

**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 January 31, 2021

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: 001-38056

**YEXT, INC.**

(Exact name of registrant as specified in its charter)



Delaware

(State or other jurisdiction of  
incorporation or organization)

20-8059722

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

61 Ninth Avenue

New York, NY 10011

(Address of principal executive offices, including zip code)

(212) 994-3900

(Registrant's telephone number, including area code)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.001 per share	YEXT	New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act:

Not applicable

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 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 files). Yes  No

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

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

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

Based on the closing price of the registrant’s common stock on the last business day of the registrant’s most recently completed second fiscal quarter, which was July 31, 2020, the aggregate market value of its shares (based on a closing price of \$16.82 per share) held by non-affiliates was approximately \$1.8 billion. Shares of the registrant’s common stock held by each executive officer and director and by certain entities or persons that owned a certain percentage of the registrant’s outstanding common stock were excluded to the extent that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of March 1, 2021, the registrant had 124,807,360 shares of common stock, \$0.001 par value per share outstanding.

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s definitive proxy statement for its 2021 Annual Meeting of Stockholders (the “Proxy Statement”), to be filed within 120 days of the registrant’s fiscal year ended January 31, 2021, are incorporated by reference in Part III of this Annual Report on Form 10-K. Except with respect to information specifically incorporated by reference in this Form 10-K, the Proxy Statement is not deemed to be filed as part of this Form 10-K.

---

## TABLE OF CONTENTS

		<b>PAGE</b>	
<b>PART I.</b>			
	Item 1	Business	5
	Item 1A	Risk Factors	12
	Item 1B	Unresolved Staff Comments	36
	Item 2	Properties	36
	Item 3	Legal Proceedings	36
	Item 4	Mine Safety Disclosures	36
<b>PART II</b>			
	Item 5	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	37
	Item 6	Selected Financial Data	39
	Item 7	Management's Discussion and Analysis of Financial Condition and Results of Operations	41
	Item 7A	Quantitative and Qualitative Disclosures About Market Risk	53
	Item 8	Consolidated Financial Statements and Supplementary Data	54
	Item 9	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	79
	Item 9A	Controls and Procedures	79
	Item 9B	Other Information	80
<b>PART III</b>			
	Item 10	Directors, Executive Officers and Corporate Governance	81
	Item 11	Executive Compensation	81
	Item 12	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	81
	Item 13	Certain Relationships and Related Transactions, and Director Independence	81
	Item 14	Principal Accountant Fees and Services	81
<b>PART IV</b>			
	Item 15	Exhibits and Financial Statement Schedules	82
	Item 16	Form 10-K Summary	83
<b>INDEX TO EXHIBITS</b>			
<b>SIGNATURES</b>			

---

## SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This Annual Report on Form 10-K contains, and our officers and representatives may from time to time make, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which statements involve substantial risks and uncertainties. All statements contained in this Annual Report on Form 10-K 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. The words "believe," "may," "will," "potentially," "estimate," "continue," "anticipate," "plan," "intend," "could," "would," "expect" and similar expressions that convey uncertainty of future events or outcomes are intended to identify forward-looking statements. Forward-looking statements included in this Annual Report on Form 10-K include, but are not limited to, statements regarding:

- our future revenue, cost of revenue, operating expenses and cash flows;
- anticipated trends, growth rates and challenges in our business and in the markets in which we operate;
- the effect of the novel coronavirus ("COVID-19") pandemic, including the effect of governmental restrictions and regulations as well as precautionary measures undertaken by businesses, on our business, operations, and financial results and the business and operations of our customers and potential customers;
- our beliefs, objectives and strategies for future operations, including plans to invest in international expansion, research and development, and our sales and marketing teams, and the impact of such investments on our operations;
- our ability to increase sales of our products;
- maintaining and expanding our end-customer base and our relationships with our Knowledge Network; and
- sufficiency of cash to meet cash needs for at least the next 12 months.

We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in Part I, Item 1A. "Risk Factors" in this Annual Report on Form 10-K. 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 events and trends discussed in this Annual Report on Form 10-K may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

You should not rely upon forward-looking statements as predictions of future events. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee that the future results, performance, or events and circumstances reflected in the forward-looking statements will be achieved or occur. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, whether written or oral, except as required by law.

In this Annual Report on Form 10-K, the words "we," "us," "our" and "Yext" refer to Yext, Inc. and its wholly owned subsidiaries, unless the context requires otherwise.

## PART I

### Item 1. Business

#### Overview

Yext, Inc. ("Yext" or the "Company") organizes a business's facts so it can provide official answers to consumer questions starting with the business's own website and then extending across search engines and voice assistants. Our platform lets businesses structure the facts about their brands in a database called the Knowledge Graph. Our platform is built to leverage the structured data stored in the Knowledge Graph to deliver a modern search experience on a business's or organization's own website, as well as across approximately 200 service and application providers, which we refer to as our Knowledge Network, and includes Amazon Alexa, Apple Maps, Bing, Cortana, Facebook, Google, Google Assistant, Google Maps, Siri and Yelp. Our platform powers all of our key features, including Listings, Pages, and Answers, along with its other features and capabilities. We believe a business is the ultimate authority on its own facts, and it is our mission to put that business in control of it, everywhere.

The online consumer journey is changing. With the introduction of natural language processing and the growing prevalence of voice assistants and chatbots, search has become more conversational. Consumers are no longer just typing in individual keywords like "mortgage" or "menswear," but are also using natural language phrases like "wealth advisor near me who specializes in healthcare" and even asking specific, complex questions like "what's the best menswear store in London that sells dress shirts and is open now?" Web and mobile applications and voice and artificial intelligence, or AI, engines are increasingly answering questions directly and in certain cases providing only one answer unlike traditional web-based search where many results are displayed as a list requiring further exploration. As search continues to evolve, and increasingly leverages AI, consumers are more likely to rely on these direct answers.

While consumer online search behavior has changed, the site search experience on many businesses' websites has not evolved to meet consumer expectations. Numerous site searches are unable to understand natural language queries instead returning a list of links based on keywords rather than direct answers. Poor user experience on a business's own website may result in lost sales opportunities or may cause consumers to visit a competitor's website. The challenge for businesses is to understand and provide accurate answers to consumer's questions while delivering a rich, consistent search experience on their website as well as third-party applications. Many answers and results provided by searches currently come from third-party sources such as data aggregators, governmental agencies and consumers. The net result of this third-party sourcing has been to produce "best guess" data that can often be incomplete, misleading or incorrect.

Yext pioneered a better way for businesses to control and publish the critical facts about themselves to answer consumer questions. We have built our business on the fundamental premise that the best source of accurate and timely information about a business is the business itself. We do this first by empowering brands to structure the public facts about themselves in a database called the Knowledge Graph. The Knowledge Graph organizes data in a way that can answer complex questions by storing both data points themselves and the multiple relationships between data points. Our products and features are built to leverage the structured data stored in the Knowledge Graph so businesses can provide official answers to consumer questions.

Businesses of nearly all sizes and in a diverse set of industries can benefit from our platform and capabilities. Yext enables businesses to:

- provide direct answers to consumer questions about their business on their own website;
- modify, enhance and control the facts about each of their locations, professionals, menus, events or other entities managed with our platform;
- update once and disseminate changes to their listings across the most widely used third-party maps, apps, search engines, GPS systems, digital assistants, vertical directories and social networks that consumers rely upon today;
- create and update search-optimized landing pages for their locations, professionals and events on their own websites;
- encourage consumer reviews for inclusion on their landing pages; and
- analyze how features in the platform drive consumer engagement and revenue for our customers.

#### Industry Background

**Search Results Provide Direct Answers.** Search that is powered by AI has grown significantly in recent years. Businesses are now able to leverage search to help consumers discover what they need directly on the search engine results page.

**Consumers Search Using Natural Language.** Consumers are no longer just typing in individual keywords, but are also using natural language phrases and even asking specific, complex questions. Businesses need to be able to understand those questions and answer them accurately and directly.

**Facts About a Business Are Fundamental.** Businesses spend significant sums on developing their brands and creating product and market awareness. When potential consumers reached through those efforts want to make a purchase, businesses need to be able to answer consumers' questions accurately and directly. Inaccurate or incomplete information may result in lost sales opportunities, negative brand experiences and organizational inefficiencies.

**Search Drives Commerce.** When searching for a business, consumers need to know many relevant attributes such as qualifications of a wealth advisor, amenities at a hotel, or course offerings at a university. As a result, businesses must ensure that the facts about their business are available, accurate and consistent online so that they can be found. Moreover, businesses want to make sure that they appear prominently online when nearby consumers search for them. Finally, once a consumer reaches a business's website ready to transact, the business must be ready to answer the consumer's specific queries.

### **Managing Facts Online Is Challenging**

Many businesses lack the capabilities to effectively control, structure and manage facts across the digital ecosystem where consumers discover businesses. This lack of management capability is due to several factors:

- **Lack of Control of Facts Online.** Many answers and results provided by searches currently come from third-party sources such as data aggregators, governmental agencies and consumers. The net result of this third-party sourcing has been to produce "best guess" data that can often miss or misstate the true facts about businesses worldwide.
- **Attributes that Describe the Facts About a Business Are Expanding.** To respond to consumer questions, businesses need to be able to define the facts about their business using detailed, category-specific attributes ranging from name, address and phone number to more detailed items such as whether a hotel accepts pets, a restaurant has a gluten-free menu or a doctor accepts certain insurance plans.
- **Facts About a Business Are Dynamic.** The facts about a business include dynamic attributes that change frequently, such as opening hours, holiday hours, menus, events and promotions.
- **Facts About a Business Exist in Many Places.** With popular services such as Google, Facebook and Yelp, as well as vertical search applications and search leveraging AI using mobile, voice-based and in-app search, businesses need an efficient way to control their facts across these multitude of services.

**Businesses Need to Provide Consumers with Relevant and Actionable Information.** When consumers ask questions about businesses, they expect to be able to quickly find the relevant information they need about those organizations. Furthermore, the increase in the number of mobile users around the world has resulted in the need for business information to be available on the applications where consumers engage and to be presented in a way that is consistent with the language and customs of each geography in which consumers reside.

**Existing Alternatives Are Inadequate.** Traditional methods for managing facts about brands include paper or legacy software-based solutions, such as word processors or spreadsheets. Simply managing and updating information within the few core search engines, such as Google and Bing, through these traditional methods is already very challenging, and becomes even more so when implementing updates on newer services such as Instagram, Snapchat and Uber.

**Poor Site Search Experience Results in Lost Transactions.** While consumer online search behavior has changed, we believe the site search experience on many businesses' websites has not evolved to meet consumer expectations. Many site searches are unable to understand natural language queries and instead return a list of links based on keywords rather than direct answers. Poor site search experience on a business's own website may result in lost sales opportunities or may cause consumers to visit a competitor's website.

**Consumer Reviews Are of Critical Importance.** Many major applications include consumer review data in their search results and may rank businesses and professional service providers based on the number, quality and recency of reviews. A limited number of reviews or a few poor reviews without offsetting positive reviews may result in an otherwise lower search ranking in certain applications.

### **Growth Strategy**

Key elements of our strategy include:

- **Grow Our Customer Base.** We believe that there is a substantial opportunity to continue to increase the size of our customer base across a broad range of industries and companies. In October 2019 with the launch of Yext Answers, our site search product, we further expanded our customer base to include businesses that maintain websites but without physical locations, such as consumer product businesses. We plan to continue to invest in our direct sales force to grow our customer base, both domestically and internationally.
- **Expand Existing Customer Relationships.** We continue to expand our relationships with existing customers. For example, some businesses may initially purchase our platform only for their stores in a particular country with opportunities to expand to other stores in the geographic region. We continue to sell additional features, such as Pages,

Reviews and Answers, to existing customers. See "—Sales and Marketing" for a discussion of customer retention and our ability to expand customer relationships.

- **Expand Internationally.** We sell our platform throughout the world and believe there are substantial opportunities to increase sales to customers outside of the United States as well as to help our existing U.S.-based customers manage data for more of their international business. We have an established presence in the United Kingdom, Germany, France, Italy, the Netherlands, Spain, Switzerland, Japan and China and we intend to further expand our footprint to other regions.
- **Develop and Market New Products and Features.** We are committed to developing and marketing innovative capabilities and we will continue to invest in our platform and develop products and features to help our customers better control the facts about their businesses online. For example, in October 2019 we launched Yext Answers, our site search product. In the fiscal year ended January 31, 2021, we expanded Yext Answers into five new languages, French, German, Italian, Spanish and Japanese, and enhanced Yext Answers with two major algorithm upgrades.
- **Drive Usage of Our Platform.** Our customer success professionals are responsible for building relationships with customers, increasing customer's adoption and engagement with the Yext platform. In the fiscal year ended January 31, 2021, we launched the Hitchhikers program, a comprehensive training program and community for professionals to develop the skills to build custom search solutions for their business using our platform.
- **Extend the Knowledge Network.** We plan to continue to expand our Knowledge Network. In the fiscal year ended January 31, 2021 our Knowledge Network is comprised of approximately 200 applications. We are increasing our focus on adding more industry vertical-specific and international services to our Knowledge Network as well as including new services that may become more commonly used in the future. For example, in the fiscal year ended January 31, 2019 we launched a global integration with Amazon to give businesses control over the answers Amazon Alexa provides about them, and in the fiscal year ended January 31, 2021, we launched an integration with WebMD, while expanding the global reach of the Knowledge Network through multiple integrations with international applications.
- **Expand Our App Directory.** Yext offers integrations with a number of other platforms accessible through the Yext App Directory. These integrations offer our customers the ability to connect Yext with other systems to give customers programmatic control of their organization's facts. As the number of integrations in the Yext App Directory grows, we believe that it will further expand the ways that our platform can be utilized and increase customer retention. For example, in the fiscal year ended January 31, 2021, we launched the WordPress Answers Connector, a plugin that allows WordPress users to seamlessly integrate Yext Answers into WordPress pages.

