broker represents only Landlord in this transaction and Tenant's Broker (if any) represents only Tenant. Each party warrants that it has had no dealings with any other real estate broker or agent in connection with the negotiation of this Lease, and agrees to indemnify and hold the other party harmless from any cost, expense or liability (including reasonable attorneys' fees) for any compensation, commissions or charges claimed by any other real estate broker or agent employed or claiming to represent or to have been employed by the indemnifying party in connection with the negotiation of this Lease. The foregoing agreement shall survive the termination of this Lease.

#### **ARTICLE 19. TRANSFER OF LANDLORD'S INTEREST**

In the event of any transfer of Landlord's interest in the Premises, the transferor shall be automatically relieved of all obligations on the part of Landlord accruing under this Lease from and after the date of the transfer, provided that Tenant is duly notified of the transfer, and further provided that any successor pursuant to a voluntary, third party transfer (but not as part of an involuntary transfer resulting from a foreclosure or deed in lieu thereof) shall have assumed Landlord's obligations under this Lease either by contractual obligation, assumption agreement or by operation of law, and that Landlord and its successors, as the case may be, shall remain liable after their respective periods of ownership with respect to any sums due in connection with a breach or default by such party that arose during such period of ownership by such party. Any funds held by the transferor in which Tenant has an interest, including without limitation, the Security Deposit, shall be turned over, subject to that interest, to the transferee. No Mortgagee to which this Lease is or may be subordinate shall be responsible in connection with the Security Deposit unless the Mortgagee actually receives the Security Deposit. It is intended that the covenants and obligations contained in this Lease on the part of Landlord shall, subject to the foregoing, be binding on Landlord, its successors and assigns, only during and in respect to their respective successive periods of ownership.

#### **ARTICLE 20. INTERPRETATION**

**20.1. NUMBER.** Whenever the context of this Lease requires, the words "Landlord" and "Tenant" shall include the plural as well as the singular.

**20.2. HEADINGS.** The captions and headings of the articles and sections of this Lease are for convenience only, are not a part of this Lease and shall have no effect upon its construction or interpretation.

**20.3. JOINT AND SEVERAL LIABILITY.** If more than one person or entity is named as Tenant, the obligations imposed upon each shall be joint and several and the act of or notice from, or notice or refund to, or the signature of, any one or more of them shall be binding on all of them with respect to the tenancy of this Lease, including, but not limited to, any renewal, extension, termination or modification of this Lease.

**20.4. SUCCESSORS.** Subject to Sections 13.1 and 22.3 and to Articles 9 and 19 of this Lease, all rights and liabilities given to or imposed upon Landlord and Tenant shall extend to and bind their respective heirs, executors, administrators, successors and assigns. Nothing contained in this Section 20.4 is intended, or shall be construed, to grant to any person other than Landlord and Tenant and their successors and assigns any rights or remedies under this Lease.

**20.5. TIME OF ESSENCE.** Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

**20.6. CONTROLLING LAW/VENUE.** This Lease shall be governed by and interpreted in accordance with the laws of the State of California. Should any litigation be commenced between the parties in connection with this Lease, such action shall be prosecuted in the applicable State Court of California in the county in which the Building is located.

**20.7. SEVERABILITY.** If any term or provision of this Lease, the deletion of which would not adversely affect the receipt of any material benefit by either party or the deletion of which is consented to by the party adversely affected, shall be held invalid or unenforceable to any extent, the remainder of this Lease shall not be affected and each term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

**20.8. WAIVER.** One or more waivers by Landlord or Tenant of any breach of any term, covenant or condition contained in this Lease shall not be a waiver of any subsequent breach of the same or any other term, covenant or condition. Consent to any act by one of the parties shall not be deemed to render unnecessary the obtaining of that party's consent to any subsequent act. No breach of this Lease shall be deemed to have been waived unless the waiver is in a writing signed by the waiving party.

**20.9. INABILITY TO PERFORM.** In the event that either party shall be delayed or hindered in or prevented from the performance of any work or in performing any act required under this Lease by reason of any cause beyond the reasonable control of that party, then the performance of the work or the doing of the act shall be excused for the period of the delay and the time for performance shall be extended for a period equivalent to the period of the delay. The provisions of this Section 20.9 shall not operate to excuse Tenant from the prompt payment of Rent.

**20.10. ENTIRE AGREEMENT.** This Lease and its exhibits and other attachments cover in full each and every agreement of every kind between the parties concerning the Premises, the Building, and the Project, and all preliminary negotiations, oral agreements, understandings and/or practices, except those contained in this Lease, are superseded and of no further effect. Tenant waives its rights to rely on any representations or promises made by Landlord or others which are not contained in this Lease. No verbal agreement or implied covenant shall be held to modify the provisions of this Lease, any statute, law, or custom to the contrary notwithstanding.

**20.11. QUIET ENJOYMENT.** Upon the observance and performance of all the covenants, terms and conditions on Tenant's part to be observed and performed, and subject to the other provisions of this Lease, Tenant shall have the right of quiet enjoyment and use of the Premises for the Term without hindrance or interruption by Landlord or any other person claiming by or through Landlord.

**20.12. SURVIVAL.** All covenants of Landlord or Tenant which reasonably would be intended to survive the expiration or sooner termination of this Lease, including without limitation any warranty or indemnity hereunder, shall so survive and continue to be binding upon and inure to the benefit of the respective parties and their successors and assigns.

## **ARTICLE 21. EXECUTION AND RECORDING**

**21.1. COUNTERPARTS; DIGITAL SIGNATURES.** This Lease may be executed in one or more counterparts, each of which shall constitute an original and all of which shall be one and the same agreement. The parties agree to accept a digital image (including but not limited to an image in the form of a PDF, JPEG, GIF file, or other e-signature) of this Lease, if applicable, reflecting the execution of one or both of the parties, as a true and correct original.

**21.2. CORPORATE AND PARTNERSHIP AUTHORITY.** If Tenant or Landlord is a corporation, limited liability company or partnership, each individual executing this Lease on behalf of such entity represents and warrants that such individual is duly authorized to execute and deliver this Lease and that this Lease is binding upon the corporation, limited liability company or partnership in accordance with its terms. Unless Tenant is a publicly-traded corporation or other entity, Tenant shall, at Landlord's request, deliver a certified copy of its organizational documents or an appropriate certificate authorizing or evidencing the execution of this Lease.

**21.3. EXECUTION OF LEASE; NO OPTION OR OFFER.** The submission of this Lease to Tenant shall be for examination purposes only, and shall not constitute an offer to or option for Tenant to lease the Premises. Execution of this Lease by Tenant and its return to Landlord shall not be binding upon Landlord, notwithstanding any time interval, until Landlord has in fact executed and delivered this Lease to Tenant, it

being intended that this Lease shall only become effective upon execution by Landlord and delivery of a fully executed counterpart to Tenant.

**21.4. RECORDING.** Tenant shall not record this Lease without the prior written consent of Landlord. Tenant, upon the request of Landlord, shall execute and acknowledge a "short form" memorandum of this Lease for recording purposes.

**21.5. AMENDMENTS.** No amendment or mutual termination of this Lease shall be effective unless in writing signed by authorized signatories of Tenant and Landlord, or by their respective successors in interest. No actions, policies, oral or informal arrangements, business dealings or other course of conduct by or between the parties shall be deemed to modify this Lease in any respect.

**21.6. BROKER DISCLOSURE.** By the execution of this Lease, each of Landlord and Tenant hereby acknowledge and confirm (a) receipt of a copy of a Disclosure Regarding Real Estate Agency Relationship conforming to the requirements of California Civil Code 2079.16, and (b) the agency relationships specified in Item 10 of the Basic Lease Provisions, which acknowledgement and confirmation is expressly made for the benefit of Tenant's Broker identified in Item 10 of the Basic Lease Provisions. If there is no Tenant's Broker so identified in Item 10 of the Basic Lease Provisions, then such acknowledgement and confirmation is expressly made for the benefit of Landlord's Broker. By the execution of this Lease, Landlord and Tenant are executing the confirmation of the agency relationships set forth in Item 10 of the Basic Lease Provisions.

## ARTICLE 22. MISCELLANEOUS

**22.1. NONDISCLOSURE OF LEASE TERMS.** Tenant acknowledges that the content of this Lease and any related documents are confidential information. Except to the extent disclosure is required by law, Tenant shall keep such confidential information strictly confidential and shall not disclose such confidential information to any person or entity other than Tenant's financial, legal and space-planning consultants, provided, however, that Tenant may disclose the terms to prospective subtenants or assignees under this Lease or pursuant to legal requirement.

**22.2. TENANT'S FINANCIAL STATEMENTS.** The application, financial statements and tax returns, if any, submitted and certified to by Tenant as an accurate representation of its financial condition have been prepared, certified and submitted to Landlord as an inducement and consideration to Landlord to enter into this Lease. Tenant shall during the Term furnish Landlord with current annual financial statements accurately reflecting Tenant's financial condition upon written request from Landlord within 10 days following Landlord's request; provided, however, that so long as Tenant is a publicly traded corporation on a nationally recognized stock exchange, the foregoing obligation to deliver the statements shall be waived.

**22.3. MORTGAGEE PROTECTION.** No act or failure to act on the part of Landlord which would otherwise entitle Tenant to be relieved of its obligations hereunder or to terminate this Lease shall result in such a release or termination unless (a) Tenant has given notice by registered or certified mail to any Mortgagee of a Mortgage covering the Building whose address has been furnished to Tenant and (b) such Mortgagee is afforded a reasonable opportunity to cure the default by Landlord (which shall in no event be less than 60 days), including, if necessary to effect the cure, time to obtain possession of the Building by power of sale or judicial foreclosure provided that such foreclosure remedy is diligently pursued. Tenant shall comply with any written directions by any Mortgagee to pay Rent due hereunder directly to such Mortgagee without determining whether a default exists under such Mortgagee's Mortgage.

**22.4. SDN LIST.** Tenant hereby represents and warrants that neither Tenant nor any officer, director, employee, partner, member or other principal of Tenant (collectively, "**Tenant Parties**") is listed as a Specially Designated National and Blocked Person ("**SDN**") on the list of such persons and entities issued by the U.S. Treasury Office of Foreign Assets Control (OFAC). In the event Tenant or any Tenant Party is or becomes listed as an SDN, Tenant shall be deemed in breach of this Lease and Landlord shall have the right to terminate this Lease immediately upon written notice to Tenant.

**22.5. CONSENT/DUTY TO ACT REASONABLY.** Except where a party is expressly given the right to consent to any matter in its sole or absolute discretion, and except for matters which could have an adverse effect on the Building Structure or Building Systems or affect the exterior appearance of the Building, whereupon in each such case Landlord's duty is to act in good faith and in compliance with the Lease, any time the consent of Landlord or Tenant is required, such consent shall not be unreasonably withheld, conditioned or delayed. Whenever the Lease grants Landlord or Tenant the right to take action, exercise discretion, establish rules and regulations or make allocations or other determinations (other than decisions to exercise expansion, contraction, cancellation, termination or renewal options), then except as otherwise provided herein, Landlord and Tenant shall act reasonably and in good faith and take no action which might result in the frustration of the reasonable expectations of a sophisticated tenant or landlord concerning the benefits to be enjoyed under the Lease.