#### Key Benefits of Our Platform

The Yext platform provides the following benefits depending on a customer's subscription level and enabled products and features:

- **Control over Facts.** Our platform is the system of record that enables our customers to control and centralize the facts about their businesses, resulting in the elimination of inaccurate and duplicate data and the ability to seamlessly update data across our Knowledge Network.
- **Flexibility for Optimized Management of Business Attributes.** Our technology enables businesses to develop structured data that suits their business needs and is optimized for search and discovery. Our platform gives businesses the ability to organize, edit and update the facts about their business based on numerous standard attribute fields, such as address and hours of operation, and increase the depth of their data using our extensible custom fields, such as menu options or accepted insurance plans.
- **Direct Integrations with the Most Relevant Services.** Our platform, coupled with our Knowledge Network of approximately 200 maps, apps, search engines, intelligent GPS systems, digital assistants, vertical directories and social networks, provides our customers with the ability to update their information and content across this network with a single click.
- **Increased Discoverability and Conversions.** With structured data stored in the Knowledge Graph coupled with the applications in our Knowledge Network, our customers provide search engines and voice assistants with the data they need to answer questions about their businesses. By providing accurate and direct answers to questions and guiding consumers to transact directly from search results, we believe businesses are able to capture, convert and retain more of their customers.
- **Create and Manage Compelling Landing Pages for Consumers at Scale.** Yext Pages enables businesses to create and manage compelling landing pages on their website at scale using the Knowledge Graph. When data is updated on a business's Knowledge Graph, Yext automatically publishes the changes to a business's website, so that the most accurate, up-to-date answers are available to customers on and off a business's website.

- **Ability to Drive More Reviews and Increase Consumer Engagement.** Yext Reviews helps our customers to gather additional genuine consumer reviews and add those reviews to a customer's website as well as monitor and respond to reviews posted across the Knowledge Network.
- **Ability to Perform Advanced Analytics.** Our platform's advanced analytics inform businesses about their digital public presence and consumer interactions on their Yext Listing, Pages and Answers experiences that can drive customer revenue.
- **Reduced Support Costs.** Yext Answers helps consumers find information quickly and easily on a business's own website without having to contact a support center or chatbot.
- **Global Reach and Local Expertise.** Our platform integrates with both global and country-specific search engines and applications, accepts international address and phone number data, and allows local employees to contribute individual expertise, providing a consumer experience that respects local languages, address formats and customs.

## The Yext Platform

Yext's cloud-based platform powers products and features that allow our customers to provide accurate and direct answers to consumer questions, to control the facts about their businesses and the content of their landing pages and to manage their consumer reviews, all from a single login. From our platform customers can centralize, control and manage data fields, including store information such as name, address, phone number and holiday hours; professional information such as headshot, specialties or education; job information such as title and description; FAQs and more. Our customers can then use this data to answer consumers' questions, to power and update their landing pages and to make this information available through our Knowledge Network of approximately 200 maps, apps, search engines, intelligent GPS systems, digital assistants, vertical directories and social networks in a complete, up to date and accurate manner.

The key products and features that comprise the Yext platform include:

- **Listings.** Listings allows our customers to sync and update the content they store in the Yext platform across our Knowledge Network providing customers with greater control and consistency over their brand.
- **Pages.** Pages enables businesses to create landing pages on their website to capture traffic from search engines and establish a call-to-action for consumers who reach those pages.
- **Answers.** Answers delivers a natural-language search experience on a company's website and other digital properties, where consumers can search a company's Knowledge Graph and get direct answers in the form of knowledge cards, maps and other relevant results.

Our platform contains various other features. Reviews enables customers to encourage and facilitate reviews, thereby increasing the quantity and quality of the reviews available to potential consumers and provides tools to manage their reviews from multiple sources across our Knowledge Network from a single location. Analytics provides businesses a holistic view of where and how consumers interact with their brand both on their own websites and on third-party applications as well as insight into consumer interactions on their Yext Listing, Pages and Answers experiences that can drive customer revenue. Ultimately, our platform helps businesses deliver accurate, consistent, up to date and compelling information to consumers.

In September 2020, Yext announced the general availability of Hitchhikers, a comprehensive training program and community for professionals, who use Yext. With the launch of Hitchhikers, professionals are now able to build custom search solutions for their business using our platform. We continue to invest in platform and features development to help our customers better control the facts about their business and have released new products and features to all of our customers multiple times a year.

## Our Technology

Our cloud-based platform is designed to scale as we continue to add customers and allows us to support the entities managed with our platform and the millions of associated facts. The platform is built primarily with industry-standard open source technology. We use a microservices-based architecture to maximize the manageability, flexibility and scalability of our software as it continues to grow more complex. We also employ a modern continuous delivery approach to building, testing and deploying our software.

### Hosting

The majority of our customer-facing software is run from two co-location data centers. To provide the highest level of up-time and lowest latency for our platform capabilities, key high-volume services are hosted by third-party hosting services, which allows easier and greater scalability and provides for redundancy.

### Data Structure

The Yext platform allows customers to collect, store and manage structured data, consistent with standards published by schema.org. Schema.org is an open and collaborative initiative launched by certain large search engines that defines the vocabulary



and format for structured markup. Search engines like Google and Bing consume data through structured markup placed in the underlying code of web pages.

We actively monitor and track the schema.org standards so that our platform stores and publishes data in accordance with the most current schema.org specifications.

### ***Integrations with our Knowledge Network and App Directory***

The functionality of our platform is dependent on integrations with a variety of third-party technologies that comprise our Knowledge Network and App Directory. For example, we rely on integrations with each of the applications in our Knowledge Network to accomplish some or all of the following key tasks with members of our Knowledge Network:

- search for existing listings and retrieve details about them, in order to match our customers' data in the Knowledge Graph to existing listing data;
- claim listings and deliver updated content;
- retrieve or get notified about reviews and allow review response; and
- obtain statistics about traffic on listings to display to our customers in the platform.

Yext's integrations through its App Directory offer our customers the ability to connect Yext with other systems to enable customers to accomplish key tasks including the following:

- powering chatbots with data stored in the Knowledge Graph;
- joining insights from Yext with other platforms to perform deeper business analysis;
- optimize marketing campaigns with location data stored in the Knowledge Graph; and
- optimize scheduling and appointment bookings.

Over the years, we have developed special integrations with a number of the applications in our Knowledge Network and App Directory. We have also worked with the major application providers to develop trust and strong working relationships, resulting in specific operational workflows, processes for issue resolution, and specialized technology and processes tailored to the nuances of each. For smaller application providers, we have developed our own application programming interface, or API specifications that each provider builds and implements for integration with our platform.

### **Our Customers**

We serve businesses with locations throughout the world. These include many leading businesses in a diverse set of industries, such as healthcare, retail and financial services. For this purpose, we define a customer as a separate and distinct buying entity, such as a company, a government institution, a franchisor, a service provider or agency or a distinct business unit of a large corporation that has an active contract directly with us. No single customer accounted for more than 10% of our revenue for the fiscal years ended January 31, 2021, 2020 and 2019, respectively.

### **Customer Support**

Our customer support group responds to inquiries about the use of our products. We provide basic customer support as well as premier customer support, which may include services such as priority access to technical resources, faster target response times and other additional support services. As the Yext platform can be used by a number of different roles throughout the organization, for an additional fee, we also offer field user support which includes one-on-one training, review of content based on brand guidelines, and other support services.

### **Professional Services**

We offer professional services to customize our platform for our customers. Our professional services teams comprised of project managers, engineers and design experts offer various services including custom built landing pages and data integrations as well as ongoing maintenance and services.

### **Sales and Marketing**

We sell our platform throughout the world to customers of all sizes, including our enterprise, mid-size, and third-party reseller customers. In transactions with resellers, we are only a party to the transaction with the reseller and are not a party to the reseller's transaction with its customer. We are also developing programs comprised of technology companies and consultants to promote the Yext platform to their customers.

Our sales organization varies by market within each country and will change over time as we build critical mass and address various verticals within a market. Our quota-carrying sales representatives were approximately 250 at both January 31, 2021 and 2020.

We offer annual and multi-year subscriptions to our platform. Revenue is a function of the number of customers, the number of licenses or capacity purchased by each customer, the package to which each customer subscribes, the price of the package and renewal rates. Our subscriptions are offered in a discrete range of packages, with pricing based on specified feature sets and the number of entities managed on our platform, such as locations, persons and events among others. We refer to these locations, persons, and other entities collectively as “licenses.”

Our packages start with basic access to the Knowledge Graph and successively include access to additional capabilities at a higher cost. During the fiscal year ended January 31, 2021, we offered unbundled products for our enterprise and mid-size customers enabling them to purchase each of our products separately rather than in packages with pricing based on capacity or licenses.

Our marketing efforts are focused on promoting our brand and generating demand for our products. We use a variety of marketing programs across traditional and social channels to target our prospective and current customers. Our primary marketing activities include integrated marketing campaigns, sponsorships of leading industry conferences, and thought leadership such as webinars, whitepapers and blog posts.

### **Research and Development**

Our global research and development organization is responsible for the development, design and testing of our platform as well as APIs that facilitate the integration of our platform with third-party applications. Our research and development team uses and shares the same technology, platform development tools and data across various sites. We have and will continue to invest in our research and development team to enable the release of new products and features multiple times a year.

### **Intellectual Property**

Our intellectual property is an essential element of our business. We rely on a combination of patent, trade secret, trademark, copyright and other intellectual property laws, confidentiality agreements and license agreements to protect our intellectual property rights. We also license certain third-party technology for use in conjunction with our platform.

We believe that our continued success depends on hiring and retaining highly capable and innovative employees, especially as it relates to our engineering base. It is our policy that our employees and independent contractors involved in development are required to sign agreements acknowledging that all inventions, trade secrets, works of authorship, developments and other processes generated by them on our behalf are our property and assigning to us any ownership that they may claim in those works. Despite our precautions, it may be possible for third parties to obtain and use without consent intellectual property that we own or license. Unauthorized use of our intellectual property by third parties, and the expenses incurred in protecting our intellectual property rights, may adversely affect our business.

### ***Patents and Patent Applications***

As of January 31, 2021, we had twelve issued U.S. patents, twelve non-provisional and two provisional U.S. patent applications, four international Patent Cooperation Treaty patent applications pending, and nine national stage applications outside of the U.S. The issued patents have expiration dates ranging from 2032 to 2037. Although we actively attempt to utilize patents to protect our technologies, we believe that none of our patents, individually or in the aggregate, are material to our business. We will continue to file and prosecute patent applications when appropriate to attempt to protect our rights in our proprietary technologies. However, there can be no assurance that our patent applications will be approved, that any patents issued will adequately protect our intellectual property, or that such patents will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable.

### ***Trademarks***

We rely on registered and unregistered trademarks to protect our brand. As of January 31, 2021, we had 135 trademarks registered globally. “Yext” is a registered trademark in the United States and in certain other countries.

### **Competition**

The market for our platform is new and rapidly evolving, and we face many competitors with a variety of product offerings. Our competition comes from businesses that choose to manage their online, public-facing data in-house using manual, paper and spreadsheet-based systems that corporate personnel employ in a fragmented manner rather than pay for a third-party product or service. In addition, other companies may offer products and services at lower price points than us or that compete with some of the features present in our platform. As we develop our platform, we will introduce products and features that compete in new markets and as a result we will face more established businesses in these markets. For example, in October 2019 we launched Answers, our site search product, which competes with other site search products. As we introduce new features and our existing platform evolves, or as other companies introduce new products and services, we may become subject to additional competition.

We believe that we generally compete favorably with our competitors because of the size and breadth of our integrations and relationships with the applications in our Knowledge Network, the features and performance of our platform, the ease of integration of our platform with the technological infrastructures of our customers and the incremental marketing benefits and return on investment that our various products and features offer to our customers.

## **Human Capital**

We consider our culture and employees to be vital to our success. Yext is committed to providing a safe, productive, discrimination-free and harassment-free work environment. All employees are responsible for compliance with our Code of Conduct and Employee Handbook, which includes our anti-harassment policy. These policies and practices help us foster a workplace environment that promotes inclusion and diversity. We also support seven employee resource groups, or ERGs, that are led and founded by employees with a senior executive sponsor. ERGs provide a community for underrepresented groups and their allies and offer professional development and mentoring opportunities. In the fiscal year ended January 31, 2021, the Company made a greater commitment to diversity and inclusion by hiring a senior diversity and inclusion manager to develop and implement diversity and inclusion strategies to improve our recruitment process, performance management, leadership development, employee engagement and retention.

To attract and retain highly capable and innovative employees, we have developed competitive compensation packages and benefits programs. Our compensation packages include market-competitive pay, an Employee Stock Purchase Plan, healthcare and retirement benefits, paid time off and family leave and flexible work schedules. We also offer broad-based equity awards with multi-year vesting provisions to incentivize and reward our employees for long term corporate performance based on the value of our common stock and promote retention throughout the vesting period. We have invested resources to develop employee talent. Upward, our rotational program, offers analysts early in their careers the opportunity to rotate through three functional areas to gain an understanding not only of how our platform and systems work, but also how our customers interact with our products. In addition, we conduct an annual employee survey to gauge employee engagement and identify areas of focus.

To support our employees in the fiscal year ended January 31, 2021 and to promote their health and safety, we temporarily closed our offices requiring all of our employees globally to work remotely. We invested resources in supporting our employees in a shift to remote work, including offering all employees a stipend for supplemental home office equipment and supplies. We provided two weeks of emergency family leave for employees to take care of a child or parent due to COVID-19 disruptions. To help mitigate the financial impact of COVID-19 on certain employees in our sales organization, we offered to advance a portion of the employee's target commission during the fiscal year ended January 31, 2021 and modified certain quota targets.

As of January 31, 2021, we had over 1,300 full-time employees, the majority of which are based in our New York headquarters.

## **Governmental Regulation**

We are subject to governmental regulation and other legal obligations, including those related to privacy, data protection and information security. Compliance with such laws and regulations could, individually or in the aggregate, increase our cost of doing business, impact our competitive position relative to our peers, and otherwise have an adverse impact on our operating results. For additional information about the impact of government regulations on our business, see "Risk Factors—Risks Related to Laws, Regulation and Taxation" in Part I, Item 1A in this Annual Report on Form 10-K.

## **Additional Information**

We are a Delaware corporation with our headquarters located at 61 Ninth Avenue, New York, NY 10011. You can access our website at [www.yext.com](http://www.yext.com) and our investor relations website at <http://investors.yext.com>. Our telephone number is (212) 994-3900.

Copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, are available, free of charge, on our investor relations website as soon as reasonably practicable after we file such material electronically with or furnish it to the Securities and Exchange Commission, or the SEC. The SEC also maintains a website at <http://www.sec.gov> that contains our SEC filings. None of the information contained on, or that can be accessed through, our website, our investor relations website or the SEC's website is part of this Form 10-K nor is such information incorporated by reference herein.

## Item 1A. Risk Factors

*You should carefully consider the risks and uncertainties described below, together with all of the other information contained in this Annual Report on Form 10-K, including our consolidated financial statements and related notes, before making a decision to invest in our common stock. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that affect our business. If any of the following risks occur, our business, financial condition, operating results and prospects could be materially harmed. In that event, the price of our common stock could decline, and you could lose part or all of your investment.*

### Risk Factor Summary

This risk factor summary contains a high-level summary of risks associated with our business, but does not address all of the risks that we face. Additional discussion of the risks summarized below, and other risks that we face, may be found immediately following this summary.

#### ***Risks Related to Our Business and Industry***

- We have a history of losses and may not achieve profitability in the future.
- The effects of the COVID-19 pandemic have had and are expected to continue to have an adverse effect on our business, operations and financial results as well as the business and operations of our customers and potential customers.
- Because we recognize revenue from subscriptions for our platform over the term of the subscription, downturns or upturns in new business may not be immediately reflected in our operating results.
- Our revenue growth rate in recent periods may not be indicative of our future performance.
- We have a limited operating history and our business has evolved, which makes it difficult to predict our future operating results.
- We have experienced rapid growth and significant changes to our organization and structure and may not be able to effectively manage such growth.
- Failure to adequately maintain and scale our sales force will impede our growth.
- We have expanded and intend to continue to expand our international operations, which exposes us to significant risks.
- Our growth depends in part on the success of our strategic relationships with existing and prospective Knowledge Network application providers.
- We do not have a long history with our pricing models and changes could adversely affect our operating results.
- Our success depends on a fragmented internet environment for finding information, particularly information about businesses.
- Our platform faces competition in the marketplace. If we are unable to compete effectively, our operating results could be adversely affected.
- Business and professional service providers may not widely adopt our platform to manage their information or as an important part of their marketing strategy, which would limit our ability to grow our business.
- If customers do not renew their subscriptions for our platform or if they reduce their subscriptions at the time of renewal, our revenue will decline and our business will suffer.
- If we are unable to attract new customers, our revenue growth could be slower than we expect and our business may be harmed.
- If we fail to integrate our platform with a variety of third-party technologies, our platform may become less marketable and less competitive or obsolete and our operating results would be harmed.
- If we are unable to successfully develop and market new features, make enhancements to our existing features, or expand our offerings into new markets, our business, results of operations and competitive position may suffer.
- If we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards and changing customer needs or requirements, our platform may become less competitive.
- If customers do not expand their use of our platform beyond their current subscriptions and licenses, our ability to grow our business and operating results may be adversely affected.
- Because our platform is sold to enterprises that often have complex operating environments, we may encounter long and unpredictable sales cycles, which could adversely affect our operating results in any given period.
- A portion of our revenue is dependent on a few customers.
- A significant portion of our revenue is dependent on third-party reseller customers, the efforts of which we do not control.
- Adverse economic conditions or reduced technology spending may adversely impact our business.
- We may require additional capital to support our business, and this capital might not be available on acceptable terms, if at all.

#### ***Risks Related to Information Technology, Intellectual Property, and Data Security***

- A security breach, network attack or information security incident could delay or interrupt service to our customers, result in the unauthorized access to, or use, modification or publishing of customer content or other information, harm our reputation or subject us to significant liability.

- Assertions by third parties of infringement or other violations by us of their intellectual property rights could result in significant costs and harm our business and operating results.
- We could incur substantial costs in protecting or defending our intellectual property rights, and any failure to protect our intellectual property could adversely affect our business, results of operations and financial condition.
- Our platform utilizes open source software, and any failure to comply with the terms of one or more of these open source licenses could negatively affect our business.
- We employ third-party licensed software for use in or with our platform, and the inability to maintain these licenses or errors in the software we license could result in increased costs, or reduced service levels, which could adversely affect our business.
- The reliability of our network and support infrastructure will be critical to our success. Sustained failures or outages could lead to significant costs and service disruptions, which could negatively affect our business, financial results and reputation.
- Real or perceived errors, failures or bugs in our software, or in the software or systems of our third-party application providers and partners, could materially and adversely affect our operating results and growth prospects.

***Risks Related to Laws, Regulation and Taxation***

- We are subject to governmental regulation and other legal obligations, including those related to privacy, data protection and information security, and our actual or perceived failure to comply with such obligations could harm our business. Compliance with such laws could also impair our efforts to maintain and expand our customer base, and thereby decrease our revenue.

***Risks Related to Ownership of Our Common Stock and Our Status as a Public Company***

- Our quarterly results may fluctuate significantly and may not fully reflect the underlying performance of our business.
- The market price of our common stock has been and may continue to be volatile and may decline. Market volatility may affect the value of an investment in our common stock and could subject us to litigation.

***Risks Related to Our Business and Industry***

***We have a history of losses and may not achieve profitability in the future.***

We generated a net loss of \$94.7 million, \$121.5 million and \$74.8 million for the fiscal years ended January 31, 2021, 2020 and 2019, respectively. As of January 31, 2021, we had an accumulated deficit of \$517.3 million, reflecting our losses recognized historically on a GAAP basis. We will need to generate and sustain increased revenue levels in future periods to become profitable, and, even if we do, we may not be able to maintain or increase our level of profitability. As a result, we may continue to experience operating losses for the indefinite future. Further, we expect our operating expenses to increase over the next several years as we hire additional personnel, incur additional expenses associated with our new and expanded facilities, expand our distribution channels, develop our technology and new features and face increased compliance costs associated with our growth and entry into new markets and geographies and operations as a public company. If our revenue does not increase to offset these and other potential increases in operating expenses, we may not be profitable in future periods. If we are unable to achieve and sustain profitability, the market price of our common stock may significantly decrease.

***The effects of the COVID-19 pandemic have had and are expected to continue to have an adverse effect on our business, operations and financial results as well as the business and operations of our customers and potential customers.***

The COVID-19 pandemic has disrupted business operations for us and our customers, suppliers, vendors and other parties with whom we do business and such disruptions are expected to continue for an indefinite period of time. In an effort to control the spread of COVID-19, governments and municipalities around the world have instituted restrictive measures, including orders to shelter-in-place, travel restrictions, and mandated business closures. The pandemic and resulting governmental restrictions and regulations have adversely affected businesses, economies, and financial markets globally, leading to an economic downturn, a sharp increase in unemployment and increased market volatility.

As a result of the COVID-19 pandemic, the operation of our business has been disrupted. We have temporarily closed our offices requiring all employees globally to work remotely. We have restricted non-essential business travel and canceled in-person marketing events, including our annual industry and customer event ONWARD20. While we continue to monitor regional developments relating to the COVID-19 pandemic to inform decisions on office re-openings and lifting of travel restrictions, these efforts may not be successful and may require additional costs. The uncertain duration of these measures have had and may continue to have increasingly negative effects on our sales efforts and revenue growth rates. In addition, our management team has, and will likely continue, to spend time, attention and resources monitoring the COVID-19 pandemic and seeking to manage its effects on our business and workforce.

The COVID-19 pandemic has had and we believe will continue to have a negative impact on our sales activities including our ability to attract, retain and sell additional products and features to our customers. In response to the COVID-19 pandemic some existing and potential customers, in particular among those in industries highly impacted by the pandemic, such as retail and food services as well as certain geographies such as Europe, have and we expect other customers may reduce, suspend or delay technology spending, request to renegotiate contracts to obtain concessions such as extended billing and payment terms, shorten the duration of

contracts or elect not to renew their subscriptions. If additional customers or potential customers take similar actions, our operating results and financial condition may be materially adversely impacted. Because our platform is offered as a subscription-based service and we generally recognize revenue from our customer contracts ratably over the term of the contract, changes in our contracting activity in the near term may not be fully reflected in our results of operations and overall financial performance until future periods.

The COVID-19 pandemic and measures taken to control its spread may adversely affect other aspects of our business as described in this “Risk Factors” section. As a result of the scale of the pandemic and measures taken to control its spread, our financial and operating results have been adversely affected and may differ materially from our historical results, and such adverse results may continue or worsen.

***Because we recognize revenue from subscriptions for our platform over the term of the subscription, downturns or upturns in new business may not be immediately reflected in our operating results.***

We generally recognize revenue from customers ratably over the terms of their agreements, which are typically one year in length but may be up to three years or longer in length. As a result, most of the revenue we report in each quarter is the result of subscription agreements entered into during previous quarters. Consequently, a decline in new or renewed subscriptions in any one quarter may not be reflected in our revenue results for that quarter. Any such decline, however, will negatively affect our revenue in future quarters. Accordingly, the effect of significant downturns in sales and market acceptance of our products or a decline in our retention rate, including as a result of the ongoing COVID-19 pandemic, may not be fully apparent or reflected in our results of operations until future periods. Our subscription model also makes it difficult for us to rapidly increase our revenue through additional sales in any period, as revenue from new customers must be recognized over the applicable subscription term.

***Our revenue growth rate in recent periods may not be indicative of our future performance.***

We experienced revenue growth rates of 34% from the fiscal year ended January 31, 2018 to the fiscal year ended January 31, 2019, 31% from the fiscal year ended January 31, 2019 to the fiscal year ended January 31, 2020, and 19% from the fiscal year ended January 31, 2020 to the fiscal year ended January 31, 2021. Our historical revenue growth rates are not indicative of future growth, and we may not achieve similar revenue growth rates in future periods. You should not rely on our revenue for any prior quarterly or annual periods as an indication of our future revenue or revenue growth. Our operating results may vary as a result of a number of factors, including our ability to execute on our business strategy, our ability to compete effectively for customers and business partners, the impact of the COVID-19 pandemic on our business, and other factors that are outside of our control. If we are unable to maintain consistent revenue or revenue growth, our stock price could be volatile, and it could be difficult to achieve or maintain profitability.

***We have a limited operating history and our business has evolved, which makes it difficult to predict our future operating results.***

We were incorporated in 2006 and originally operated as an advertising services company. Our business has evolved several times since then. For example, we sold our advertising business to IAC/InterActiveCorp in 2012 and over the following years have become a platform that puts businesses in control of their facts online with their official answers in search. Many of the most popular features of our platform have only been launched in the past few years.

As a result of our limited operating history and recent changes to our platform and our sales model, our ability to forecast our future operating results is limited and subject to a number of uncertainties, including our ability to plan for and model our future growth. The dynamic nature of our business and our industry may make it difficult to evaluate our current business and future prospects, and as a result our historical performance should not be considered indicative of our future performance. We have encountered and will encounter risks and uncertainties frequently experienced by growing companies in rapidly changing industries, such as the risks and uncertainties described herein. In addition, the duration and extent of the impact of the COVID-19 pandemic on our business and industry are uncertain and introduce additional uncertainty to our forecasts of future operating results. If our assumptions regarding these risks and uncertainties are incorrect or change due to changes in our industry, or if we do not address these risks successfully, our operating and financial results could differ materially from our expectations and our business could suffer.

***We have experienced rapid growth and significant changes to our organization and structure and may not be able to effectively manage such growth.***

Our headcount and operations have grown substantially in recent years. We increased the number of our full-time employees from over 450 as of January 31, 2016 to over 1,300 as of January 31, 2021 and have hired several members of our senior management team in recent years.

We believe that our corporate culture has been a critical component of our success. We have invested substantial time and resources in building our team and nurturing our culture. As we expand our business and operate as a public company, we may find it difficult to maintain our corporate culture while managing our personnel growth. Any failure to manage our anticipated growth and organizational changes in a manner that preserves the key aspects of our culture could hurt our chance for future success, including our ability to recruit and retain personnel and effectively focus on and pursue our corporate objectives. Furthermore, as a result of the COVID-19 pandemic, our corporate culture may be difficult to maintain as all our global offices are temporarily closed and all employees globally work from home.

In addition, to manage the growth of our headcount, customer-base and operations, we will need to continue to improve our information technology infrastructure and our operational, financial and management systems and procedures. We have implemented many of these systems and procedures only recently, and they may not work as we expect or at all. Our anticipated additional headcount and capital investments will increase our costs, which will make it more difficult for us to address any future revenue shortfalls by reducing expenses in the short term. However, to the extent we cannot scale our information technology infrastructure, we will continue to rely on manual processes that are costly, inefficient and subject to error.

Finally, in order to successfully manage our rapid growth, our organizational structure has become more complex. We have added personnel and may need to continue to scale and adapt our operational, financial and management controls, as well as our reporting systems and procedures. The expansion of our systems and infrastructure may require us to commit additional financial, operational and management resources before our revenue increases and without any assurances that our revenue will increase. If we fail to successfully manage our growth, we likely will be unable to successfully execute our business strategy, which could have a negative impact on our business, operating results and financial condition.

***Failure to adequately maintain and scale our sales force will impede our growth.***

Our revenue growth is substantially reliant on our sales force. Much of our sales process is relationship-driven, which requires a significant sales force. While we plan to maintain and scale our direct sales force, both domestically and internationally, we have historically had difficulty recruiting and retaining a sufficient number of sales personnel. If we are unable to adequately scale our sales force, we will not be able to reach our market potential and execute our business plan.