**LANDLORD:**

IRVINE SPECTRUM TERRACE I LLC,  
a Delaware limited liability company

By /s/ Charles H. Fedalen, Jr.

Charles H. Fedalen, Jr.  
President & CFO

By /s/ Douglas G. Holte

Douglas G. Holte  
Lead Division President

/s/ JM

**TENANT:**

ALTERYX, INC.,  
a Delaware corporation

By /s/ Dean Stoecker

Printed Name Dean Stoecker  
Title CEO

By /s/ Kevin Rubin

Printed Name Dean Stoecker  
Title CFO



EXHIBIT A  
DESCRIPTION OF PREMISES

17200 Laguna Canyon Road

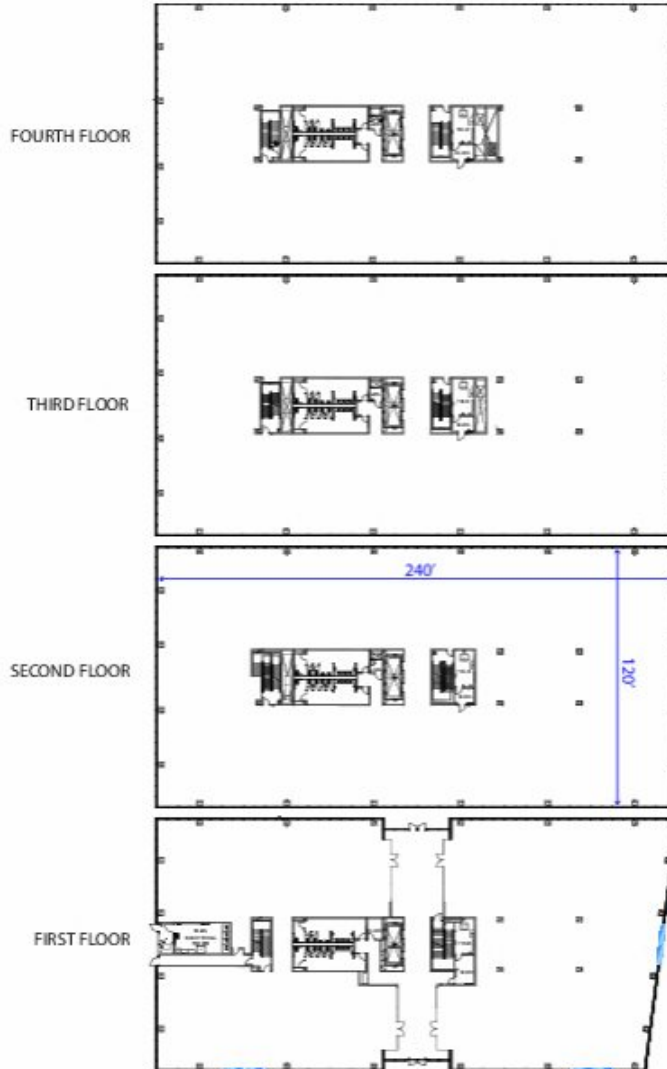
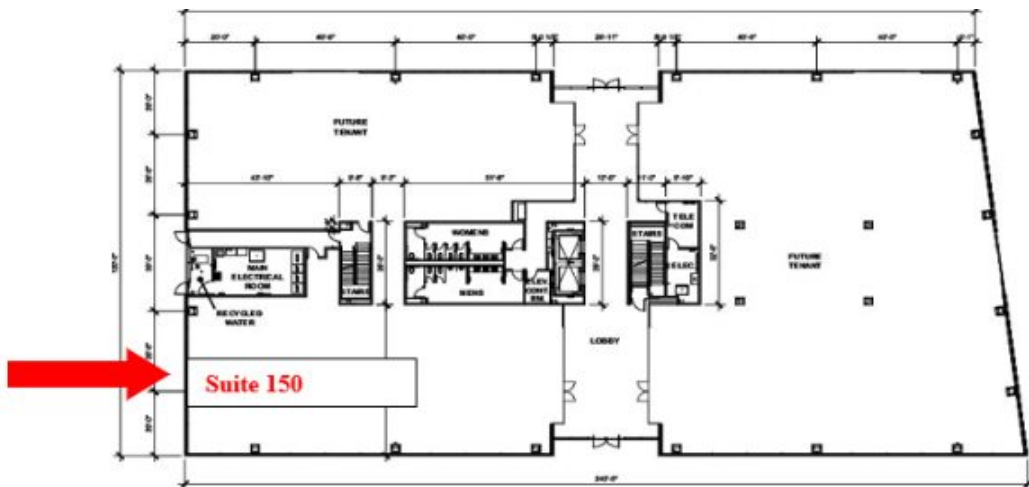
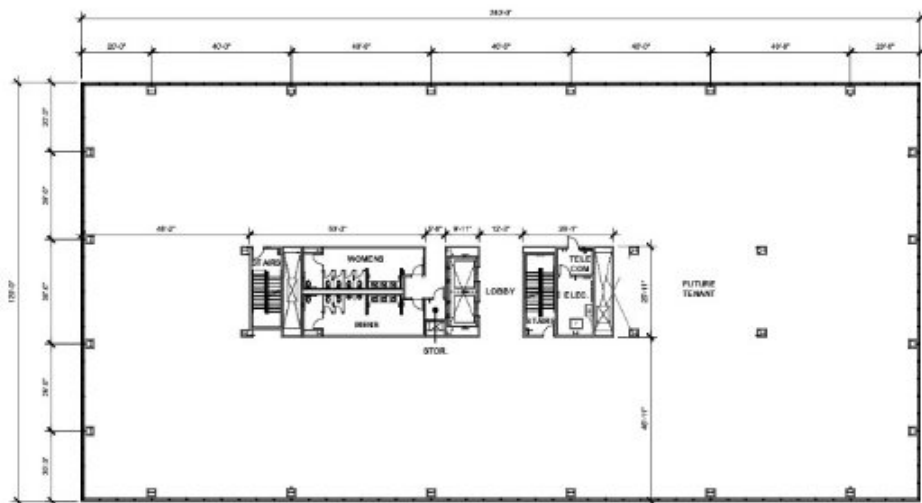


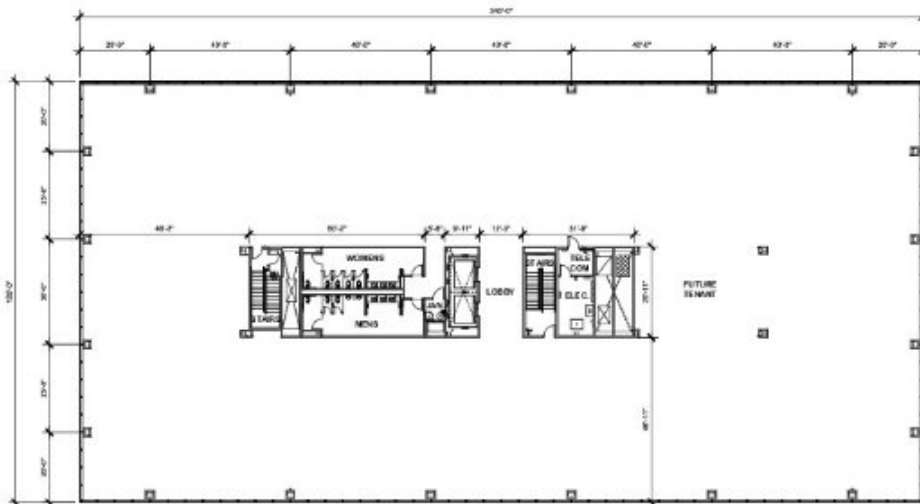
EXHIBIT A  
DESCRIPTION OF PREMISES  
(Continued)  
17100 Laguna Canyon Road  
Suite 150



3rd Floor



4th Floor





**EXHIBIT B**  
**OPERATING EXPENSES**  
**(Net)**

(a) From and after the Commencement Date, Tenant shall pay to Landlord, as additional rent, Tenant's Share of all Operating Expenses, as defined in Section (f) below, incurred by Landlord in the operation of the Building and the Project. The term "**Tenant's Share**" means that portion of any Operating Expenses determined by multiplying the cost of such item by a fraction, the numerator of which is the Floor Area of Premises and the denominator of which is the total rentable square footage, as determined from time to time by Landlord, of (i) the Building, for expenses determined by Landlord to benefit or relate substantially to the Building rather than the entire Project, and (ii) all or some of the buildings in the Project, for expenses determined by Landlord to benefit or relate substantially to all or some of the buildings in the Project rather than any specific building. Landlord reserves the right to allocate to the entire Project any Operating Expenses which may benefit or substantially relate to a particular building within the Project in order to maintain greater consistency of Operating Expenses among buildings within the Project. In the event that Landlord reasonably determines that the Premises or the Building incur a non-proportional benefit from any expense, or is the non-proportional cause of any such expense, Landlord may reasonably allocate a greater percentage of such Operating Expense to the Premises or the Building. In the event that any management and/or overhead fee payable or imposed by Landlord for the management of Tenant's Premises is calculated as a percentage of the rent payable by Tenant and other tenants of Landlord, then the full amount of such management and/or overhead fee which is attributable to the rent paid by Tenant shall be additional rent payable by Tenant, in full, provided, however, that Landlord may elect to include such full amount as part of Tenant's Share of Operating Expenses.

(b) Commencing prior to the start of the first full "**Expense Recovery Period**" of the Lease (as defined in Item 7 of the Basic Lease Provisions), and prior to the start of each full or partial Expense Recovery Period thereafter, Landlord shall give Tenant a written estimate of the amount of Tenant's Share of Operating Expenses for the applicable Expense Recovery Period. Tenant shall pay the estimated amounts to Landlord in equal monthly installments, in advance, concurrently with payments of Basic Rent. If Landlord has not furnished its written estimate for any Expense Recovery Period by the time set forth above, Tenant shall continue to pay monthly the estimated Tenant's Share of Operating Expenses in effect during the prior Expense Recovery Period; provided that when the new estimate is delivered to Tenant, Tenant shall, at the next monthly payment date, pay any accrued estimated Tenant's Share of Operating Expenses based upon the new estimate. Landlord may from time to time change the Expense Recovery Period to reflect a calendar year or a new fiscal year of Landlord, as applicable, in which event Tenant's Share of Operating Expenses shall be equitably prorated for any partial year.