Identifying and recruiting qualified sales personnel and training them on our products requires significant time, expense and attention. Our financial results will suffer if our efforts to scale and train our direct sales force do not generate a corresponding increase in revenue. We have hired a significant number of direct sales personnel in recent years. If new direct sales personnel are unable to achieve desired productivity levels in a reasonable period of time, including as a result of the COVID-19 pandemic or if we are unable to retain and develop talented sales personnel, we may not be able to realize the expected benefits of this investment or increase our revenue.

***We have expanded and intend to continue to expand our international operations, which exposes us to significant risks.***

In 2014, we opened our first office outside the United States, and we intend to continue to expand our operations abroad. Our international expansion has created and will create significant challenges for our management, administrative, operational and financial infrastructure. Operating in international markets requires significant resources and management attention and will subject us to regulatory, economic and political risks in addition to those we already face in the United States. Because of our limited experience with international operations and developing and managing sales in international markets, our international expansion efforts may not be successful.

Some of the specific risks we will face in conducting business internationally that could adversely affect our business include:

- the difficulty of recruiting and managing international operations and the increased operations, travel, infrastructure and legal compliance costs associated with numerous international locations;
- our ability to effectively price our multi-tiered subscriptions in competitive international markets;
- our ability to identify and manage sales partners;
- new and different sources of competition in each country or region;
- potentially greater difficulty collecting accounts receivable and longer payment cycles;
- the need to adapt and localize our products for specific countries, including differences in the location attributes and formats used in each country and differences in languages, for example in the case of our site search product, which relies on natural language processing;
- the need to develop integrations with new third-party applications used by international customers;
- the need to offer customer support in various languages;
- difficulties in understanding and complying with local laws, regulations and customs in foreign jurisdictions;
- compliance with U.S. laws and regulations for foreign operations, including, without limitation, the Foreign Corrupt Practices Act, or FCPA, the U.K. Bribery Act, import and export control laws, tariffs, trade barriers, economic sanctions and other regulatory or contractual limitations on our ability to sell in certain foreign markets, and the risks and costs of non-compliance;
- compliance with international laws and regulations, including without limitation, those governing privacy, data security and data transfer, such as the General Data Protection Regulation, or GDPR, which may impair our ability to grow our business or offer our service in some locations, may subject us to liability for non-compliance or may require us to change our business practices;

- expanded demands on, and distraction of, senior management;
- difficulties with differing technical and environmental standards, data privacy and telecommunications regulations and certification requirements outside the United States;
- varying levels of internet technology adoption and infrastructure;
- tariffs and other non-tariff barriers, such as quotas and local content rules;
- more limited protection for intellectual property rights in some countries;
- adverse tax consequences;
- fluctuations in currency exchange rates, which could increase the price of our products outside of the United States, increase the expenses of our international operations and expose us to foreign currency exchange rate risk;
- currency control regulations, which might restrict or prohibit our conversion of other currencies into U.S. dollars;
- restrictions on the transfer of funds;
- deterioration of political relations between the United States and other countries;
- natural disasters, pandemics including the ongoing COVID-19 pandemic, acts of terrorism and other events beyond our control; and
- political or social unrest or economic instability in a specific country or region in which we operate, which could have an adverse impact on our operations in that location.

Also, our network service provider fees outside of the United States are generally higher than domestic rates, and our gross margin may be affected and may fluctuate as we expand our operations and customer base worldwide.

Our failure to manage any of these risks successfully could harm our international operations, and adversely affect our overall business, operating results and financial condition.

Some of our customers and Knowledge Network application providers also have international operations and are subject to the risks described above. Even if we are able to successfully manage the risks of international operations, our business may be adversely affected if these customers and application providers are not able to successfully manage these risks.

***Our growth depends in part on the success of our strategic relationships with existing and prospective Knowledge Network application providers.***

We have established strategic relationships with approximately 200 third-party service and application providers that comprise our Knowledge Network, including Amazon Alexa, Apple Maps, Bing, Cortana, Facebook, Google, Google Assistant, Google Maps, Siri, Yelp and many others. These application providers provide us with direct access to update content on their websites and applications. This direct access enables us to control our customers' business listings on the Knowledge Network application providers' websites and applications and to push real-time or nearly real-time updates to those business listings. In order to maintain relationships with application providers, we may need to modify our products or strategies in a way that may be adverse to our business and financial results. Furthermore, if we were to lose access to these applications, either in whole or in part, our Knowledge Network would not be as efficient, accurate or competitive. Our customers may also place a significant value on particular application providers such as Google such that the termination or impairment of our relationship with one or a limited number of application providers could lead to a loss of a significant number of customers.

In order to grow our business, we anticipate that we will need to continue to maintain and potentially expand these relationships. We may be unsuccessful in renegotiating our agreements with these third-party application providers or third-party application providers may insist on fees to access their applications. Additionally, our contracts with these third-party application providers may be canceled after a notice period or may not be renewed, and we could lose access to these resources without having sufficient time to replace them. We believe we will also need to establish new relationships with third-party application providers, including third-party application providers in new geographic markets that we enter, and third-party application providers that may emerge in the future as leading sources of information about businesses for end consumers. Identifying potential third-party application providers, and negotiating and documenting relationships with them, requires significant time and resources. Our competitors may be more effective than we are in providing incentives to application providers to favor their products or services or to prevent or reduce subscriptions to our products. In addition, the acquisition of a competitor by one of our third-party application providers could result in the termination of our relationship with that third-party application provider, which, in turn, could lead to decreased customer subscriptions. If we are unsuccessful in establishing or maintaining our relationships with third-party application providers, our ability to compete in the marketplace or to grow our revenue could be impaired and our operating results could suffer.



***We do not have a long history with our pricing models and changes could adversely affect our operating results.***

We have limited experience with respect to determining the optimal prices and contract length for our platform. For example, we recently began offering capacity-based pricing for our Pages and Answers products. There is no assurance that this new pricing and distribution model will be successful thus adversely affecting our financial results. Furthermore, as the markets for our features grow, as new competitors introduce new products or services that compete with ours or reduce their prices, or as we enter into new international markets, we may be unable to attract new customers or retain existing customers at the same price. Moreover, large customers, which have historically been the focus of our direct sales efforts, may demand greater price discounts.

As we expand internationally, we also must determine the appropriate price to enable us to compete effectively internationally. In addition, if the mix of features we sell changes, then we may need to, or choose to, revise our pricing. As a result, in the future we may be required to reduce our prices or offer shorter contract durations, which could adversely affect our revenue, gross margin, profitability, financial condition and cash flow.

***Our success depends on a fragmented internet environment for finding information, particularly information about businesses.***

We believe that our platform offers value to our customers in part because of the difficulty for a customer to update information about their business across many websites and apps, many of which are owned or controlled by different entities and receive information from a variety of sources. Industry consolidation or technological advancements could result in a small number of websites or applications emerging as the predominant sources of information about businesses, thereby creating a less fragmented internet environment for purposes of end consumer searches about businesses. Additionally, we may enter new geographies with less fragmented internet environments. If most end consumers relied on a few websites or applications for this information, or if reliably accurate information across the most used websites and applications were generated from a single source, the need to synchronize information about a business and for our platform could decline significantly. In particular, if larger providers of internet services were able to consolidate or control key websites and apps from which end consumers seek information about businesses, including regarding physical locations, other entities and attributes, our platform may become less necessary or attractive to our customers, and our revenue would suffer accordingly.

***Our platform faces competition in the marketplace. If we are unable to compete effectively, our operating results could be adversely affected.***

The market for our features is competitive, rapidly evolving and fragmented, and is subject to changing technology and shifting customer needs. Many vendors develop and market products and services that compete to varying extents with our features, and we expect competition in our market to intensify. Moreover, industry consolidation may increase competition. Additionally, new entrants, specifically application providers, that enter our markets through acquisitions or otherwise, would increase competition in our markets significantly. As we develop our platform, we will introduce products and features that compete in new markets and as a result we will face new competitors. For example, in October 2019 we launched Answers, our site search product, which competes with other search products.

We currently face many competitors with a variety of product offerings. These companies have developed, or are developing, products that currently, or in the future are likely to, compete with some or all of our features. Also, a number of potential new competitors, including those with longer operating histories, greater name recognition, more established customer bases or significantly greater financial, technical, marketing and other resources than we do, may decide to create or acquire products that compete with our platform or products or we may develop products that compete with their existing platforms. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements. We could lose customers if our competitors introduce new competitive products, add new features to existing competitive products, acquire competitive products, reduce prices, form strategic alliances with other companies or are acquired by third parties with greater available resources. If our competitors' products, services or technologies become more accepted than our features, if they are successful in bringing their products or services to market earlier than we bring our features to market, or if their products or services are more technologically capable than our features, then our revenue growth could be adversely affected. Certain of our existing and new competitors have or may develop technologies and services that compete with specific products or features in our platform seeking to be best-in-class. To the extent our customers or potential customers choose to work with several of these vendors rather than implement our platform, our revenue growth could be adversely affected. In addition, some of our competitors offer their products and services at a lower price. If we are unable to achieve our target pricing levels, our margins and operating results could be negatively affected.

***Business and professional service providers may not widely adopt our platform to manage their information or as an important part of their marketing strategy, which would limit our ability to grow our business.***

Our ability to grow our business and increase revenue depends on our success in educating businesses and professional service providers about the potential benefits of our cloud-based platform. Cloud applications for organizing and managing information about a business, particularly for their locations, entities and attributes, have not previously been widely adopted. Concerns about cost, security, reliability and other issues may cause businesses and professional service providers not to adopt our platform. Moreover, businesses and professional service providers who have already invested substantial resources in other marketing strategies and data

management systems or methods may be reluctant to adopt a new approach like ours to supplement or replace existing systems or methods. If businesses and professional service providers do not widely adopt software such as ours, our ability to grow our business will be limited.

***If customers do not renew their subscriptions for our platform or if they reduce their subscriptions at the time of renewal, our revenue will decline and our business will suffer.***

Our customers have no obligation to renew their subscriptions for our platform after the expiration of their subscription periods. In the normal course of business, some customers have elected not to renew their subscriptions with us. Our customers may seek to renew their subscriptions for fewer features, at renegotiated rates, or for shorter contract lengths, all of which could reduce the amount of the subscription. Our renewal rates may decline or fluctuate as a result of a number of factors, including limited customer resources, changes in our pricing and subscription models, customer satisfaction with our platform, the acquisition of our customers by other companies and deteriorating general economic conditions. For example, as a result of the COVID-19 pandemic certain customers have reduced their subscriptions, elected not to renew their subscriptions, reduced length of contracts, requested extended billing and payment terms or sought more favorable rates. If our customers do not renew their subscriptions for our platform or decrease the amounts they spend with us, our revenue will decline and our business will suffer. If our renewal rates fall significantly below the expectations of the public market, equity research analysts or investors, the price of our common stock could also be harmed.

***If we are unable to attract new customers, our revenue growth could be slower than we expect and our business may be harmed.***

To increase our revenue, we must add new customers. If competitors introduce lower cost or differentiated products or services that are perceived to compete with our features, our ability to sell our features 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. Furthermore, we have canceled in-person customer and industry events including ONWARD, our annual industry and customer event, as a result of the COVID-19 pandemic. We have also allocated marketing resources to focus on virtual events, virtual lead generation, and tools to help our sales personnel connect virtually with customers and potential customers. These new marketing efforts may not be successful and may not attract as many new customers as our historical customer and industry events, which could harm our future revenue and revenue growth.

***If we fail to integrate our platform with a variety of third-party technologies, our platform may become less marketable and less competitive or obsolete and our operating results would be harmed.***

Our platform must integrate with a variety of third-party technologies, and we need to continuously modify and enhance our platform to adapt to changes in cloud-enabled hardware, software, networking, mobile, browser and database technologies. Any failure of our platform to operate effectively with future technologies could reduce the demand for our platform, resulting in customer dissatisfaction and harm to our business. If we are unable to respond to these changes in a cost-effective and timely manner, our platform may become less marketable and less competitive or obsolete and our operating results may be negatively affected. In addition, an increasing number of customers are utilizing mobile devices to access the internet and conduct business. If we cannot continue to effectively make our platform available on these mobile devices and offer the information, services and functionality required by enterprises that widely use mobile devices, we may experience difficulty attracting and retaining customers, which could negatively affect our revenue.

***If we are unable to successfully develop and market new features, make enhancements to our existing features, or expand our offerings into new markets, our business, results of operations and competitive position may suffer.***

The software industry is subject to rapid technological change and evolving standards and practices, as well as changing customer needs, requirements and preferences. Our ability to attract new customers and increase revenue from existing customers depends, in part, on our ability to enhance and improve our existing features, increase adoption and usage of our platform and introduce new products and features, including Yext Answers. We expend significant resources on research and development to enhance our platform and to incorporate additional features, improve functionality or add other enhancements in order to meet our customers' rapidly evolving demands. The success of any enhancements or new features depends on several factors, including timely completion, adequate quality testing, actual performance quality, market-accepted pricing levels and overall market acceptance. We may not be successful in these efforts, which could result in significant expenditures that could impact our revenue or distract management's attention from current offerings.

Increased emphasis on the sale and development of new features could distract us from other parts of the business and the development and sale of our core platform, negatively affecting our overall sales. We have invested and expect to continue to invest in new businesses, products, features, services, and technologies. Such endeavors may involve significant risks and uncertainties, including insufficient revenue from such investments to offset any new liabilities assumed and expenses associated with these new investments, inadequate return of capital on our investments, distraction of management from current operations, failure to adequately develop and enhance existing products and unidentified issues not discovered in our due diligence of such strategies and offerings that could cause us to fail to realize the anticipated benefits of such investments and incur unanticipated liabilities. Because these new strategies and offerings are inherently risky, no assurance can be given that they will be successful.

As we enhance our platform and develop new features, our platform has also become increasingly sophisticated requiring additional technology, sales, customer support and professional services resources. In order for our customers to understand and derive value from these new products and features, we will need to devote additional resources to train our sales personnel and provide higher-quality customer support and professional services. In addition, as our software becomes more complex, we may fail to detect errors, bugs or vulnerabilities.

Even if we are successful in these endeavors, diversifying our platform offerings will bring us more directly into competition with other providers that may be better established or have greater resources than we have. Our new features or enhancements could fail to attain sufficient market acceptance for many reasons, including:

- delays in introducing new, enhanced or modified features;
- failure to accurately predict market demand or end consumer preferences;
- defects, errors or failures in any of our features or our platform;
- introduction of competing products;
- poor business conditions for our customers or poor general macroeconomic conditions;
- changes in legal or regulatory requirements, or increased legal or regulatory scrutiny, adversely affecting our platform;
- failure of our brand promotion activities or negative publicity about the performance or effectiveness of our existing features; and
- disruptions or delays in the availability and delivery of our platform.

There is no assurance that we will successfully identify new opportunities or develop and bring new features to market on a timely basis, or that products and technologies developed by others will not render our platform obsolete or noncompetitive, any of which could materially and adversely affect our business and operating results and compromise our ability to generate revenue. If our new features or enhancements do not achieve adequate acceptance in the market, or if our new features do not result in increased sales or subscriptions, our brand and competitive position will be impaired, our anticipated revenue growth may not be achieved and the negative impact on our operating results may be particularly acute because of the upfront technology and development, marketing, advertising and other expenses we may incur in connection with the new feature or enhancement.

***If we fail to adapt and respond effectively to rapidly changing technology, evolving industry standards and changing customer needs or requirements, our platform may become less competitive.***

Our future success depends on our ability to adapt and be innovative. To attract new customers and increase revenue from existing customers, we need to continue to enhance and improve our offerings to meet customer needs at prices that our customers are willing to pay. Such efforts will require adding new functionality and responding to technological advancements, which will increase our research and development costs. If we are unable to develop new features that address our customers' needs, or to enhance and improve our platform in a timely manner, we may not be able to maintain or increase market acceptance of our platform. Our ability to grow is also subject to the risk of future disruptive technologies. Access and use of our platform is provided via the cloud, which, itself, was disruptive to the previous enterprise software model. If new technologies emerge that are able to deliver software and related applications at lower prices, more efficiently, more conveniently or more securely, such technologies could adversely affect our ability to compete.

***If customers do not expand their use of our platform beyond their current subscriptions and licenses, our ability to grow our business and operating results may be adversely affected.***

Our ability to grow our business depends in part on our ability to encourage current and future customers to subscribe to our higher priced packages with more extensive features. If we fail to achieve market acceptance of new features, or if a competitor establishes a more widely adopted platform, our revenue and operating results will be harmed. In addition, customers may initially purchase licenses for only a portion of the locations or entities that comprise their business. If these customers do not expand the number of licenses managed with our platform, our revenue and operating results will be harmed.

***Because our platform is sold to enterprises that often have complex operating environments, we may encounter long and unpredictable sales cycles, which could adversely affect our operating results in any given period.***

Our ability to increase revenue and achieve profitability depends, in large part, on widespread acceptance of our platform by enterprises. As we target our sales efforts at these customers, we face greater costs, longer sales cycles and less predictability in completing some of our sales. As a result of the variability and length of the sales cycle, we have only a limited ability to forecast the timing of sales. A delay in or failure to complete sales could harm our business and financial results, and could cause our financial results to vary from period to period. Our sales cycle varies widely, reflecting differences in potential customers' decision-making

processes, procurement requirements and budget cycles, and is subject to significant risks over which we have little or no control, including:

- customers' budgetary constraints and priorities;
- the timing of customers' budget cycles;
- the need by some customers for lengthy evaluations prior to purchasing products; and
- the length and timing of customers' approval processes.

Our typical direct sales cycles for more substantial enterprise customers can often be long, and we expect that this lengthy sales cycle may continue or could even increase. In the large enterprise market, the customer's decision to use our platform may be an enterprise-wide decision or may require the approval of senior management, which may not only lengthen the sales cycle but also reduce the likelihood of completing a sale. The COVID-19 pandemic has disrupted the operations of our customers making sales cycles more complex. Delayed and more complex sales cycles could cause our operating results and financial condition to suffer in a given period. If we cannot adequately scale our direct sales force, we will experience further delays in signing new customers, which could slow our revenue growth.

***A portion of our revenue is dependent on a few customers.***

For the fiscal years ended January 31, 2021, 2020 and 2019, the aggregate of our top five customers accounted for approximately 9%, 11% and 14%, respectively, of our revenue. We anticipate that sales of our platform to a relatively small number of customers will continue to account for a significant portion of our revenue in future periods. If we were to lose any of our significant customers, our revenue could decline and our business and results of operations could be materially and adversely affected. These negative effects could be exacerbated by customer consolidation, changes in technologies or solutions used by customers, changes in demand for our features, selection of suppliers other than us, customer bankruptcies or customer departures from their respective industries, pricing competition or deviation from marketing and sales methods away from physical location retailing, any one of which may result in even fewer customers accounting for a high percentage of our revenue and reduced demand from any single significant customer.

In addition, some of our customers have used, and may in the future use, the size and relative importance of their purchases to our business to require that we enter into agreements with more favorable terms than we would otherwise agree to, to obtain price concessions, or to otherwise restrict our business.

***A significant portion of our revenue is dependent on third-party reseller customers, the efforts of which we do not control.***

Third-party reseller customers comprise a significant portion of our revenue. In transactions with third-party reseller customers, we are only party to the transaction with the reseller and are not a party to the reseller's transaction with its customer, and we do not control the efforts of these resellers. Such resellers may elect not to renew their subscriptions with us or may elect to purchase significantly fewer licenses, which would materially adversely affect our operating results and financial condition. In addition, our third-party reseller customers, which often sell to small and midsized organizations that can have liquidity and expense limitations, are also susceptible to global economic weakness and uncertainty, including as a result of the COVID-19 pandemic. See also "—If customers do not renew their subscriptions for our platform or if they reduce their subscriptions at the time of renewal, our revenue will decline and our business will suffer." Lower demand from certain of our reseller customers has and may continue to result in them not renewing their subscriptions with us, purchasing fewer licenses, attempting to renegotiate contracts to obtain concessions and requesting extended billing and payment terms. Such an adverse effect on our financial condition and operating results would not be fully reflected in our results of operations until future periods. In addition, if third-party reseller customers merge or consolidate with other businesses, declare bankruptcy or depart from their respective industries, our business could be harmed. For example, consolidation among our third-party reseller customers may require us to renegotiate agreements on less favorable terms, including longer payment periods, or may lead to a termination of our agreements with these resellers. We may expend significant resources managing these relationships. Further, in some international markets, we grant certain reseller customers the exclusive right to sell our features. If those reseller customers to whom we have granted exclusive rights elect not to renew their subscriptions or to purchase significantly fewer licenses, then we may be unable to adequately address sales opportunities in that territory. If we are unable to maintain or replace our contractual relationships with our existing reseller customers, efficiently manage our relationships with them or establish new contractual relationships with other third parties, we may fail to retain customers or acquire potential new customers and may experience delays and increased costs in adding or replacing customers that were lost, any of which could materially adversely affect our business, operating results and financial condition.

***We previously identified and continue to identify material weaknesses in our internal control over financial reporting. We may fail to remediate the identified material weakness, identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal control over financial reporting, and as a result, investor confidence in us and the value of our common stock could be materially and adversely affected.***

As a public company, we are required to establish and maintain internal control over financial reporting. Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, requires that we evaluate and determine the effectiveness of our internal control over financial reporting and provide a management report on internal control over financial reporting. Under standards established by the

United States Public Company Accounting Oversight Board, a material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected and corrected on a timely basis.

In connection with the audit of the fiscal year 2019 consolidated financial statements, we and our independent registered public accounting firm identified a material weakness in information technology general controls ("IT General Controls"). The deficiencies in IT General Controls also resulted in a conclusion that manual controls that rely on data produced by and maintained within these affected information technology systems and automated controls within these affected information technology systems across several of our significant classes of transactions were ineffective. Based on the nature of these deficiencies in IT General Controls, we concluded that the two material weaknesses from fiscal years prior to 2019 related to the revenue recognition process and financial close continued to exist as of January 31, 2019. As of January 31, 2020, we determined that these previously identified material weaknesses had been remediated.

Notwithstanding, as of January 31, 2020, we identified a material weakness in our internal control over financial reporting associated with processes to calculate, record and account for sales commissions. While we took steps toward remediating this material weakness in fiscal year 2021, the material weakness related to the sales commission process continued to exist as of January 31, 2021.

We are taking steps to remediate this material weakness. However, we cannot at this time estimate how long it will take to remediate the material weakness, and we may not ever be able to remediate the material weakness. For additional information regarding this material weakness and related remediation activities, see Item 9A. "Controls and Procedures." If we are unable to successfully remediate the material weakness and otherwise establish and maintain an effective system of internal control over financial reporting, the reliability of our financial reporting, investor confidence in us and the value of our common stock could be materially and adversely affected. In addition, we may discover other control deficiencies in the future, and we cannot assure you that we will not have a material weakness in future periods.

Additionally, the process of designing, implementing and maintaining internal control over financial reporting required to comply with Section 404 is time consuming, costly and complicated. Effective internal control over financial reporting is necessary for us to provide reliable and timely financial reports and, together with adequate disclosure controls and procedures, are designed to reasonably detect and prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation and maintenance could cause us to fail to meet our reporting obligations. Undetected material weaknesses in our internal control over financial reporting could lead to financial statement restatements and require us to incur the expense of remediation. Deficiencies in our internal control over financial reporting that are identified in such assessments may be deemed to be material weaknesses or may require prospective or retroactive changes to our financial statements or identify other areas for further attention or improvement.

***We may acquire other companies or technologies, which could divert our management's attention, result in additional dilution to our stockholders and otherwise disrupt our operations and adversely affect our operating results.***

We have in the past acquired and may in the future seek to acquire or invest in businesses, features or technologies that we believe could complement or expand our platform, enhance our technical capabilities or otherwise offer growth opportunities. The pursuit of potential acquisitions may divert the attention of management and cause us to incur various expenses in identifying, investigating and pursuing suitable acquisitions, whether or not they are consummated.

Although we have previously acquired businesses, we have limited acquisition experience. If we acquire additional businesses, 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:

- unanticipated liabilities associated with the acquisition;
- difficulty incorporating acquired technology and rights into our platform and of maintaining quality and security standards consistent with our brand;
- inability to generate sufficient revenue to offset acquisition or investment costs;
- incurrence of acquisition-related costs;
- difficulties and additional expenses associated with supporting legacy products and hosting infrastructure of the acquired business;
- difficulty converting the customers of the acquired business into our customers;
- diversion of our management's attention from other business concerns;
- adverse effects to our existing business relationships as a result of the acquisition;
- 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.

In addition, a significant portion of the purchase price of companies we acquire may be allocated to acquired goodwill and intangible assets, which must be assessed for impairment at least annually. In the future, if our acquisitions do not yield expected returns, we may be required to take charges to our operating results based on this impairment assessment process, which could adversely affect our results of operations.

Acquisitions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our operating results. If an acquired business fails to meet our expectations, our business, operating results and financial condition may suffer.

***Natural disasters and other events beyond our control could adversely affect us.***

Natural disasters or other catastrophic events may cause damage or disruption to our operations and the global economy, and thus could have a strong negative effect on us. Our business operations are subject to interruption by natural disasters, fire, power shortages, civil unrest, pandemics, acts of terrorism and other events beyond our control. While we maintain crisis management and disaster response plans, natural disasters and other events could also make it difficult or impossible for us to continue operations, and could decrease demand for our platform. For example, as a result of the COVID-19 pandemic the operation of our business has been disrupted. We have temporarily closed our offices requiring all of our employees globally to work remotely. Our corporate headquarters is located in New York City, an area that was and continues to be significantly affected by the COVID-19 pandemic. We have restricted non-essential business travel and canceled in-person marketing events, including our annual industry and customer event ONWARD. The duration of the business disruption and related financial impact cannot be reasonably estimated at this time. However, a prolonged disruption to our operations may have a material adverse effect on our business reducing operational efficiency and increasing operational costs.

In addition, our data centers are located in New Jersey and Texas and our cloud computing providers operate from facilities in northern Virginia, Frankfurt, Germany and Tokyo, Japan, making our business particularly susceptible to natural disasters and other catastrophic events in those areas. Any natural disaster or other event affecting our data centers could have an adverse effect on our financial condition and operating results.

***We depend on our senior management team and the loss of our chief executive officer, president or one or more key employees could adversely affect our business.***

Our success depends largely upon the continued services of our key executive officers. In particular, two of our co-founders, Howard Lerman and Brian Distelburger, who serve as our Chief Executive Officer and President, respectively, are critical to our vision, strategic direction, feature innovation, culture and overall business success. We also rely on our leadership team in the areas of research and development, marketing, sales, services and general and administrative functions. From time to time, there may be changes in our executive management team resulting from the hiring or departure of executives, which could disrupt our business. For example during the fiscal year ended January 31, 2021, we announced changes to the leadership team for our sales and research and development functions, and the departure of these key executives may disrupt strategic initiatives of these functions. We do not have employment agreements with our executive officers or other key personnel that require them to continue to work for us for any specified period and, therefore, they could terminate their employment with us at any time. The loss of one or more of our executive officers or key employees could have a serious adverse effect on our business.

***The failure to attract and retain additional qualified personnel could prevent us from executing our business strategy.***

To execute our business strategy, we must attract and retain highly qualified personnel. In particular, we compete with many other companies for software developers with high levels of experience in designing, developing and managing cloud-based software, as well as for skilled information technology, sales, marketing, legal and accounting professionals, and we may not be successful in attracting and retaining the professionals we need. In the future, we may experience difficulty in hiring and difficulty in retaining highly skilled employees with appropriate qualifications. We face intense competition for qualified individuals from numerous software and other technology companies. Competition for qualified personnel is particularly intense in the New York area. We may incur significant costs to attract and retain qualified personnel, and we may lose new employees to our competitors or other technology companies before we capitalize the benefit of our investment in recruiting and training them. We also employ a number of foreign nationals on work visas, primarily under the H-1B visa. Current and future restrictions on the availability of visas or delays in the issuance of visas could impair our ability to employ skilled professionals, which could have an adverse effect on our business.