(c) Within 120 days after the end of each Expense Recovery Period, Landlord shall furnish to Tenant a statement (a "**Reconciliation Statement**") showing in reasonable detail the actual or prorated Tenant's Share of Operating Expenses incurred by Landlord during such Expense Recovery Period, and the parties shall within 30 days thereafter make any payment or allowance necessary to adjust Tenant's estimated payments of Tenant's Share of Operating Expenses, if any, to the actual Tenant's Share of Operating Expenses as shown by the Reconciliation Statement. Any delay or failure by Landlord in delivering any Reconciliation Statement shall not constitute a waiver of Landlord's right to require Tenant to pay Tenant's Share of Operating Expenses pursuant hereto. Any amount due Tenant shall be credited against installments next coming due under this **Exhibit B**, and any deficiency shall be paid by Tenant together with the next installment. Should Tenant fail to object in writing to Landlord's determination of Tenant's Share of Operating Expenses, or fail to give written notice of its intent to audit Landlord's Operating Expenses pursuant to the provisions of this **Exhibit B**, within 180 days following delivery of Landlord's Reconciliation Statement, Landlord's determination of Tenant's Share of Operating Expenses for the applicable Expense Recovery Period shall be conclusive and binding on Tenant for all purposes and any future claims by Tenant to the contrary shall be barred.

Provided Tenant is not then in Default hereunder, Tenant shall have the right to cause a certified public accountant, engaged on a non-contingency fee basis, to audit Operating Expenses by inspecting Landlord's general ledger of expenses not more than once during any Expense Recovery Period. However, to the extent that insurance premiums are determined by Landlord on the basis of an internal allocation of costs utilizing information Landlord in good faith deems proprietary, such expense component shall not be subject to audit so long as it does not exceed the amount per square foot typically imposed by landlords of other first class office projects in Orange County, California. Tenant shall give notice to Landlord of Tenant's intent to audit within 180 days after Tenant's receipt of Landlord's expense statement which sets forth Landlord's actual Operating Expenses. Such audit shall be conducted at a mutually agreeable time during normal business hours at the office of Landlord or its management agent where such accounts are maintained. If Tenant's audit determines that actual Operating Expenses have been overstated by more than five percent (5%), then subject to Landlord's right to review and/or contest the audit results, Landlord shall reimburse Tenant for the reasonable out-of-pocket costs of such audit. If Landlord objects to the results of the audit, a final, binding determination shall be made by a third-party auditor selected by Landlord and reasonably approved by Tenant. Tenant's rent shall be appropriately adjusted to reflect any overstatement in Operating Expenses. All of the information obtained by Tenant and/or its auditor in connection with such audit, as well as any compromise, settlement, or adjustment reached between Landlord and Tenant as a result thereof, shall be held in strict confidence and, except as may be required pursuant to litigation, shall not be disclosed

to any third party, directly or indirectly, by Tenant or its auditor or any of their officers, agents or employees. Landlord may require Tenant's auditor to execute a separate confidentiality agreement affirming the foregoing as a condition precedent to any audit.

(d) Even though this Lease has terminated and the Tenant has vacated the Premises, when the final determination is made of Tenant's Share of Operating Expenses for the Expense Recovery Period in which this Lease terminates, Tenant shall within 30 days of written notice pay the entire increase over the estimated Tenant's Share of Operating Expenses already paid. Conversely, any overpayment by Tenant shall be rebated by Landlord to Tenant not later than 30 days after such final determination.

(e) If, at any time during any Expense Recovery Period, any one or more of the Operating Expenses are increased to a rate(s) or amount(s) in excess of the rate(s) or amount(s) used in calculating the estimated Tenant's Share of Operating Expenses for the year, then the estimate of Tenant's Share of Operating Expenses may be increased by written notice from Landlord for the month in which such rate(s) or amount(s) becomes effective and for all succeeding months by an amount equal to the estimated amount of Tenant's Share of the increase. Landlord shall give Tenant written notice of the amount or estimated amount of the increase, the month in which the increase will become effective, Tenant's Share thereof and the months for which the payments are due. Tenant shall pay the increase to Landlord as part of the Tenant's monthly payments of estimated expenses as provided in paragraph (b) above, commencing with the month in which effective.

(f) The term "**Operating Expenses**" shall mean and include all Project Costs, as defined in Section (g) below, and Property Taxes, as defined in Section (h) below.

(g) The term "**Project Costs**" shall mean all expenses of operation, management, repair, replacement and maintenance of the Building and the Project, including without limitation all appurtenant Common Areas (as defined in Section 6.2 of the Lease), and shall include the following charges by way of illustration but not limitation: water and sewer charges; insurance premiums, deductibles, or reasonable premium equivalents or deductible equivalents should Landlord elect to self-insure any risk that Landlord is authorized to insure hereunder; license, permit, and inspection fees; light; power; window washing; trash pickup; janitorial services to any interior Common Areas; heating, ventilating and air conditioning; supplies; materials; equipment; tools; reasonable fees for consulting services; access control/security costs, inclusive of the reasonable cost of improvements made to enhance access control systems and procedures; establishment of reasonable reserves for replacement of the roof of the Building; costs incurred in connection with compliance with any laws or changes in laws applicable to the Building or the Project; the cost of any capital improvements or replacements (other than tenant improvements for specific tenants) to the extent of the amortized amount thereof over the useful life of such capital improvements or replacements (or, if such capital improvements or replacements are anticipated to achieve a cost savings as to the Operating Expenses, any shorter estimated period of time over which the cost of the capital improvements or replacements would be recovered from the estimated cost savings) calculated at a market cost of funds, all as determined by Landlord, for each year of useful life or shorter recovery period of such capital expenditure whether such capital expenditure occurs during or prior to the Term, provided that such capital expenditures shall be limited to (1) improvements which are reasonably intended to increase or enhance building security and/or safety (such as lighting, life/fire safety systems, etc.), (2) repairs or replacements of the Building structure, Building systems or Common Areas for functional (and not aesthetic) reasons, (3) improvements required to comply with any law or change in law becoming effective as to the Building after the Commencement Date, and/or (4) expenditures incurred as a cost or labor saving measure or to affect other economies in the operation or maintenance of the Building or the Common Areas provided that Landlord, based on expert third party advice, reasonably believes that such improvements will reduce operating expense costs or improve the operating efficiency of the Project (collectively, "**Permitted Capital Items**"); costs associated with the maintenance of an air conditioning, heating and ventilation service agreement, and maintenance of any communications or networked data transmission equipment, conduit, cabling, wiring and related telecommunications facilitating automation and control systems, remote telecommunication or data transmission infrastructure within the Building and/or the Project, and any other maintenance, repair and replacement costs associated with such infrastructure; capital costs associated with a requirement related to demands on utilities by Project tenants, including without limitation the cost to obtain additional voice, data and modem connections; labor; reasonably allocated wages and salaries, fringe benefits, and payroll taxes for administrative and other personnel directly applicable to the Building and/or Project, including both Landlord's personnel and outside personnel; any expense incurred pursuant to Sections 6.1, 6.2, 7.2, 10.2, and **Exhibits C** and **F** of the Lease; and reasonable overhead and/or management fees for the professional operation of the Project. It is understood and agreed that Project Costs may include competitive charges for direct services (including, without limitation, management and/or operations services) provided by any subsidiary, division or affiliate of Landlord.

Notwithstanding the foregoing, Operating Expenses shall exclude the following:

(1) Any ground lease rental;

(2) Costs incurred by Landlord with respect to goods and services (including utilities sold and supplied to tenants and occupants of the Building) to the extent that Landlord is reimbursed for such costs other than through the Operating Expense pass-through provisions of such tenants' lease;

(3) Costs incurred by Landlord for repairs, replacements and/or restoration to or of the Building to the extent that Landlord is reimbursed by insurance or condemnation proceeds (or otherwise would be reimbursed if Landlord were not self-insuring the Project or the Building) or by tenants (other than through Operating Expense pass-throughs), warrantors or other third persons, and the cost of correcting defects in the construction of the Building or any common areas; provided, however, that repairs resulting from ordinary wear and tear shall not be deemed to be defects;

(4) Costs, including permit, license and inspection costs, incurred with respect to the installation of tenant improvements made for other tenants in the Building or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for tenants or other occupants of the Building;

(5) Costs arising from Landlord's charitable or political contributions;

(6) Attorneys' fees and other costs and expenses incurred in connection with negotiations or disputes with present or prospective tenants or other occupants of the Building, except those attorneys' fees and other costs and expenses incurred in connection with negotiations, disputes or claims relating to items of Operating Expenses, enforcement of rules and regulations of the Building and such other matters relating to the maintenance of standards required of Landlord under this Lease;

(7) Capital expenditures as determined in accordance with generally accepted accounting principles, consistently applied, and as generally practiced in the real estate industry, except for Permitted Capital Items as provided above;

(8) Brokers' commissions, finders' fees, attorneys' fees, entertainment and travel expenses and other costs incurred by Landlord in leasing or attempting to lease space in the Building;

(9) Expenses in connection with services or other benefits which are not offered to Tenant or for which Tenant is charged for directly but which are provided to another tenant or occupant of the Building;

(10) Costs incurred by Landlord due to the violation by Landlord of any law, code, regulation, or ordinance or any interest or penalty incurred due to the late payment of any Operating Expense;

(11) Overhead and profit increments paid to subsidiaries or affiliates of Landlord for services provided to the Building to the extent the same exceeds the costs that would generally be charged for such services if rendered on a competitive basis (based upon a standard of similar office buildings in the general market area of the Premises) by unaffiliated third parties capable of providing such service;

(12) Interest on debt or amortization on any mortgage or mortgages encumbering the Building;

(13) Landlord's general corporate overhead, except as it relates to the specific management, operation, repair, replacement and maintenance of the Building or Project;

(14) Costs of installing the initial landscaping and the costs or expenses relating to sculptures, paintings and objects of art for the Building and Project, including without limitation, costs incurred with respect to the purchase, ownership, leasing, repair, and/or maintenance of such sculptures, paintings and objects of art;

(15) Advertising expenditures;

(16) Any bad debt loss, rent loss, or reserves for bad debts or rent loss;

(17) Costs associated with the operation of the business of the partnership or entity which constitutes the Landlord, as the same are distinguished from the costs of the operation, management, repair, replacement and maintenance of the Project, including partnership accounting and legal matters, costs of defending any lawsuits with any mortgagee (except as the actions of Tenant may be in issue), costs of selling, syndicating, financing, mortgaging or hypothecating any of Landlord's interest in the Project, and costs incurred in connection with any disputes between Landlord and its employees, between Landlord and Project management, or between Landlord and other tenants or occupants;

(18) The wages and benefits of any employee who does not devote substantially all of his or her employed time to the Project unless such wages and benefits are prorated to reflect time spent on operating and managing the Project vis-à-vis time spent on matters unrelated to operating and managing the Project; provided that in no event shall Project Costs include wages and/or benefits attributable to personnel above the level of portfolio property manager or chief engineer;

(19) Costs incurred by Landlord for improvements or replacements (including structural additions), repairs, equipment and tools which are of a "capital" nature and/or which are considered "capital" improvements or replacements under GAAP, except to the extent included in Permitted Capital Items pursuant to the definition above or by other express terms of this Lease;

(20) Legal fees and costs, settlements, judgments or awards paid or incurred because of disputes between Landlord and other tenants or prospective occupants or prospective tenants/occupants or providers of goods and services to the Project;

(21) Depreciation or amortization of the Building or Project or its contents or components;

(22) The cost of overtime or other expense to Landlord in performing work expressly provided in this Lease to be borne at Landlord's expense;

(23) All expenses directly resulting from the negligence or willful misconduct of the Landlord, its agents, servants or other employees;

(24) Overhead and administrative costs of Landlord not directly incurred in the operation and maintenance of the Building or Project;

(25) Costs, including legal fees, space planners' fees, advertising and promotional expenses (except as otherwise set forth above), and brokerage fees incurred in connection with the original construction or development, or original or future leasing of the Project, in connection with any material expansion of the rentable area of the Project or the Building, and costs, including permit, license and inspection costs, incurred with respect to the installation of tenant improvements made for tenants occupying space in the Project or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for the exclusive benefit of particular tenants or other occupants of the Project;

(26) Costs incurred to comply with any applicable building or fire code violation(s) or violations of any other applicable law relating to the Building or any Common Areas, including, without limitation, hazardous material, which was in existence in the Building or any Common Areas prior to the Delivery Date, and was of such a nature that a federal, State or municipal governmental authority, if it had then had knowledge of the presence of such hazardous material, in the state, and under the conditions that it then existed in the Building, would have then required the removal of such hazardous material or other remedial or containment action with respect thereto; and

(27) The cost of installing any building amenity or special facility, such as a cafeteria, health club, parking garage, or meeting rooms.

(h) The term "**Property Taxes**" as used herein shall include any form of federal, state, county or local government or municipal taxes, fees, charges or other impositions of every kind (whether general, special, ordinary or extraordinary) related to the ownership, leasing or operation of the Premises, Building or Project, including without limitation, the following: (i) all real estate taxes or personal property taxes levied against the Premises, the Building or Project, as such property taxes may be reassessed from time to time; and (ii) other taxes, charges and assessments which are levied with respect to this Lease or to the Building and/or the Project, and any improvements, fixtures and equipment and other property of Landlord located in the Building and/or the Project, (iii) all assessments and fees for public improvements, services, and facilities and impacts thereon, including without limitation arising out of any Community Facilities Districts, "Mello Roos" districts, similar assessment districts, and any traffic impact mitigation assessments or fees; (iv) any tax, surcharge or assessment which shall be levied in addition to or in lieu of real estate or personal property taxes, and (v) taxes based on the receipt of rent (including gross receipts or sales taxes applicable to the receipt of rent), and (vi) costs and expenses incurred in contesting the amount or validity of any Property Tax by appropriate proceedings. Notwithstanding the foregoing, Property Taxes shall not include any federal and state income taxes, and other taxes to the extent applicable to Landlord's general or net income (as opposed to rents, receipts or income attributable to operations at the Project), capital levy, franchise, capital stock, gift, estate or inheritance tax, or any personal property taxes of the Landlord for equipment or items not used directly in the operation or maintenance of the Building or Project, nor connected therewith.

## EXHIBIT C

### UTILITIES AND SERVICES

Landlord shall supply electricity to the Premises in accordance with Landlord's specifications for the Building Systems, a copy of which Tenant acknowledges it has received and reviewed. Tenant shall have the right to use existing telecommunications and data conduits or, subject to Section 7.3 and the Work Letters, if and as applicable, to install new conduits, cables, equipment, and other related telecommunications and data facilities. Tenant shall be responsible for and shall pay promptly, directly to the appropriate supplier, all charges for electricity metered to the Premises, telephone, telecommunications service, janitorial service, interior landscape maintenance and all other utilities, materials and services furnished directly to Tenant or the Premises or used by Tenant in, on or about the Premises during the Term, together with any taxes thereon. Landlord shall make a reasonable determination of Tenant's proportionate share of the cost of water, gas, sewer, refuse pickup and any other utilities and services that are not separately metered to the Premises, and Tenant shall pay such amount to Landlord, as an item of additional rent, within 10 business days after delivery of Landlord's statement or invoice therefor. Alternatively, Landlord may elect to include such cost in the definition of Project Costs in which event Tenant shall pay Tenant's proportionate share of such costs in the manner set forth in Section 4.2. Tenant shall also pay to Landlord as an item of additional rent, within 10 business days after delivery of Landlord's statement or invoice therefor, Landlord's "standard charges" (as hereinafter defined) for "after hours" usage by Tenant of each HVAC unit servicing the Premises. If the HVAC unit(s) servicing the Premises also serve other leased premises in the Building, "**after hours**" shall mean usage of said unit(s) before 8:00 A.M. or after 6:00 P.M. on Mondays through Fridays, before 9:00 A.M. or after 1:00 P.M. on Saturdays, and all day on Sundays and nationally-recognized holidays, subject to reasonable adjustment of said hours by Landlord. If the HVAC unit(s) serve only the Premises, "**after hours**" shall mean more than 283 hours of usage during any month during the Term. "After hours" usage shall be determined based upon the operation of the applicable HVAC unit during each of the foregoing periods on a "non-cumulative" basis (that is, without regard to Tenant's usage or nonusage of other unit(s) serving the Premises, or of the applicable unit during other periods of the Term). As used herein, "**standard charges**" shall mean (i) \$10.00 per hour for each hour of "after hours" use for HVAC unit(s) that serve only the Premises (in addition to the applicable electricity charges paid to the utility provider), and (ii) \$25.25 per hour for each hour of "after hours" use for HVAC unit(s) servicing both the Premises and other leased premises in the Building (inclusive of the applicable electricity charges paid to the utility provider).



**EXHIBIT D**  
**TENANT'S INSURANCE**

The following requirements for Tenant's insurance shall be in effect during the Term, and Tenant shall also cause any subtenant to comply with the requirements. Landlord reserves the right to adopt reasonable nondiscriminatory modifications and additions to these requirements.

1. Tenant shall maintain, at its sole cost and expense, during the entire Term: (i) commercial general liability insurance with respect to the Premises and the operations of Tenant in, on or about the Premises, on a policy form that is at least as broad as Insurance Service Office (ISO) CGL 00 01 (if alcoholic beverages are sold on the Premises, liquor liability shall be explicitly covered), which policy(ies) shall be written on an "occurrence" basis and for not less than \$2,000,000 combined single limit per occurrence for bodily injury, death, and property damage liability; (ii) workers' compensation insurance coverage as required by law, together with employers' liability insurance coverage of at least \$1,000,000 each accident and each disease; (iii) with respect to Alterations constructed by Tenant under this Lease, builder's risk insurance, in an amount equal to the replacement cost of the work; and (iv) insurance against fire, vandalism, malicious mischief and such other additional perils as may be included in a standard "special form" policy, insuring all Alterations, trade fixtures, furnishings, equipment and items of personal property in the Premises, in an amount equal to not less than 90% of their replacement cost (with replacement cost endorsement), which policy shall also include business interruption coverage in an amount sufficient to cover 1 year of loss. In no event shall the limits of any policy be considered as limiting the liability of Tenant under this Lease.

2. All policies of insurance required to be carried by Tenant pursuant to this **Exhibit D** shall be written by insurance companies authorized to do business in the State of California and with a general policyholder rating of not less than "A-" and financial rating of not less than "VIII" in the most current Best's Insurance Report. The deductible or other retained limit under any policy carried by Tenant shall be commercially reasonable, and Tenant shall be responsible for payment of such deductible or retained limit with waiver of subrogation in favor of Landlord. Any insurance required of Tenant may be furnished by Tenant under any blanket policy carried by it or under a separate policy. A certificate of insurance, certifying that the policy has been issued, provides the coverage required by this Exhibit and contains the required provisions, together with endorsements acceptable to Landlord evidencing the waiver of subrogation and additional insured provisions required below, shall be delivered to Landlord prior to the date Tenant is given the right of possession of the Premises. Proper evidence of the renewal of any insurance coverage shall also be delivered to Landlord not less than 30 days prior to the expiration of the coverage. In the event of a loss covered by any policy under which Landlord is an additional insured, Landlord shall be entitled to review a copy of such policy.

3. Tenant's commercial general liability insurance shall contain a provision that the policy shall be primary to and noncontributory with any policies carried by Landlord, together with a provision including Landlord, The Irvine Company LLC, and any other parties in interest designated by Landlord as additional insureds. Tenant's policies described in Subsections 1(ii), (iii) and (iv) above shall each contain a waiver by the insurer of any right to subrogation against Landlord, its agents, employees, contractors and representatives. Tenant also waives its right of recovery for any deductible or retained limit under same policies enumerated above. All of Tenant's policies shall contain a provision that the insurer will not cancel or change the coverage provided by the policy without first giving Landlord 30 days' prior written notice. Tenant shall also name Landlord as an additional insured on any excess or umbrella liability insurance policy carried by Tenant unless such policy is a "follow form" policy.

**NOTICE TO TENANT: IN ACCORDANCE WITH THE TERMS OF THIS LEASE, TENANT MUST PROVIDE EVIDENCE OF THE REQUIRED INSURANCE TO LANDLORD'S MANAGEMENT AGENT PRIOR TO BEING AFFORDED ACCESS TO THE PREMISES.**

## EXHIBIT E

### RULES AND REGULATIONS

The following Rules and Regulations shall be in effect at the Building. Landlord reserves the right to adopt reasonable nondiscriminatory modifications and additions at any time. In the case of any conflict between these regulations and the Lease, the Lease shall be controlling.

1. The sidewalks, halls, passages, elevators, stairways, and other common areas shall not be obstructed by Tenant or used by it for storage, for depositing items, or for any purpose other than for ingress to and egress from the Premises. Should Tenant have access to any balcony or patio area, Tenant shall not place any furniture other personal property in such area without the prior written approval of Landlord, which approval shall not be unreasonably withheld.
2. Neither Tenant nor any employee or contractor of Tenant shall go upon the roof of the Building without the prior written consent of Landlord.
3. Tenant shall, at its expense, be required to utilize the third party contractor designated by Landlord for the Building to provide any telephone wiring services from the minimum point of entry of the telephone cable in the Building to the Premises.
4. No antenna or satellite dish shall be installed by Tenant without the prior written agreement of Landlord.
5. The sashes, sash doors, windows, glass lights, solar film and/or screen, and any lights or skylights that reflect or admit light into the halls or other places of the Building shall not be covered or obstructed. If Landlord, by a notice in writing to Tenant, shall object to any curtain, blind, tinting, shade or screen attached to, or hung in, or used in connection with, any window or door of the Premises, the use of that curtain, blind, tinting, shade or screen shall be immediately discontinued and removed by Tenant. Interior of the Premises visible from the exterior must be maintained in a visually professional manner and consistent with a first class office building. Tenant shall not place any unsightly items (as determined by Landlord in its reasonable discretion) along the exterior glass line of the Premises including, but not limited to, boxes, and electrical and data cords. No awnings shall be permitted on any part of the Premises.
6. The installation and location of any unusually heavy equipment in the Premises, including without limitation file storage units, safes and electronic data processing equipment, shall require the prior written approval of Landlord, which approval shall not be unreasonably withheld, conditioned or delayed. The moving of large or heavy objects shall occur only between those hours as may be designated by, and only upon previous notice to, Landlord. No freight, furniture or bulky matter of any description shall be received into or moved out of the lobby of the Building or carried in any elevator other than the freight elevator (if available) designated by Landlord unless approved in writing by Landlord.
7. Any pipes or tubing used by Tenant to transmit water to an appliance or device in the Premises must be made of copper or stainless steel, and in no event shall plastic tubing be used for that purpose.
8. Tenant shall not place any lock(s) on any door in the Premises or Building without Landlord's prior written consent, which consent shall not be unreasonably withheld. Upon the termination of its tenancy, Tenant shall deliver to Landlord all the keys to offices, rooms and toilet rooms and all access cards which shall have been furnished to Tenant or which Tenant shall have had made.
9. Tenant shall not install equipment requiring electrical or air conditioning service in excess of that to be provided by Landlord under the Lease without prior written approval from Landlord.
10. Tenant shall not use space heaters within the Premises.
11. Tenant shall not do or permit anything to be done in the Premises, or bring or keep anything in the Premises, which shall in any way increase the insurance on the Building, or on the property kept in the Building, or interfere with the rights of other tenants, or conflict with any government rule or regulation.
12. Tenant shall not use or keep any foul or noxious gas or substance in the Premises.
13. Tenant shall not permit the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors and/or vibrations, or interfere in any way with other tenants or those having business with other tenants.
14. Tenant shall not permit any pets or animals in or about the Building. Bona fide service animals are permitted provided such service animals are pre-approved by Landlord, remain under the direct control of the individual they serve at all times, and do not disturb or threaten others.
15. Neither Tenant nor its employees, agents, contractors, invitees or licensees shall bring any firearm, whether loaded or unloaded, into the Project at any time.