In addition, in making employment decisions, particularly in the software industry, job candidates often consider the value of the stock options or other equity incentives they are to receive in connection with their employment. If the price of our stock declines, or experiences significant volatility, our ability to attract or retain key employees will be adversely affected. Also, as employee options vest, we may have difficulty retaining key employees or may be required to grant larger equity awards from our equity plans, which would cause dilution. If we fail to attract new personnel or fail to retain and motivate our current personnel, our growth prospects could be severely harmed.

***If we fail to provide high-quality customer support and professional services, our business and reputation may suffer.***

High-quality customer support and professional services are important for the successful retention of existing customers. Providing support and services, including education, training, data cleansing and processing, ongoing support as well as custom development services, requires that our personnel have specific knowledge and expertise of our platform, making it more difficult for us to hire qualified personnel and to scale up these operations. The importance of high-quality customer support and professional services and the difficulty of hiring qualified personnel will increase as we expand our business and pursue new customers and as our platform becomes more complex with the development more features and capabilities. If we do not provide effective and timely ongoing customer support and professional services, our ability to sell additional features to, or to retain, existing customers may suffer, and our reputation with existing or potential customers may be harmed.

In addition, certain aspects of our customer support, for example data cleansing, are conducted manually and are subject to error. While there are processes designed to verify the accuracy of data, if information is not updated or matched correctly, our reputation may be harmed and we may be subject to liability.

***If we fail to continue to develop our brand, our business may suffer.***

We believe that continuing to develop and maintain awareness of our brand is critical to achieving widespread acceptance of our platform and is an important element in attracting and retaining customers. Efforts to build our brand may involve significant expense and may not generate customer awareness or increase revenue at all, or in an amount sufficient to offset expenses we incur in building our brand. In addition, we sell our features to companies in a number of industries, including healthcare, retail and financial services. If we are not successful in building our brand, we may become identified with a single industry, which could make it more difficult for us to penetrate other industries.

Promotion and enhancement of our brand will depend largely on our success in being able to provide high quality, reliable and cost-effective features. If customers do not perceive our platform as meeting their needs, or if we fail to market our platform effectively, we will likely be unsuccessful in creating the brand awareness that is critical for broad customer adoption of our platform.

***Adverse economic conditions or reduced technology spending may adversely impact our business.***

Our business depends on the overall demand for technology and on the economic performance of our current and prospective customers. In general, worldwide economic conditions may remain unstable, and these conditions would make it difficult for our customers, prospective customers and us to forecast and plan future business activities accurately, and they could cause our customers or prospective customers to reevaluate their decision to purchase our features. Weak global economic conditions, or a reduction in technology spending even if economic conditions stabilize, could adversely impact our business and results of operations in a number of ways, including longer sales cycles, lower prices for our platform, fewer subscriptions and lower or no growth. For example, the COVID-19 pandemic and resulting governmental restrictions and regulations have created additional uncertainty in the global economy and a sharp increase in unemployment. The prolonged uncertainty and weak economic conditions relating to the COVID-19 pandemic has led certain of our customers and potential customers to decrease the rate of their information technology spending, has adversely affected their ability or willingness to purchase our platform and has caused them to delay purchasing decisions or reduce the value or duration of their subscriptions, all of which adversely affected our operating results.

In addition, the economies of countries in Europe have been experiencing weakness associated with high sovereign debt levels, weakness in the banking sector and uncertainty over the future of the European Union, including uncertainty regarding Brexit. We have operations, as well as current and potential new customers, throughout Europe. The European Union's economy also suffered a sharp downturn due to the COVID-19 pandemic, and economic conditions in Europe and other key markets for our platform remain weak. As a result, we have experienced negative impacts on our sales activities in Europe. If such conditions deteriorate further, customers may delay or reduce their information technology spending. In addition, the legal, regulatory and economic impacts of the United Kingdom's exit from the European Union in January 2020 are not fully known at this time. While the United Kingdom and the European Union have signed a EU-UK Trade and Cooperation Agreement, there are still many uncertainties and regulations applicable during the transition period will likely be amended and may diverge from European Union regulations. The outcome of these events may, among other things, increase the costs and complexity of our operations in Europe including our ability to hire and retain employees.

***Our reported financial results may be adversely affected by changes in accounting principles generally accepted in the United States.***

Generally accepted accounting principles in the United States, or U.S. GAAP, are 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 these principles or interpretations could have a significant effect on our reported financial results and could affect the reporting of transactions completed before the announcement of a change.

***Our estimates of market opportunity, market size and forecasts of market growth may prove to be inaccurate, and even if the market in which we compete achieves our forecasted growth, our business could fail to grow at similar rates, if at all.***

Market opportunity and size estimates and growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. We had historically analyzed the size of our estimated total addressable market, solely with respect to locations, using data published by third parties as well as internally generated data and assumptions regarding our ability to generate revenue from those locations. We have not independently verified the estimate of locations published by third parties and cannot assure you of its accuracy or completeness. In addition, our estimated market size for location-related data was based on an assumed annual revenue per location.

As we continue to develop new features, the methodology and assumptions used to estimate new market opportunities may differ materially from methodologies and assumptions previously used to estimate total addressable market with respect to locations. With the addition of new products and features including our search product, we are targeting and positioning our platform towards new markets. To estimate the size of these new markets and their growth rates, we have relied on historical estimates and forecasts provided by industry publications and other third-party sources, including Gartner. We have not independently verified these estimates published by third parties and cannot assure you of their accuracy or completeness. The target markets in which we operate are also subject to a high degree of uncertainty and risk. Our customers as well as analysts, market participants, and others may disagree with our assessment of our target markets and we may never successfully compete in these markets. In addition, third parties may have different assessments of the size of the markets in which in our products compete.

These estimates of total addressable market and growth forecasts are subject to significant uncertainty, are based on assumptions and estimates that may not prove to be accurate. In addition, as a result of the COVID-19 pandemic, our total addressable market may be more difficult to estimate and subject to greater uncertainty as the assumptions and forecasts on which we and third-parties have based estimates may not reflect future trends. Even if the market in which we compete meets the size estimates and growth we forecast, our business could fail to grow at similar rates, if at all.

***Our management team has limited experience managing a public company.***

Our chief executive officer has limited experience managing a public company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies. While our chief financial officer and certain other executives have such experience, our management team, as a whole, may not successfully or efficiently manage the ongoing transition to being a public company subject to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents will require significant attention from our senior management, particularly from our chief executive officer, and could divert their attention away from the day-to-day management of our business, which could adversely affect our business, operating results and financial condition.

***We are exposed to fluctuations in currency exchange rates.***

We face exposure to movements in currency exchange rates, which may cause our revenue and operating results to differ materially from expectations. Our operating results could be negatively affected depending on the amount of expense and intercompany transactions including loans denominated in foreign currencies. As exchange rates vary, revenue, cost of revenue, operating expenses and other operating results, when re-measured, may differ materially from expectations. For example, a significant portion of our international revenue is derived from Europe including the United Kingdom. Our revenues and cash flows from these regions may be adversely affected as a result of weakness in the Euro or British Pound. In addition, our operating results are subject to fluctuation if our mix of U.S. and foreign currency denominated transactions and expenses changes in the future. Although in the future we may apply certain strategies to mitigate foreign currency risk, these strategies might not eliminate our exposure to foreign exchange rate fluctuations and would involve costs and risks of their own, such as ongoing management time and expertise, external costs to implement the strategies and potential accounting implications. Additionally, as we anticipate growing our business further outside of the United States, the effects of movements in currency exchange rates will increase as our transaction volume outside of the United States increases.

***Our new credit facility contains restrictive covenants that may limit our operating flexibility.***

On March 11, 2020, we replaced our existing revolving credit facility by entering into a new credit facility. Our new credit facility contains restrictive covenants that limit our ability to transfer or dispose of assets, merge with other companies or consummate certain changes of control, acquire other companies, pay dividends, incur additional indebtedness and liens and enter into new businesses. We therefore may not be able to engage in any of the foregoing transactions unless we obtain the consent of the lender or terminate the new credit facility, which may limit our operating flexibility. In addition, our new credit facility is secured by all of our assets and requires us to satisfy certain financial covenants. There is no guarantee that we will be able to generate sufficient cash flow or sales to meet these financial covenants or pay the principal and interest on any such debt. Furthermore, there is no guarantee that future working capital, borrowings or equity financing will be available to repay or refinance any such debt. Any inability to make scheduled payments or meet the financial covenants on our new credit facility would adversely affect our business.

Loans under our new credit facility bear interest, at our option, at an annual rate based on LIBOR (or any such successor benchmark rate) or a base rate. It is unclear whether LIBOR will continue to exist after 2021 and it is not possible to predict the effect



of any changes to LIBOR, any phase out of LIBOR or any establishment of any successor benchmark rates on our new credit facility or our business generally. As a result, our interest costs could increase and our access to capital could change, which could adversely affect our results of operations and cash flows.

***We may require additional capital to support our business, and this capital might not be available on acceptable terms, if at all.***

We intend to continue to make investments to support our business and may require additional funds. In particular, we may seek additional funds to develop new features and enhance our existing features, expand our operations, including our sales and marketing organizations and our presence outside of the United States, expand office space including into new facilities, improve our infrastructure or acquire complementary businesses, technologies, services, features and other assets. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through future issuances of equity or convertible debt securities, our stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our common stock. Any debt financing that we may secure in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. We may not be able to obtain additional financing on terms favorable to us, if at all. 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, scale our infrastructure, develop feature enhancements and respond to business challenges could be significantly impaired, and our business, operating results and financial condition may be adversely affected.

#### **Risks Related to Information Technology, Intellectual Property, and Data Security**

***A security breach, network attack or information security incident could delay or interrupt service to our customers, result in the unauthorized access to, or use, modification or publishing of customer content or other information, harm our reputation or subject us to significant liability.***

We are vulnerable to computer viruses, break-ins, phishing attacks, attempts to overload our servers with denial-of-service or other attacks and similar disruptions from unauthorized use of our computer systems. Any such attack, or any information security incident from any other source affecting us or our services providers, including through employee error or misconduct or additional vulnerabilities introduced by remote work arrangements, could lead to interruptions, delays, website or application shutdowns, loss of data or unauthorized access to, or use or acquisition of, personal information, confidential information or other data that we or our services providers process or maintain.

For example, in December 2015, we suffered a denial-of-service attack, which resulted in the inability for some of our customers to access our platform for several hours. If we experience additional compromises to our security that result in performance or availability problems, the complete shutdown of our platform or the loss of, or unauthorized access to, personal information or other types of confidential information, our customers or application providers may assert claims against us for credits, refunds or other damages, and may lose trust and confidence in our platform. Additionally, security breaches or other unauthorized access to, or use or acquisition of, personal information or other types of confidential information that we or our services providers maintain, could result in claims against us for identity theft or other similar fraud claims, breach of contract or indemnity, governmental enforcement actions, litigation, fines and penalties or adverse publicity, and could cause our customers and partners to lose trust in us, any of which could have an adverse effect on our business, reputation, operating results and financial condition. Our existing insurance coverage may not continue to be available on acceptable terms or may not be available in sufficient amounts to cover one or more large claims related to a security breach. An insurer may also deny coverage as to a future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies could have a material adverse effect on our business. We could also be required to incur significant costs for remediation or expend significant capital and other resources to address a security breach. The techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently, often are not recognized until launched against a target and may originate from less regulated countries, we may be unable to proactively address these techniques or to implement adequate preventative measures.

In addition, customers' and application providers' accounts and listing pages hosted on our platform could be accessed by unauthorized persons for the purpose of placing illegal, abusive or otherwise unauthorized content on their respective websites and applications. If an unauthorized person obtained access to a customer's account or our platform, such person could update the customer's business information with abusive content or create and disseminate false responses to reviews. This type of unauthorized activity could negatively affect our ability to attract new customers and application providers, deter current customers and application providers from using our platform, subject us to third-party lawsuits, regulatory fines, indemnification requests or additional liability under customer contracts, or other action or liability, any of which could materially harm our business, operating results and financial condition.

***Assertions by third parties of infringement or other violations by us of their intellectual property rights could result in significant costs and harm our business and operating results.***

Patent and other intellectual property disputes are common in our industry. Some companies, including some of our competitors, own large numbers of patents, copyrights and trademarks, which they may use to assert claims against us. In addition, because patent applications can take years to issue and are often afforded confidentiality for some period of time, there may currently be pending applications, unknown to us, that later result in issued patents that could cover one or more of our features.

Third parties may in the future assert claims of infringement, misappropriation or other violations of intellectual property rights against us. If asserted, we cannot assure you that an infringement claim will be successfully defended. Certain third parties have substantially greater resources than we have and may be able to sustain the costs of intellectual property litigation for longer periods of time than we can. A successful claim against us could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our platform, or require that we comply with other unfavorable terms. We may also be obligated to indemnify our customers or business partners or pay substantial settlement costs, including royalty payments, in connection with any such claim or litigation and to obtain licenses, modify applications or refund fees, which could be costly. Even if we were to prevail in such a dispute, any litigation regarding our intellectual property could be costly and time-consuming and divert the attention of our management and key personnel from our business operations.

***We could incur substantial costs in protecting or defending our intellectual property rights, and any failure to protect our intellectual property could adversely affect our business, results of operations and financial condition.***

Our success depends, in part, on our ability to protect our proprietary methods and technologies. There can be no assurance that the particular forms of intellectual property protection that we seek, including business decisions about when to file trademark applications and patent applications, will be adequate to protect our business. We intend to continue to file and prosecute patent applications when appropriate to attempt to protect our rights in our proprietary technologies. However, there can be no assurance that our patent applications will be approved, that any patents issued will adequately protect our intellectual property, that the scope of the claims in our issued patents will be sufficient or have the coverage originally sought, that our issued patents will provide us with any competitive advantages, or that such patents will not be challenged by third parties or found by a judicial authority to be invalid or unenforceable.