16. Smoking tobacco, including via personal vaporizers or other electronic cigarettes, anywhere within the Premises, Building or Project is strictly prohibited except that smoking tobacco may be permitted outside the Building and within the Project only in areas designated by Landlord. Smoking, vaping, distributing, growing or manufacturing marijuana or any marijuana derivative anywhere within the Premises, Building or Project is strictly prohibited.

17. Tenant shall not install an aquarium of any size in the Premises unless otherwise approved by Landlord.

18. Tenant shall not utilize any name selected by Landlord from time to time for the Building and/or the Project as any part of Tenant's corporate or trade name. Landlord shall have the right to change the name, number or designation of the Building or Project without liability to Tenant. Tenant shall not use any picture of the Building in its advertising, stationery or in any other manner.

19. Tenant shall, upon request by Landlord, supply Landlord with the names and telephone numbers of personnel designated by Tenant to be contacted on an after-hours basis should circumstances warrant.

20. Landlord may from time to time grant tenants individual and temporary variances from these Rules, provided that any variance does not have a material adverse effect on the use and enjoyment of the Premises by Tenant.

21. Fitness Center Rules. Tenant shall cause its employees (whether members or prospective members of the Fitness Center) to comply with the following Fitness Center rules and regulations (subject to change from time to time as Landlord may solely determine):

(a) Membership in the Fitness Center is open to the tenants of Landlord or its affiliates only. No guests will be permitted to use the Fitness Center without the prior written approval of Landlord or Landlord's representative.

(b) Fitness Center users are not allowed to be in the Fitness Center other than the hours designated by Landlord from time to time. Landlord shall have the right to alter the hours of use of the Fitness Center, at Landlord's sole discretion.

(c) All Fitness Center users must execute Landlord's Waiver of Liability prior to use of the Fitness Center and agree to all terms and conditions outlined therein.

(d) Individual membership and guest keycards to the Fitness Center shall not be shared and shall only be used by the individual to whom such keycard was issued. Failure to abide by this rule may result in immediate termination of such Fitness Center user's right to use the Fitness Center.

(e) All Fitness Center users and approved guests must have a pre-authorized keycard to enter the Fitness Center. A pre-authorized keycard shall not be issued to a prospective Fitness Center user until receipt by Landlord of Landlord's initial fee, if any, for use of the Fitness Center by such Fitness Center user(s).

(f) Use of the Fitness Center is a privilege and not a right. Failure to follow gym rules or to act inappropriately while using the facilities shall result in termination of Tenant's Fitness Center privileges.

## EXHIBIT F

### PARKING

Tenant shall be entitled to the number of vehicle parking spaces set forth in Item 11 of the Basic Lease Provisions, which spaces shall be unreserved and unassigned except as provided below, and at no additional charge to Tenant during the initial Term, on those portions of the Common Areas designated by Landlord for parking. Tenant shall not use more parking spaces than such number. All parking spaces shall be used only for parking of vehicles no larger than full size passenger automobiles, sport utility vehicles or pickup trucks. Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant's employees, suppliers, shippers, customers or invitees to be loaded, unloaded or parked in areas other than those designated by Landlord for such activities. If Tenant permits or allows any of the prohibited activities described above, then Landlord shall have the right, without notice, in addition to such other rights and remedies that Landlord may have, to remove or tow away the vehicle involved and charge the costs to Tenant. Parking within the Common Areas shall be limited to striped parking stalls, and no parking shall be permitted in any driveways, access ways or in any area which would prohibit or impede the free flow of traffic within the Common Areas. There shall be no parking of any vehicles for longer than a 48-hour period unless otherwise authorized by Landlord, and vehicles which have been abandoned or parked in violation of the terms hereof may be towed away at the owner's expense. Nothing contained in this Lease shall be deemed to create liability upon Landlord for any damage to motor vehicles of visitors or employees, for any loss of property from within those motor vehicles, or for any injury to Tenant, its visitors or employees, unless ultimately determined to be caused by the sole negligence or willful misconduct of Landlord. Landlord shall have the right, subject to Article 17 of the Lease, to establish, and from time to time amend, and to enforce against all users all reasonable rules and regulations (including the designation of areas for employee parking) that Landlord may deem necessary and advisable for the proper and efficient operation and maintenance of parking within the Common Areas. Landlord shall have the right to construct, maintain and operate lighting facilities within the parking areas; to change the area, level, location and arrangement of the parking areas and improvements therein; to restrict parking by tenants, their officers, agents and employees to employee parking areas; to enforce parking charges (by operation of meters or otherwise); and to do and perform such other acts in and to the parking areas and improvements therein as, in the use of good business judgment and subject to Article 6 of the Lease, Landlord shall determine to be advisable. Any person using the parking area shall observe all directional signs and arrows and any posted speed limits. In no event shall Tenant unreasonably interfere with the use and enjoyment of the parking area by other tenants of the Project or their employees or invitees. Parking areas shall be used only for parking vehicles. Washing, waxing, cleaning or servicing of vehicles, or the storage of vehicles for longer than 48-hours, is prohibited unless otherwise authorized by Landlord. Tenant shall be liable for any damage to the parking areas caused by Tenant or Tenant's employees, suppliers, shippers, customers or invitees, including without limitation damage from excess oil leakage. Tenant shall have no right to install any fixtures, equipment or personal property in the parking areas. Tenant shall not assign or sublet any of the vehicle parking spaces, either voluntarily or by operation of law, without the prior written consent of Landlord, except in connection with an authorized assignment of this Lease or subletting of the Premises.

Landlord shall label up to 12 of Tenant's allotted parking spaces for the Premises as "Reserved" for Tenant, and shall label up to 4 of Tenant's allotted parking spaces as "Alteryx Visitor" parking, in each case in mutually acceptable locations designated by Landlord proximate to the 17200 Building, and shall additionally label up to 4 of Tenant's allotted parking spaces as "Alteryx Visitor" for Tenant in mutually acceptable locations designated by Landlord proximate to the 17100 Building. Landlord shall have no obligation to monitor or enforce the "Reserved" or "Alteryx Visitor" spaces for or on behalf of Tenant.

**EXHIBIT G**  
**ADDITIONAL PROVISIONS**

**1. LANDLORD'S RESPONSIBILITIES.**

(a) Landlord shall correct, repair and/or replace any non-compliance of the Building and/or the Common Areas with all building permits and codes in effect and applicable as of the execution of this Lease, including without limitation, the provisions of Title III of the Americans With Disabilities Act ("ADA"). Said costs of compliance shall be Landlord's sole cost and expense and shall not be part of Project Costs; provided that any cost of ADA compliance triggered by the permitting and/or construction of any modification of the Building Structure as part of the Tenant Improvements shall be included as part of the "Completion Cost" of the Tenant Improvement Work (as defined in the Work Letter). Landlord shall correct, repair or replace any non-compliance of the Building and the Common Areas with any revisions or amendments to applicable building codes, including the ADA, becoming effective after the execution of this Lease, provided that the amortized cost of such repairs or replacements (amortized over the useful life thereof) shall be included as Project Costs payable by Tenant. All other ADA compliance issues which pertain to the Premises, including without limitation, in connection with Tenant's construction of any Alterations or other improvements in the Premises (and any resulting ADA compliance requirements in the Common Areas if Landlord shall consent to same as more particularly provided in Section 7.3 of this Lease) and the operation of Tenant's business and employment practices in the Premises, shall be the responsibility of Tenant at its sole cost and expense. The repairs, corrections or replacements required of Landlord or of Tenant under the foregoing provisions of this Section shall be made promptly following notice of non-compliance from any applicable governmental agency.

(b) Landlord shall correct, repair and/or replace, at its sole cost and expense and not as a Project Cost, the structural components of the roof, the load-bearing walls and the foundations and footings of the Building, and the "below-grade" plumbing fixtures serving the Premises. Notwithstanding the foregoing, Landlord's obligation contained in this Section to bear such costs and expenses shall not apply: (i) to the costs and expenses of periodic maintenance of the roof, walls, foundations and footings of the Building, and "below-grade" plumbing, (ii) to the cost of replacing the roof membrane and accompanying roof materials as and when such replacement is required, nor (iii) to the extent of the negligence or willful misconduct by Tenant, its employees, agents, contractors, licensees or invitees (in which case Landlord shall still perform the repairs and/or replacements, but to the extent the cost is not covered by Landlord's insurance, Tenant shall be responsible for the reasonable costs of such repairs and/or replacements). The repairs or replacements required of Landlord pursuant to this Section shall be made promptly following notice from Tenant.

**2. EXTERIOR BUILDING TOP SIGNAGE.** Tenant shall have the right to install exclusive building top signage on two (2) elevations of the 17200 Building, which signage shall consist only of the name "ALTERYX" (or such other name as Landlord may reasonably consent to in writing). The type, location and design of such building top signage shall be subject to the prior written approval of Landlord and the City of Irvine, and shall be consistent with Landlord's signage criteria for the Project. Fabrication, installation, insurance, and maintenance of such signage shall be at Tenant's sole cost and expense. Tenant understands and agrees that it shall use Landlord's designated contractor for installing the building top signage. Should Tenant fail to have the building top signage installed within 6 months following the Commencement Date, then Tenant's right to install same thereafter shall be deemed null and void. Except for the foregoing, no sign, advertisement or notice visible from the exterior of the Premises shall be inscribed, painted or affixed by Tenant on any part of the Premises without prior consent of Landlord. Tenant's signage right shall belong solely to Alteryx, Inc., a Delaware corporation, and (subject to the first sentence of this Section) any Affiliate assignee, and may not otherwise be transferred or assigned without Landlord's prior written consent, which may be withheld by Landlord in Landlord's sole discretion. In the event Tenant, exclusive of any subtenant(s), fails to occupy at least 70% of the entire Premises, then Tenant shall, within 30 days following notice from Landlord, remove the building top signage at Tenant's expense. Tenant shall also remove such building top signage promptly following the expiration or earlier termination of the Lease. Any such removal shall be at Tenant's sole expense, and Tenant shall bear the cost of any resulting repairs to the Building that are reasonably necessary due to the removal.