We could be required to spend significant resources to monitor and protect our intellectual property rights. Litigation may be necessary in the future to enforce our intellectual property rights, determine the validity and scope of our proprietary rights or those of others, or defend against claims of infringement or invalidity. Such litigation may fail, and even if successful, could be costly, time-consuming and distracting to management and could result in a diversion of significant resources. 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 or alleging that we infringe the counterclaimant's own intellectual property. An adverse determination of any litigation or defense proceedings could put our intellectual property at risk of being invalidated or interpreted narrowly and could put our related pending patent applications at risk of not being issued. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential or sensitive information could be compromised by disclosure in the event of litigation. During the course of litigation there could be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our common stock.

Any of our patents, copyrights, trademarks or other intellectual property rights could be challenged by others or invalidated through administrative processes or litigation. Furthermore, there can be no guarantee that others will not independently develop similar products, duplicate any of our products or design around our patents.

We also rely, in part, on confidentiality agreements with our employees, consultants, advisors, customers and others in our efforts to protect our proprietary technology, processes and methods. These agreements may not effectively prevent disclosure of our confidential information, and it may be possible for unauthorized parties to copy our software or other proprietary technology or information, or to develop similar software independently without our having an adequate remedy for unauthorized use or disclosure of our confidential information. In addition, others may independently discover our trade secrets and proprietary information, and in these cases, we would not be able to assert any trade secret rights against those parties. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

In addition, the laws of some countries do not protect intellectual property and other proprietary rights to the same extent as the laws of the United States. To the extent we expand our international activities, our exposure to unauthorized copying, transfer and use of our proprietary technology or information may increase. For example, many 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 third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business. Accordingly, our efforts to protect our intellectual property rights in such countries may be

inadequate. In addition, changes in the law and legal decisions by courts in the United States and foreign countries may affect our ability to obtain adequate protection for our technology and the enforcement of intellectual property.

We cannot be certain that our means of protecting our intellectual property and proprietary rights will be adequate or that our competitors will not independently develop similar technology. If we fail to meaningfully protect our intellectual property and proprietary rights, our business, operating results and financial condition could be adversely affected.

***Our platform utilizes open source software, and any failure to comply with the terms of one or more of these open source licenses could negatively affect our business.***

Our platform utilizes software governed by open source licenses. The terms of various open source licenses have not been interpreted by United States courts, and there is a risk that such licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to market our platform. By the terms of certain open source licenses, we could be required to release the source code of our proprietary software, and to make our proprietary software available under open source licenses, if we combine our proprietary software with open source software in a specified manner. In the event that portions of our proprietary software are determined to be subject to an open source license, we could be required to publicly release the affected portions of our source code, or to re-engineer all or a portion of software, each of which could reduce or eliminate the value of our platform. In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of the software. Many of the risks associated with usage of open source software cannot be eliminated and could negatively affect our business.

***We employ third-party licensed software for use in or with our platform, and the inability to maintain these licenses or errors in the software we license could result in increased costs, or reduced service levels, which could adversely affect our business.***

Our platform incorporates certain third-party software obtained under licenses from other companies, including companies that sell products that compete with our platform. We anticipate that we will continue to rely on such third-party software and development tools in the future. There is no assurance that we will be able to renew licenses for third-party software that we use. Although we believe that there are commercially reasonable alternatives to the third-party software we currently license, this may not always be the case, or the software we currently license may be difficult or costly to replace. In addition, integration of the software used in our platform with new third-party software may require significant work and require substantial investment of our time and resources. Also, to the extent that our platform depends upon the successful operation of third-party software in conjunction with our software, any undetected errors or defects in this third-party software could prevent the deployment or impair the functionality of our platform, delay new feature introductions, result in a failure of our platform and injure our reputation. Our use of additional or alternative third-party software would require us to enter into license agreements with third parties.

***The reliability of our network and support infrastructure will be critical to our success. Sustained failures or outages could lead to significant costs and service disruptions, which could negatively affect our business, financial results and reputation.***

Our reputation and ability to attract, retain, and serve our customers and application providers are dependent upon the reliable performance of our platform and our underlying technical and network infrastructure. Our customers access our platform through our website and related technologies. We rely on internal systems and third-party service providers, including data center, cloud computing, bandwidth and telecommunications equipment providers, to maintain the availability of our platform. If any service provider fails to provide sufficient capacity to support our platform, experiences service outages, reduces or suspends service due to a natural disaster or pandemic such as the COVID-19 pandemic, or otherwise ceases to do business, such failure could interrupt our customers' access to our services. For example, we currently serve our customers from third-party data center hosting facilities and cloud computing providers located in the United States, Germany and Japan. Our primary data center is in New Jersey, and our backup data center is in Texas. If these data centers or cloud computing services become unavailable to us without sufficient advance notice, if we are unable to renew our agreements with these providers or if a provider is acquired or ceases business, we would likely experience delays in delivering our platform until we could migrate to an alternate provider. Our disaster recovery program contemplates transitioning our platform to our backup center in the event of a catastrophe and our platform may be unavailable, in whole or in part, during any transition procedure.

We have experienced, and will in the future experience, interruptions, outages and other performance problems. Such disruptions may be due to a variety of factors, including infrastructure changes, human or software errors, capacity constraints due to an overwhelming number of customers and partners accessing our platform simultaneously and inadequate design. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time.

If we do not accurately predict our infrastructure requirements, our existing customers may experience performance degradation or service outages, which may subject us to financial penalties, financial liabilities and customer losses. For example, to support the international growth of our business, we have expanded and may need to continue to expand capacity outside the United States, but we may not be able to address future capacity constraints, either through existing or alternative providers, in a cost-effective and timely manner, if at all. When we add capacity, we may move or transfer our data and our customers' data. Despite precautions taken during this process, any unsuccessful data transfers may impair the delivery of our services, which may damage our business.

***Real or perceived errors, failures or bugs in our software, or in the software or systems of our third-party application providers and partners, could materially and adversely affect our operating results and growth prospects.***

Our features are highly technical and complex. Our software has previously contained, and may now or in the future contain, undetected errors, bugs, or vulnerabilities. Some errors in our software may only be discovered after the software has been deployed. Any errors, bugs, or vulnerabilities discovered in our software after it has been deployed could result in damage to our reputation, loss of customers, partners or application providers, loss of revenue or liability for damages.

In addition, the proper functioning of our platform is dependent on the ability of our Knowledge Network application providers and partners to maintain the availability and proper functioning of their software integrations with our systems and also is dependent on the ability of our third-party application providers to maintain the availability and proper functioning of their websites and applications on which business listing information is published for customers. For example, a number of our Knowledge Network application providers provide us with an Application Program Interface, or API, on which our ability to interface with that provider is based. Furthermore, in a rapidly changing business environment, for example in connection with the COVID-19 pandemic, our Knowledge Network application providers may experience limitations and delays, which could limit the functionality of our platform. If the functionality of the software, APIs or websites of our third-party application providers is impaired, our customers may attribute such limitations to us and our platform thus damaging our reputation and customer relationships. If our Knowledge Network application providers do not maintain the availability and proper functioning of their software, APIs, websites and applications, our business, operating results and financial condition could be materially affected.

### **Risks Related to Laws, Regulation and Taxation**

***We are subject to general litigation that may materially adversely affect us.***

From time to time, we may be involved in disputes or regulatory inquiries that arise in the ordinary course of business. We expect that the number and significance of potential disputes may increase as our business expands and our company grows larger. While our agreements with customers limit our liability for damages arising from our platform, we cannot assure you that these contractual provisions will protect us from liability for damages in the event we are sued or a dispute arises. Although we carry general liability insurance coverage, our insurance may not cover all potential claims to which we are exposed or may not be adequate to indemnify us for all liability that may be imposed. Any claims against us, whether meritorious or not, could be time-consuming, result in costly litigation or dispute resolution, require significant amounts of management time, and result in the diversion of significant operational resources. Because litigation is inherently unpredictable, we cannot assure you that the results of any of these actions will not have a material adverse effect on our business, operating results or financial condition.

***We are subject to governmental regulation and other legal obligations, including those related to privacy, data protection and information security, and our actual or perceived failure to comply with such obligations could harm our business. Compliance with such laws could also impair our efforts to maintain and expand our customer base, and thereby decrease our revenue.***

We receive, store and process personal information and other data from and about customers, including third-party reseller customers, partners and, in limited instances, end users of our services, in addition to our employees and services providers. Also, in connection with future feature offerings, we may receive, store and process additional types of data, including personally identifiable information, related to end consumers. Our handling of data is subject to a variety of laws and regulations, including regulation by various government agencies, such as the U.S. Federal Trade Commission, or FTC, and various state, local and foreign agencies. Our data handling also is subject to contractual obligations and industry standards.

The U.S. federal and various state governments have adopted or proposed limitations on the collection, distribution, use, storage and security of data relating to individuals, including the use of contact information and other data for marketing, advertising and other communications with individuals and businesses. For example, the California Consumer Privacy Act of 2018, or CCPA, became effective January 1, 2020. The CCPA requires covered businesses to, among other things, make new disclosures to consumers about their data collection, use, and sharing practices, and allows consumers to opt out of certain data sharing with third parties. The CCPA also provides a new private cause of action for certain data breaches. The California Privacy Rights Act, or CPRA, which will become effective on January 1, 2023, will significantly modify the CCPA, and also create a new state agency that will be vested with authority to implement and enforce the CCPA and the CPRA. The effects of the CCPA and the CPRA are potentially significant and may require us to incur substantial costs and expenses in an effort to comply and increase our potential exposure to regulatory enforcement and/or litigation. Additionally, the FTC and many state attorneys general are interpreting federal and state consumer protection laws as imposing standards for the online collection, use, dissemination and security of data.

Similarly, several foreign countries and governmental bodies, including the European Union, have laws and regulations dealing with the handling and processing of personal information obtained from their residents, which in certain cases are more restrictive than those in the United States. Laws and regulations in these jurisdictions apply broadly to the collection, use, storage, disclosure and security of various types of data, including data that identifies or may be used to identify an individual, such as names, email addresses and in some jurisdictions, Internet Protocol, or IP, addresses. Within the European Union, legislators have adopted the General Data Protection Regulation, or GDPR, which became effective in May 2018. The GDPR includes more stringent operational requirements for processors and controllers of personal data than previous EU data protection laws and imposes significant penalties for non-

compliance. The United Kingdom has implemented a Data Protection Act that substantially implements the GDPR. However, the United Kingdom's decision to exit the European Union, known as Brexit, has created uncertainty regarding the regulation of data protection in the United Kingdom in the medium to long term, which may delay or deter transactions with customers that transfer data to and from the United Kingdom. We participate in and have certified under the EU-U.S. Privacy Shield and Swiss-U.S. Privacy Shield frameworks with respect to our transfer of certain personal data from the European Union and Switzerland to the United States. In July 2020, the European Court of Justice invalidated the EU-U.S. Privacy Shield framework, but concluded that the Standard Contractual Clauses issued by the European Commission for the transfer of personal data are valid. The invalidation of the EU-U.S. Privacy Shield and related uncertainty regarding other data transfer mechanisms could have a significant adverse impact on our ability to process and transfer personal data outside of the European Union, while increasing our compliance costs and legal and regulatory risks. Customers and potential customers may view alternative data transfer mechanisms as being too costly, burdensome or uncertain and therefore impairing our ability to attract and retain customers. In addition, other mechanisms that we use or may use in the future in an effort to legitimize cross-border data transfers may be challenged or invalidated or may evolve such that they do not function as appropriate means for us to transfer certain personal data from the European Union and Switzerland to the United States.

These domestic and foreign laws and regulations relating to privacy and data security are evolving, can be subject to significant change and may result in ever-increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions. Interpretation of certain requirements remains unclear and may evolve, in particular for regulations that have recently been enacted. Application of laws may be inconsistent or may conflict among jurisdictions. In addition, these regulations have increased our compliance costs and may impair our ability to grow our business or offer our service in some locations, may subject us to liability for non-compliance, may require us to modify our data processing and transferring practices and policies and may strain our technical capabilities. In addition as we, our customers and potential customers evaluate the impact of new regulations such as GDPR and as additional requirements pursuant to such regulations are adopted, sales cycles have lengthened and transaction costs have increased as customers conduct additional diligence and contractual obligations under the new regulations are negotiated.

We also handle credit card and other personal information. Due to the sensitive nature of such information, we have implemented policies and procedures in an effort to preserve and protect our data and our customers' data against loss, misuse, corruption, misappropriation caused by systems failures, unauthorized access or misuse. Notwithstanding these policies, we could be subject to liability claims by individuals and customers whose data resides in our databases for the misuse of that information. If we fail to meet appropriate compliance levels, this could negatively impact our ability to utilize credit cards as a method of payment, and/or collect and store credit card information, which could disrupt our business.

We may be subject to rules of the FTC, the Federal Communications Commission, or FCC, and potentially other federal agencies and state laws related to commercial electronic mail and other messages. Compliance with these provisions may limit our ability to send certain types of messages. If we were found to have violated such rules and regulations, we may face enforcement actions by the FTC or FCC or face civil penalties, either of which could adversely affect our business.

As our products are applied to new uses and in new verticals, we may become subject to additional regulations or legal risks. For example, we have begun selling our platform to government entities. Risks associated with sales to government entities include adherence to complex procurement regulations and other government-specific contractual requirements. We may be subject to audits and investigations relating to our government contracts and any violations could result in various civil and criminal penalties and administrative sanctions, including termination of contracts, payment of fines, and suspension or debarment from future government business, as well as harm to our reputation and financial results. Sales to government entities can be highly competitive, expensive and time consuming, often requiring significant upfront time and expense without any assurance that we will successfully complete a sale. Our platform has been and increasingly may be used to store confidential or sensitive information, which exposes us to additional risks. For example, in order to offer our products to certain customers in the health care industry we have implemented certain security and privacy measures and related procedures to comply with the Health Insurance Portability and Accountability Act of 1996, or HIPAA, and the Health Information Technology for Economic and Clinical Health Act, or HITECH. This may require us to execute HIPAA business associate agreements, or BAAs, with certain customers that are "covered entities" under HIPAA, which would subject us to additional liabilities, penalties and fines in the event we fail to comply with the terms of such agreements. The storage of such information may require us to modify and enhance our platform at a significant cost.