**3. MONUMENT SIGNAGE.** Provided Tenant is not in Default of this Lease, Tenant shall have the right to install (i) non-exclusive signage on the top slot of the Project monument located along the I-405 freeway frontage, (ii) non-exclusive signage on the Project monument located at the entry to phase one of the Project, (iii) so long as Tenant leases all of the space within the 17200 Building, exclusive signage on the Building monument located in front of the 17200 Building, and (iv) non-exclusive signage on the Building monument located in front of the 17100 Building (which signage shall consist only of the name "ALTERYX" or such other name as Landlord shall reasonably consent to in writing). The type, location and design of such signage shall be subject to the prior written approval of Landlord and the City of Irvine, and shall be consistent with Landlord's Signage Criteria for the Project. Fabrication, installation, insurance, and maintenance of such signage shall be at Tenant's sole cost and expense. Tenant understands and agrees that it shall use Landlord's designated contractor for installing the monument signage. Should Tenant fail to have the Project (but not Building) monument signage installed by the date that is 12 months after the Commencement Date, then Tenant's right to install same thereafter shall be deemed null and void. Except for the foregoing, no sign,

advertisement or notice visible from the exterior of the Premises shall be inscribed, painted or affixed by Tenant on any part of the Premises without prior consent of Landlord. Tenant's signage right shall belong solely to Alteryx, Inc., a Delaware corporation, and (subject to the first sentence of this Section) any Affiliate assignee, and may not otherwise be transferred or assigned (except in connection with an assignment of this Lease to an Affiliate as described in Section 9.1(e) hereof, provided that Landlord shall have approval rights in its reasonable discretion with respect to any changes in the name on the freeway Project monument sign) without Landlord's prior written consent, which may be withheld by Landlord in Landlord's sole discretion. In the event Tenant, exclusive of any subtenant(s), fails to occupy at least 70% of the Premises, then Tenant shall, within 30 days following notice from Landlord, remove the Project monument signage at Tenant's expense. Tenant shall also remove such signage promptly following the expiration or earlier termination of the Lease. Any such removal shall be at Tenant's sole expense, and Tenant shall bear the cost of any resulting repairs to the monument that are reasonably necessary due to the removal.

**4. TENANT'S SECURITY SYSTEM.** Tenant shall be permitted to install and operate its own security system within the Premises, provided such system does not interfere with any Building systems. The plans for any such system shall be subject to Landlord's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed, and the requirements of Section 7.3 shall apply thereto. Upon termination of this Lease, Tenant shall remove the system and restore any affected areas to Building standard condition. All costs of installation, operation, maintenance and removal of the system shall be borne solely by Tenant, and Landlord shall have no liability for the inadequacy or malfunction of that system.

**5. RIGHT OF FIRST OFFER.** Provided Tenant is not then in Default hereunder, and provided further that Tenant is occupying at least 75% of the Premises and has not assigned this Lease or sublet more than 25% of the Premises (except in connection with a Permitted Transfer of this Lease to an Affiliate as described in Section 9.1(e) hereof), and provided Tenant has not exercised its contraction right under Section 7 of **Exhibit G** below, Landlord hereby grants Tenant the continuing right ("**First Right**") to lease, during the initial 84-month Term of this Lease and any extension periods should Tenant elect to exercise its right to extend this Lease pursuant to Section 7 below, any available space in the 17100 Building (collectively, "**First Right Space**") in accordance with and subject to the provisions of this Section; provided however, this First Right shall cease to be effective during the final 12 months of the Term unless and until Tenant exercises its right to extend this Lease set forth in Section 7 of **Exhibit G** below. If, at any time after the Commencement Date and while this First Right is in effect, Landlord desires to lease the First Right Space, or any portion thereof, to any third party, and after determining that the existing tenant (if any) in the First Right Space will not extend or renew the term of its lease, Landlord shall give Tenant written notice of the basic economic terms including but not limited to the basic rent, term, operating expense base, security deposit, and tenant improvement allowance (collectively, the "**Economic Terms**"), upon which Landlord is willing to lease such particular First Right Space to Tenant or to a third party; provided that the Economic Terms shall exclude brokerage commissions and other Landlord payments that do not directly inure to the tenant's benefit. It is understood that should Landlord intend to lease other office space in addition to the First Right Space as part of a single transaction, then Landlord's notice shall so provide and all such space shall collectively be subject to the following provisions. Within 7 business days after receipt of Landlord's notice, Tenant must give Landlord written notice pursuant to which Tenant shall elect to (i) lease all, but not less than all, of the space specified in Landlord's notice (the "**Designated Space**") upon such Economic Terms and the same non-Economic Terms as set forth in this Lease; (ii) refuse to lease the Designated Space, specifying that such refusal is not based upon the Economic Terms, but upon Tenant's lack of need for the Designated Space, in which event Landlord may lease the Designated Space upon any terms it deems appropriate; or (iii) refuse to lease the Designated Space, specifying that such refusal is based upon said Economic Terms, in which event Tenant shall also specify revised Economic Terms upon which Tenant shall be willing to lease the Designated Space. In the event that Tenant does not so respond in writing to Landlord's notice within said period, Tenant shall be deemed to have elected clause (ii) above. In the event Tenant gives Landlord notice pursuant to clause (iii) above, Landlord may elect to either (x) lease the Designated Space to Tenant upon such revised Economic Terms and the same other non-Economic Terms as set forth in this Lease, or (y) lease the Designated Space to any third party upon Economic Terms which are not materially more favorable to such party than those Economic Terms proposed by Tenant. If Landlord desires to lease the First Right Space on terms and/or conditions more advantageous to the tenant than those contained in the offer to Tenant, Landlord shall first offer the First Right Space on such different terms and/or conditions to Tenant and Tenant shall then have 7 business days within which to elect to lease such First Right Space. Should Landlord so elect to lease the Designated Space to Tenant, then Landlord shall promptly prepare and deliver to Tenant an amendment to this Lease consistent with the foregoing, and Tenant shall execute and return same to Landlord within 10 days. Tenant's failure to timely return the amendment, or within such 10-day period to provide its good faith comments thereto, which failure continues for 3 business days after delivery of notice to Tenant of such failure, shall entitle Landlord to specifically enforce Tenant's commitment to lease the Designated Space, to lease such space to a third party, and/or to pursue any other available legal remedy. In the event that Landlord leases the First Right Space, or any portion thereof, to a third party in accordance with the provisions of this Section or fails to consummate a lease on the Economic Terms, and during the effective period of this First Right the First Right Space, or any portion thereof, shall again become available for releasing, then prior to Landlord entering into any such new lease with a third party other than the then-current occupant thereof for the First Right Space, Landlord shall repeat the procedures specified above in this Section. Notwithstanding the foregoing, it is understood that Tenant's First Right shall be subject to any extension rights previously granted by Landlord to any third party tenant in the 17100 Building, as well as to any such rights which may hereafter be granted by Landlord to any third party tenant now or hereafter occupying the First Right Space or any portion thereof, and Landlord shall in no event be obligated to initiate

this First Right prior to leasing any portion of the First Right Space to the then-current occupant thereof. Tenant's rights under this Section shall be personal to the original Tenant named in this Lease and may not be assigned or transferred (except in connection with a Permitted Transfer of this Lease as described in Section 9.1(e) hereof). Any other attempted assignment or transfer shall be void and of no force or effect. Time is specifically made of the essence of this Section.

**6. RIGHT TO CONTRACT.** Provided Tenant is not then in Default under any provision of this Lease, Tenant shall have a one-time right to terminate all or a portion of one floor of the Premises ("**Contraction Premises**") effective as of the date set forth in Tenant's notice, but not prior to the expiration of the 60<sup>th</sup> full calendar month of the Lease Term. If the Contraction Premises comprises less than 15,000 rentable square feet, Landlord shall have the right to reasonably determine and, if necessary, adjust the configuration of the space to be terminated so that it is reasonably marketable and complies with access laws and requirements. In addition, if the Contraction Premises is located in the 17200 Building, Tenant shall be responsible for all reasonable costs necessary to modify the Building to accommodate a multi-tenant use. Tenant shall exercise such termination right by giving written notice thereof to Landlord (the "**Contraction Premises Termination Notice**") at least 12 months prior to the effective date of termination. All rent and other costs due under the Lease for the Contraction Premises shall be due and payable by Tenant to Landlord through the effective date of termination. In addition, should Tenant exercise the foregoing right to terminate the Contraction Premises, Tenant shall pay to Landlord, concurrently with its delivery of the Contraction Premises Termination Notice, a separate termination fee, as reasonably computed by Landlord, comprised of (i) the unamortized portion (based upon a constant amortization over a 7-year period) as of the effective date of termination of brokerage commissions paid by Landlord in connection with the Contraction Premises and tenant improvement costs funded by Landlord in connection with the Contraction Premises, plus (ii) 4 months' Basic Rent at the rate payable in effect as of the calendar month immediately preceding the effective date of termination. Tenant's parking allocation shall also be appropriately adjusted. No such termination shall abrogate any obligation existing under the Lease as of the termination date or otherwise attributable to Tenant's occupancy thereof.

**7. RIGHT TO EXTEND THIS LEASE.** Provided that no Default has occurred under any provision of this Lease, either at the time of exercise of the extension right granted herein or at the time of the commencement of such extension, and provided further that Tenant is occupying at least 70% of the Premises and has not assigned this Lease or sublet more than 30% of the Premises, then Tenant may extend the Term of this Lease for 2 extension periods of 60 months each. Tenant shall exercise its right to extend the Term by and only by delivering to Landlord, not less than 12 months or more than 15 months prior to the Expiration Date of the Term, Tenant's irrevocable written notice of its commitment to extend (the "**Commitment Notice**"). The Basic Rent payable under the Lease during any extension of the Term shall be determined as provided in the following provisions.

If Landlord and Tenant have not by then been able to agree upon the Basic Rent for the extension of the Term, then not less than 90 days or more than 120 days prior to the Expiration Date of the Term, Landlord shall notify Tenant in writing of the Basic Rent that would reflect the prevailing market rental rate for a 60-month renewal of comparable space in the Project (together with any increases thereof during the extension period) as of the commencement of the extension period ("**Landlord's Determination**"). Should Tenant disagree with the Landlord's Determination, then Tenant shall, not later than 20 days thereafter, notify Landlord in writing of Tenant's determination of those rental terms ("**Tenant's Determination**"). In no event, however, shall Landlord's Determination or Tenant's Determination be less than the Basic Rent payable by Tenant during the then-scheduled final month of the initial Term. Within 10 days following delivery of the Tenant's Determination, the parties shall attempt to agree on an appraiser to determine the fair market rental. If the parties are unable to agree in that time, then each party shall designate an appraiser within 10 days thereafter. Should either party fail to so designate an appraiser within that time, then the appraiser designated by the other party shall determine the fair market rental. Should each of the parties timely designate an appraiser, then the two appraisers so designated shall appoint a third appraiser who shall, acting alone, determine the fair market rental for the Premises. Any appraiser designated hereunder shall have an MAI certification with not less than 5 years' experience in the valuation of commercial office buildings in the vicinity of the Project.

Within 30 days following the selection of the appraiser and such appraiser's receipt of the Landlord's Determination and the Tenant's Determination, the appraiser shall determine whether the rental rate determined by Landlord or by Tenant more accurately reflects the fair market rental rate for the 60-month renewal of the Lease for the Premises, as reasonably extrapolated to the commencement of the extension period. Accordingly, either the Landlord's Determination or the Tenant's Determination shall be selected by the appraiser as the fair market rental rate for the extension period. In making such determination, the appraiser shall consider rental comparables for the Project and for similarly improved space owned by Landlord in the vicinity of the Project with appropriate adjustment for location and quality of project, but the appraiser shall not attribute any factor for brokerage commissions in making its determination of the fair market rental rate. At any time before the decision of the appraiser is rendered, either party may, by written notice to the other party, accept the rental terms submitted by the other party, in which event such terms shall be deemed adopted as the agreed fair market rental. The fees of the appraiser(s) shall be borne entirely by the party whose determination of the fair market rental rate was not accepted by the appraiser.

Within 20 days after the determination of the fair market rental, Landlord shall prepare an appropriate amendment to this Lease for the extension period, and Tenant shall execute and return same to Landlord (or make its reasonable comments thereto) within 10 days after Tenant's receipt of same. Should the fair

market rental not be established by the commencement of the extension period, then Tenant shall continue paying rent at the rate in effect during the last month of the initial Term, and a lump sum adjustment shall be made promptly upon the determination of such new rental.

If Tenant fails to timely exercise the extension right granted herein within the time period expressly set forth for exercise by Tenant in the initial paragraph of this Section, Tenant's right to extend the Term shall be extinguished and the Lease shall automatically terminate as of the expiration date of the Term, without any extension and without any liability to Landlord. Tenant's rights under this Section shall belong solely to Alteryx, Inc., and any transferee pursuant to a Permitted Transfer, and any other attempted assignment or transfer of such rights shall be void and of no force and effect. Tenant shall have no other right to extend the Term beyond the two 60-month extension periods created by this Section. Unless agreed to in a writing signed by Landlord and Tenant, any extension of the Term, whether created by an amendment to this Lease or by a holdover of the Premises by Tenant, or otherwise, shall be deemed a part of, and not in addition to, any duly exercised extension period permitted by this Section.

**8. EXTERNAL APPEARANCE.** Because of the visibility of the Premises to pedestrians in and around the Building, the décor, fixtures, and furnishings in the Premises, together with any changes thereto, shall be subject to the reasonable approval of Landlord, and Tenant shall at all times maintain same in a visually professional manner. Landlord may from time to time photograph the Premises from any shared Building lobby and/or other exterior Common Area location to memorialize the external appearance of the Premises. Landlord shall have the right to require Tenant to remove signs, banners, streamers, advertising decals, balloons, card tables, statues, inflatable figures and similar items in the Premises that are visible from the exterior of the Premises and that are, in Landlord's reasonable determination, inconsistent with the professional character of the Project as a first-class business environment, and shall not Tenant place any items on the exterior walls or doors of the Premises or in the Common Areas.

**9. FITNESS CENTER.** Subject to the provisions of this Section, and provided Tenant's employees execute Landlord's standard waiver of liability form and pay the applicable one time or monthly fee, if any, then Tenant's employees (the "**Fitness Center Users**") shall be entitled to use any fitness center and the shower facility now or hereafter located at the Project (collectively, the "**Fitness Center**"). No separate charges shall be assessed to Fitness Center Users for the use of the Fitness Center (with the exception of towel/laundry fees, if any) during the initial Term of this Lease, provided, however, that the costs of operating, maintaining and repairing the Fitness Center shall be included as part of Operating Expenses to the extent permitted under **Exhibit B**. The use of the Fitness Center shall be subject to the reasonable rules and regulations (including rules regarding hours of use) established from time to time by Landlord. Landlord and Tenant acknowledge that the use of the Fitness Center by the Fitness Center Users shall be at their own risk and that the terms and provisions of Section 10.3 of this Lease shall apply to Tenant and the Fitness Center User's use of the Fitness Center. Tenant acknowledges that the provisions of this Section shall not be deemed to be a representation by Landlord that Landlord shall continuously maintain the Fitness Center (or any other fitness facility) throughout the Term of this Lease, and Landlord shall have the right, at Landlord's sole discretion, to expand, contract, eliminate or otherwise modify the Fitness Center. No expansion, contraction, elimination (after the initial Term) or modification of the Fitness Center, and no termination of Tenant's or the Fitness Center Users' rights to the Fitness Center shall entitle Tenant to an abatement or reduction in Basic Rent constitute a constructive eviction, or result in an event of default by Landlord under this Lease. Landlord reserves the right to reasonably limit, restrain, or condition the use of the Fitness Center by tenants of the Building (including Tenant's Fitness Center Users) if Landlord reasonably determines that their use of the Fitness Center has a disproportionate and/or inequitable impact on the ability of other tenants to use the Fitness Center. Tenant hereby voluntarily releases, discharges, waives and relinquishes any and all actions or causes of action for personal injury or property damage occurring to Tenant or its employees or agents arising as a result of the use of the Fitness Center, or any activities incidental thereto, wherever or however the same may occur, and further agrees that Tenant will not prosecute any claim for personal injury or property damage against Landlord or any of its officers, agents, servants or employees for any said causes of action. Tenant's right to use the Fitness Center shall belong solely to Tenant and may not be transferred or assigned without Landlord's prior written consent, which may be withheld by Landlord in Landlord's sole discretion.

**10. CONFERENCE CENTER.** Landlord currently provides, or intends to provide, a conference center (the "**Conference Center**") in the Project capable of accommodating groups of people for use by Project tenants (including Tenant) on a reserved basis. Tenant shall, subject to availability, have the use of the Conference Center subject to Landlord's procedures and charges, if any. The use of the Conference Center shall be subject to the reasonable rules and regulations (including rules regarding hours of use and priorities for the tenants of the particular building in which a Conference Center is located, set up and clean up charges, etc.) established from time to time by Landlord for the Conference Center. Landlord and Tenant acknowledge that the terms and provisions of Section 10.3 (Tenant's Indemnity) of this Lease shall apply to Tenant's use of the Conference Center. Further, Landlord shall have no liability whatsoever with respect to the existence, condition or availability of any Conference Center nor shall Landlord have any obligation whatsoever to enforce or make reservations thereof, and Tenant hereby expressly waives all claims against Landlord with respect to the same. No expansion, contraction, elimination (after the initial Term), unavailability or modification of the Conference Center, and no termination of or interference with Tenant's rights to the Conference Center, shall entitle Tenant to an abatement or reduction in rent or constitute a constructive eviction or an event of default by Landlord under this Lease.



**11. CAFÉ.** The amenities at the Project will include a café. The café will be for the non-exclusive use by tenants and their employees and invitees in the Project. Landlord shall have the right, at Landlord's sole discretion, to expand, relocate, contract, or otherwise modify or eliminate (provided that Landlord shall provide alternative food service in the Project during the initial Term) the café. No expansion, contraction, relocation, modification or elimination (provided that Landlord provides alternative food service in the Project during the initial Term) of the café shall entitle Tenant to an abatement or reduction in Basic Rent constitute a constructive eviction, or result in an event of default by Landlord under this Lease.

**12. CONTINGENCY.** Landlord and Tenant agree that the effectiveness of this Lease is contingent upon the mutual execution of a Right of First Refusal Agreement between Tenant and Landlord's affiliate, The Irvine Company LLC, a Delaware limited liability company ("**TIC**"), granting Tenant certain rights to lease space, on the terms and conditions set forth therein, in a building to be constructed, if at all, by TIC (or its successor-in-interest) in the Project and known as 17600 Laguna Canyon Road, Irvine, California.

**EXHIBIT H**

**LANDLORD'S DISCLOSURES**

**SPECTRUM TERRACE**

Pursuant to Section 25359.7 of the California Health and Safety Code, Landlord discloses to Tenant that prior to site development the Project was used for agricultural purposes including the application of agricultural constituents and the storage and use of petroleum products. Agricultural activities at the Project ceased more than twenty years ago; however, there is a potential that residual chemicals related to these historical activities remain at the property. Landlord is unaware of any material limitation that the historical agricultural activities may place on Tenant's use of the Premises.

**EXHIBIT X**  
**WORK LETTER**  
**[TENANT BUILD]**

**I. TENANT IMPROVEMENTS**

The tenant improvement work ("**Tenant Improvements**") shall consist of any work required to complete the Premises (including base Building Structure modifications, if approved by Landlord) pursuant to approved plans and specifications. Tenant shall employ its own architect and general contractor in constructing the Tenant Improvements. The general contractor shall be selected and engaged by Tenant on the basis of a competitive bid involving at least 3 mutually approved general contractors. The work shall be undertaken and prosecuted in accordance with the following requirements:

- A. Concurrently with sign-off by Tenant, the space plans, construction drawings and specifications for all improvements and finishes, together with any changes thereto, shall be submitted to Landlord (with samples as required) for review and approval by Landlord and its architect for the Project. To the extent applicable, the build-out of the Tenant Improvements shall include Landlord's building standard tenant improvements, materials and specifications for the Project. Should Landlord approve work that would necessitate any ancillary Building modification or other expenditure by Landlord, then except to the extent of any remaining balance of the "Landlord Contribution" as described below, Tenant shall, in addition to its other obligations herein, promptly reimburse Landlord for such costs within 10 days following receipt of invoices from Landlord marked as paid.
- B. All construction drawings prepared by Tenant's architect shall follow Landlord's CAD standards, which standards shall be provided to Tenant or its architect upon request. Landlord shall provide Tenant, at Landlord's cost, with a set of "as built" drawings of the base Building.
- C. Landlord shall, subject to the foregoing, approve or disapprove any submittal of plans or specifications by Tenant within 5 business days following receipt thereof by Landlord.
- D. Tenant shall use the electrical, mechanical, plumbing and fire/life safety engineers and subcontractors designated by Landlord (the "**Designated Entities**"). If Tenant elects not to use the Designated Entities, Landlord may have such Designated Entities review Tenant's Plans and the actual cost therefor shall be deducted from the Landlord Contribution. All other subcontractors shall be subject to Landlord's reasonable approval, and Landlord may require that one or more designated subtrades be union contractors.
- E. Tenant shall deliver to Landlord a copy of the final application for permit and issued permit for the construction work.
- F. Tenant's general contractor and each of its subcontractors shall comply with Landlord's requirements as generally imposed on third party contractors, including without limitation all insurance coverage requirements and the obligation to furnish appropriate certificates of insurance to Landlord prior to commencement of construction.
- G. A construction schedule shall be provided to Landlord prior to commencement of the construction work, and weekly updates shall be supplied during the progress of the work.
- H. Tenant shall give Landlord 10 days prior written notice of the commencement of construction so that Landlord may cause an appropriate notice of non-responsibility to be posted.
- I. Tenant and its general contractor shall attend weekly job meetings with Landlord's construction manager for the Project.
- J. Upon completion of the work, Tenant shall cause to be provided to Landlord (i) as-built drawings of the Premises signed by Tenant's architect, (ii) CAD files of the improved space compatible with Landlord's CAD standards, (iii) a final punch list signed by Tenant, (iv) final and unconditional lien waivers from all contractors and subcontractors, (v) a duly recorded Notice of Completion of the improvement work, and (vi) a certificate of occupancy for the Premises (collectively, the "**Close-out Package**"). Should Tenant fail to provide complete CAD files compatible with Landlord's standards as required herein, Landlord may cause its architect to prepare same and the cost thereof shall be reimbursed to Landlord by Tenant within 10 days of invoice therefor.
- K. The work shall be prosecuted at all times in accordance with all state, federal and local laws, regulations and ordinances, including without limitation all OSHA and other safety laws.

- L. All of the provisions of this Lease shall apply to any activity of Tenant, its agents and contractors, in the Premises prior to the Commencement Date, except for the obligation of Tenant to pay rent.
- M. It is understood that the Tenant Improvements may be done during Tenant's occupancy of the Premises and, in this regard, Tenant agrees to assume any risk of injury, loss or damage which may result. Tenant further agrees that it shall be solely responsible for relocating its office equipment and furniture in the Premises in order for the foregoing Tenant Improvements to be completed in the Premises, that the Commencement Date of the Lease is not conditioned upon nor shall such date be extended by the completion of the foregoing Tenant Improvements, and that no rental abatement shall result while the foregoing Tenant Improvements are completed in the Premises.

Except to the extent arising from Landlord's negligence or willful misconduct, Landlord shall not be liable in any way for any injury, loss or damage which may occur to any work performed by Tenant, nor shall Landlord be responsible for repairing any defective condition therein. Except in the event of a Commencement Date Delay, in no event shall Tenant's failure to complete the Tenant Improvements extend the Commencement Date of the Lease.

## II. COST OF THE WORK

- A. Landlord shall provide to Tenant a tenant improvement allowance in the amount of \$14,226,186.00 (the "**Landlord Contribution**"), based on \$78.00 per rentable square foot of the Premises with any excess cost to be borne solely by Tenant. The Landlord Contribution shall also be utilized to fund space planning and other architectural costs (including the reasonable cost charged by Landlord's architect to review Tenant's drawings and CAD files), engineering costs, construction costs, plan check and permit fees, Tenant's project management costs, and toward the out-of-pocket expenses incurred by Tenant for relocating to the Premises, including moving costs, furniture (refurbishment, installation and/or purchase), fixtures and equipment, signage, and telephone and data cabling costs. In addition to the Landlord Contribution, Landlord shall provide to Tenant an allowance not to exceed \$36,477.40, based on \$.20 per rentable square foot of the Premises, for Tenant's out-of-pocket costs to prepare a preliminary space plan and 2 revisions thereto for the Tenant Improvements ("**Design Allowance**"). Such amount shall be paid to Tenant directly to Tenant's architect or space planner within 30 days following Tenant's submission of an invoice for the same. It is understood that Landlord shall be entitled to a supervision/administrative fee equal to 2% of the Landlord Contribution funded toward such costs, which fee shall be paid from the Landlord Contribution. If the actual cost of completion of the Tenant Improvements is less than the maximum amount provided for the Landlord Contribution, such savings shall inure to the benefit of Landlord and Tenant shall not be entitled to any credit or payment or to apply the savings toward additional work. It is further understood and agreed that the Landlord Contribution shall be requested not later than 9 months after the Commencement Date to be eligible for funding by Landlord, and that Landlord shall not be obligated to fund any portion of the Landlord Contribution towards the Tenant Improvements requested after such date.
- B. Landlord shall fund the Landlord Contribution (less deductions for the above-described supervision fee and charges of Landlord's architect) in installments as and when costs are incurred and a payment request therefor is submitted by Tenant. Each payment request shall include a copy of all supporting invoices, conditional progress payment lien waivers (in the form prescribed by the California Civil Code) for labor and materials incorporated in such payment request, unconditional lien waivers (in the form prescribed by the California Civil Code) for labor and materials on the basis of which payment has previously been by Landlord, and pertinent back-up (including copies of Tenant's payment checks to its contractors and suppliers). Landlord shall fund the payment request within 30 days following receipt of the application and supporting materials; provided that a 10% retention shall be held on payments to Tenant until Landlord receives the complete Close-out Package. The remaining balance of the Landlord Contribution shall be funded when Landlord receives the complete Close-out Package. Prior to any payment by Landlord hereunder, Tenant shall provide to Landlord in writing the address to which such payment is to be delivered, together with a complete copy of the construction contract(s) for the Tenant Improvements.
- C. Landlord shall provide, and neither Tenant nor Tenant's employees, agents, or contractors shall be charged for parking, elevators, access to loading docks, personnel and material costs, or for utilities or (at the time of finishes installation) temporary HVAC (during normal business hours only, unless such requirement for after-hours work is at the direction of Landlord) to the extent utilized in connection with the design and construction of the Tenant Improvements and/or Tenant's move into the Premises.

### III. DELAYS OF COMMENCEMENT DATE

The Commencement Date for the Premises shall occur as provided in Section 3.1 of the Lease, provided that the Commencement Date shall be extended by the number of days of actual delay of the Substantial Completion of the Tenant Improvements in the Premises to the extent caused by a "Commencement Date Delay," as that term is defined, below, but only to the extent such Commencement Date Delay causes the Substantial Completion of the Tenant Improvements to occur after 22 weeks following the Delivery Date. As used herein, the term "**Commencement Date Delay**" shall mean only a "Force Majeure Delay" or a "Landlord Delay," as those terms are defined below in this Article III of this Tenant Work Letter. As used herein, the term "**Force Majeure Delay**" shall mean only an actual delay resulting from strikes, fire, wind, damage or destruction to the Building, explosion, casualty, flood, hurricane, tornado, the elements, acts of God or the public enemy, sabotage, war, invasion, insurrection, rebellion, civil unrest, riots, terrorist acts or earthquakes. As used in this Tenant Work Letter, "**Landlord Delay**" shall mean actual delays to the extent resulting from the acts or omissions of Landlord including, but not limited to (i) failure of Landlord to timely approve or disapprove the plans or any component of the plans; (ii) material and unreasonable interference by Landlord, its agents or its employees, agents or contractors (except as otherwise allowed under this Tenant Work Letter) with the Substantial Completion of the Tenant Improvements and which objectively preclude or delay the construction of tenant improvements in the Building by any person; or (iii) delays due to the acts or failures to act of Landlord or its employees, agents or contractors with respect to payment of the Landlord Contribution and/or cessation of work as a result thereof, or (iv) delays due to Landlord's failure to cause the Premises to be in the Delivery Condition on the Delivery Date.

### IV. DETERMINATION OF LEASE COMMENCEMENT DATE DELAY

If Tenant contends that a Lease Commencement Date Delay has occurred, Tenant shall notify Landlord in writing of (i) the event which constitutes such Lease Commencement Date Delay and (ii) the date upon which such Lease Commencement Date Delay is estimated to end. If such actions, inaction or circumstance described in the Notice set forth in (i) above of this Section of this Tenant Work Letter (the "**Delay Notice**") are not cured by Landlord within 1 business day of Landlord's receipt of the Delay Notice and if such action, inaction or circumstance otherwise qualify as a Lease Commencement Date Delay, then a Lease Commencement Date Delay shall be deemed to have occurred commencing as of the date of Landlord's receipt of the Delay Notice and ending as of the date such delay ends.

EXHIBIT Y  
PROJECT DESCRIPTION



## Subsidiaries of Alteryx, Inc.

<b>Name of Subsidiary</b>	<b>Jurisdiction</b>
Alteryx ANZ Holdings Pty Limited	Australia
Alteryx ANZ Pty Limited	Australia
Alteryx Canada Inc.	Canada
Alteryx Cayman	Cayman Islands
Alteryx Cayman II	Cayman Islands
Alteryx Czech Republic s.r.o.	Czech Republic
Alteryx France SARL	France
Alteryx GmbH	Germany
Alteryx MEA FZ-LLC	United Arab Emirates
Alteryx Japan GK	Japan
Alteryx Singapore Pte. Ltd.	Singapore
Alteryx UK Ltd	England and Wales
Alteryx Ukraine LLC	Ukraine
ClearStory Data Inc.	Delaware
Feature Labs, Inc.	Delaware
Yhat, LLC	Delaware

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 333-230024, 333-223511, 333-216931) of Alteryx, Inc. of our report dated March 7, 2018 relating to the financial statements, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP  
Los Angeles, California  
February 14, 2020



**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement No. 333-230024, No. 333-223511 and No. 333-216931 on Form S-8, of our report dated February 14, 2020, relating to the consolidated financial statements of Alteryx, Inc. and subsidiaries (the “Company”) and the effectiveness of the Company’s internal control over financial reporting, appearing in this Annual Report on Form 10-K of the Company for the year ended December 31, 2019.

*/s/ DELOITTE & TOUCHE LLP*

Los Angeles, California  
February 14, 2020

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF  
THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Dean A. Stoecker, certify that:

1. I have reviewed this Annual Report on Form 10-K of Alteryx, 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 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 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.

Date: February 14, 2020

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/s/ Dean A. Stoecker

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Dean A. Stoecker

Chief Executive Officer

*(Principal Executive Officer)*

**CERTIFICATION PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF  
THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Kevin Rubin, certify that:

1. I have reviewed this Annual Report on Form 10-K of Alteryx, 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 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 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.

Date: February 14, 2020

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/s/ Kevin Rubin

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Kevin Rubin

Chief Financial Officer

*(Principal Financial and Accounting Officer)*

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Dean A. Stoecker, Chief Executive Officer of Alteryx, Inc. (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2019 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 14, 2020

/s/ Dean A. Stoecker

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Dean A. Stoecker

Chief Executive Officer

*(Principal Executive Officer)*

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kevin Rubin, Chief Financial Officer of Alteryx, Inc. (the “Company”), do hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

- the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2019 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 14, 2020

/s/ Kevin Rubin

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Kevin Rubin

Chief Financial Officer

*(Principal Financial and Accounting Officer)*