Any failure or perceived failure by us to comply with laws, regulations, policies, legal or contractual obligations, industry standards, or regulatory guidance relating to privacy or data security, may result in governmental investigations and enforcement actions, litigation, fines and penalties or adverse publicity, and could cause our customers and partners to lose trust in us, which could have an adverse effect on our reputation and business. We expect that there will continue to be new proposed laws, regulations and industry standards relating to privacy, data protection, marketing, consumer communications, information security and local data residency in the United States, the European Union and other jurisdictions, and we cannot determine the impact such future laws, regulations and standards may have on our business. Future laws, regulations, standards and other obligations or any changed interpretation of existing laws or regulations could impair our ability to develop and market new features and maintain and grow our customer base and increase revenue. Future restrictions on the collection, use, sharing or disclosure of data or additional requirements placed upon us, our customers, partners or end consumers in connection with the use and disclosure of such information could require us to incur additional costs or modify our platform or other aspects of our products and services, possibly in a material manner, and

could increase the complexity and cost of developing and deploying new products or limit our ability to develop new products and features altogether. If our policies, procedures, or measures relating to privacy, data protection, marketing, or customer communications fail or are perceived to fail to comply with laws, regulations, policies, legal obligations or industry standards, we may be subject to governmental enforcement actions, litigation, regulatory investigations, fines, penalties and negative publicity and could cause our application providers, customers and partners to lose trust in us, which could materially affect our business, operating results and financial condition. Furthermore, our third-party reseller customers, over which we have more limited control, may not comply with the laws, regulations and policies described above, which may damage our reputation or subject us to costly legal or regulatory inquiries and liability.

***We are subject to anti-corruption, anti-bribery, anti-money laundering and similar laws, and non-compliance with such laws can subject us to criminal penalties or significant fines and harm our business and reputation.***

We are subject to anti-corruption and anti-bribery and similar laws, such as the U.S. Foreign Corrupt Practices Act of 1977, as amended, or 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 U.K. Bribery Act 2010, the Proceeds of Crime Act 2002 and possibly other anti-corruption, anti-bribery and anti-money laundering laws in countries in which we conduct activities. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years, are interpreted broadly and prohibit companies and their employees and agents from promising, authorizing, making, offering, soliciting or accepting improper payments or other benefits to or from government officials and others in the private sector. As we increase our international sales and business, particularly in countries with a low score on the Corruptions Perceptions Index by Transparency International, and increase our use of third-party business partners such as sales agents, distributors, resellers, or consultants, our risks under these laws may increase. We can be held liable for the corrupt or other illegal activities of our employees, representatives, contractors, business partners, resellers and agents, even if we do not explicitly authorize, control or have actual knowledge of such activities. While we have policies and procedures in this area, we cannot guarantee that improprieties committed by our employees or third parties will not occur. Noncompliance with these laws could subject us to investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, suspension or debarment from contracting with certain persons, the loss of export privileges, whistleblower complaints, reputational harm, adverse media coverage, and other collateral consequences. If any subpoenas or investigations are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, results of operations and financial condition could be materially harmed. In addition, responding to any action will likely result in a materially significant diversion of management's attention and resources and significant defense and compliance costs and other professional fees and may harm our reputation, which may damage our relationships with our customers, strategic partners and other third parties. In certain cases, enforcement authorities may even require us to appoint an independent compliance monitor, which can result in added costs and administrative burdens. Any investigations, actions or sanctions or other previously mentioned harm could have a material negative effect on our business, operating results and financial condition.

***We are subject to governmental export and import controls and economic sanctions laws that could impair our ability to compete in international markets and subject us to liability if we are not in full compliance with applicable laws.***

Our business activities are subject to various restrictions under U.S. export and import controls and trade and economic sanctions laws, including U.S. customs regulations, the U.S. Commerce Department's Export Administration Regulations and economic and trade sanctions regulations maintained by the U.S. Treasury Department's Office of Foreign Assets Control. The U.S. export control laws and U.S. economic sanctions laws include prohibitions on the sale or supply of certain products and services to U.S. embargoed or sanctioned countries, governments, persons and entities and also require authorization for the export of certain encryption items. In addition, various countries regulate the import of certain encryption technology, including through import permitting and licensing requirements, and have enacted laws that could limit our ability to distribute our services or could limit our customers' ability to implement our services in those countries. Although we take precautions to prevent our platform from being provided in violation of such laws, our platform may have been in the past, and could in the future be, provided inadvertently in violation of such laws, despite the precautions we take. If we fail to comply with these laws and regulations, we and certain of our employees could be subject to civil or criminal penalties, including the possible loss of export or import privileges, monetary penalties, and, in extreme cases, imprisonment of responsible employees for knowing and willful violations of these laws. Obtaining the necessary authorizations, including any required license, for a particular transaction may be time-consuming, is not guaranteed, and may result in the delay or loss of sales opportunities. In addition, changes in our platform or changes in applicable export or import regulations may create delays in the introduction and sale of our products in international markets, prevent our customers with international operations from deploying our products or, in some cases, prevent the export or import of our products to certain countries, governments or persons altogether. Any change in export or import regulations, shift in the enforcement or scope of existing regulations, or change in the countries, governments, persons or technologies targeted by such regulations, could also result in decreased use of our products or in our decreased ability to export or sell our products to existing or potential customers with international operations. Any decreased use of our products or limitation on our ability to export or sell our products would likely adversely affect our business. Although we take precautions to prevent transactions with U.S. sanction targets, we could inadvertently provide our platform to persons prohibited by U.S. sanctions. Violations of export and import regulations and economic sanctions could result in negative consequences to us, including government investigations, penalties and reputational harm.

***Changes in laws and regulations related to the internet or changes in internet infrastructure itself may diminish the demand for our platform and could adversely affect our business and results of operations.***

The future success of our business depends upon the continued use of the internet. Federal, state or foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the internet as a commercial medium. In addition, government agencies or private organizations have imposed and may impose additional taxes, fees or other charges for accessing the internet, generally. These laws or charges could limit the use of the internet or decrease the demand for internet-based solutions. In addition, the use of the internet as a business tool could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease-of-use, accessibility and quality of service. The performance of the internet and its acceptance as a business tool has been adversely affected by "viruses", "worms" and similar malicious programs. If the use of the internet is reduced as a result of these or other issues, then demand for our platform could decline, which could adversely affect our business, operating results and financial condition.

***Unanticipated changes in our effective tax rate may impact our financial results.***

We are subject to income taxes in the United States and various jurisdictions outside of the United States, and we continue to expand our operations internationally. Our effective tax rate could fluctuate due to changes in the mix of earnings and losses in countries with differing statutory tax rates, changes in non-deductible expenses, expiration or non-utilization of net operating losses, changes in excess tax benefits related to exercises and vesting of stock options and awards compensation, changes in the valuation of deferred tax assets and liabilities and our ability to utilize them, the applicability of withholding taxes and changes in accounting principles and tax laws in jurisdictions where we operate. While we regularly evaluate new information that may change our judgment resulting in recognition, derecognition or change in measurement of a tax position taken, there can be no assurance that the final determination of any examinations will not have an adverse effect on our business, operating results or financial condition.

***We may have additional tax liabilities, which could harm our business, results of operations or financial condition.***

Significant judgments and estimates are required in determining the (provision for) benefit from income taxes and other tax liabilities. We generally conduct our international operations through wholly-owned subsidiaries and report our taxable income based upon our business operations in those jurisdictions. The amount of taxes we pay may depend on the application of the tax laws of various jurisdictions, including the United States, to our business activities, changes in tax rates, new or revised tax laws or interpretations of existing tax laws and policies and our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. Our tax liabilities may be impacted if our intercompany transactions, which are required to be computed on an arm's-length basis, are challenged and successfully disputed by the tax authorities. In determining the adequacy of income taxes, we assess the likelihood of adverse outcomes that could result if our tax positions were challenged by the Internal Revenue Service, or IRS, and other tax authorities. The tax authorities in the United States and other countries where we do business may examine our income and other tax returns. The ultimate outcome of these examinations cannot be predicted with certainty. Should the IRS or other tax authorities assess additional taxes as a result of examinations, we may be required to record charges that would adversely affect our results of operations and financial condition.

We may also be subject to additional tax liabilities and penalties due to changes in non-income based taxes resulting from tax examinations in federal, state, city or international jurisdictions, settlements or judicial decisions, changes in taxing jurisdictions' tax laws and administrative interpretations, or changes in accounting principles. Any resulting increase in our tax obligation or cash taxes paid could adversely affect our results of operations and financial condition.

***Adverse tax laws or regulations could be enacted or existing laws could be applied to us or our customers, which could increase our costs and adversely affect our business.***

The application of federal, state, local and international tax laws to services provided electronically is evolving. New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, possibly with retroactive effect, and could be applied solely or disproportionately to services provided over the internet. These enactments could adversely affect our sales activity due to the inherent cost increase the taxes would represent and ultimately result in a negative impact on our operating results and cash flows.

Existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us, possibly with retroactive effect, which could require us or our customers to pay additional tax amounts, as well as require us or our customers to pay fines or penalties and interest for past amounts. If we are unsuccessful in collecting such taxes from our customers, we could be held liable for such costs.

Certain jurisdictions in which we do not collect sales and use, value added or similar taxes may assert that such taxes are applicable, which has resulted or could result in tax assessments, penalties and interest, to us or our customers for past amounts, and we may be required to collect such taxes in the future. Such tax assessments, penalties and interest, or future requirements may adversely affect our operating results and financial condition.

***Our ability to use our net operating losses to offset future taxable income may be subject to certain limitations.***

As of January 31, 2021, we had significant U.S. federal and state net operating loss carryforwards, or NOLs, due to prior period losses. In general, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, a corporation that undergoes an ownership change, which is generally defined as a greater than 50-percentage-point cumulative change by value in the equity ownership of certain stockholders over a rolling three-year period, is subject to limitations on its ability to utilize its pre-change NOLs to offset post-change taxable income. Our existing NOLs may be subject to limitations arising from previous ownership changes, and if we undergo an ownership change our ability to utilize NOLs could be further limited by Section 382 of the Code and similar state provisions. Future changes in our stock ownership, some of which may be outside of our control, could result in an ownership change under Section 382 of the Code. Furthermore, our ability to utilize NOLs of companies that we may acquire in the future may be subject to limitations. There is also a risk that due to regulatory changes, such as suspensions on the use of NOLs, or other unforeseen reasons, our existing NOLs could expire, decrease in value or otherwise be unavailable to offset future income tax liabilities.

**Risks Related to Ownership of Our Common Stock and Our Status as a Public Company**

***Our quarterly results may fluctuate significantly and may not fully reflect the underlying performance of our business.***

Our quarterly results of operations, including the levels of our revenue, gross margin and profitability, as well as our cash flows and unearned revenue balances, may vary significantly in the future, and period-to-period comparisons of our operating results and key metrics may not be meaningful. Accordingly, the results of any one quarter should not be relied upon as an indication of future performance. Our quarterly financial results and metrics may fluctuate as a result of a variety of factors, many of which are outside of our control and, as a result, may not fully reflect the underlying performance of our business. These fluctuations may negatively affect the value of our common stock. Factors that may cause fluctuations in our quarterly results include:

- our ability to attract new customers;
- our ability to execute on our business strategy;
- the launch of significant new products and features;
- the addition or loss of large customers, including third-party reseller customers, including through acquisitions or consolidations;
- the timing of recognition of revenue;
- a change in accounting principles;
- the timing of billing and cash collections;
- the timing of significant marketing events and related expenses;
- the amount and timing of operating expenses;
- network outages and security breaches;
- natural disasters, pandemics including the COVID-19 pandemic, acts of terrorism and other events beyond our control;
- general economic, industry and market conditions;
- customer renewal rates;
- pricing changes upon any renewals of customer agreements;
- changes in our pricing policies or those of our competitors;
- the timing and success of new feature introductions by us or our competitors or any other change in the competitive dynamics of our industry, including consolidation among competitors, customers or application providers;
- the timing of expenses related to the development or acquisition of technologies or businesses and potential future charges for impairment of goodwill from acquired companies; and
- unforeseen litigation.

***If securities or industry analysts do not publish research or reports about us, our business or our market, or if they cease publishing research or change their recommendations regarding our stock adversely, or if our actual results differ significantly from our guidance or analysts' expectations, our stock price and trading volume could decline.***

The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us or our business. If few analysts commence coverage of us, cease coverage of us or fail to publish reports on us regularly, demand for our common stock could decrease, which might cause our common stock price and trading volume to decline. In addition,



if one or more of the analysts who cover us downgrade our common stock or publish inaccurate or unfavorable research about our business, the price of our common stock would likely decline.

In addition, from time to time, we may release earnings guidance or other forward-looking statements in our earnings releases, earnings conference calls or otherwise regarding our future performance that represent our management's estimates as of the date of release. Some or all of the assumptions of any future guidance that we furnish may not materialize or may vary significantly from actual future results. Furthermore, the adoption of new accounting standards may require us to modify our earnings guidance, and such modifications though solely attributed to changes in accounting standards, may be perceived unfavorably. Any failure to meet guidance or analysts' expectations could have a material adverse effect on the trading price or trading volume of our common stock.

***The market price of our common stock has been and may continue to be volatile and may decline. Market volatility may affect the value of an investment in our common stock and could subject us to litigation.***

Technology stocks have historically experienced high levels of volatility. The market price of our common stock has been and may continue to be subject to wide fluctuations in response to many risk factors listed in this section, and others beyond our control, including:

- actual or anticipated fluctuations in our financial condition and operating results;
- changes in projected operational and financial results;
- addition or loss of significant customers;
- addition or loss of significant strategic relationships with application providers in the Knowledge Network;
- changes in laws or regulations applicable to our platform;
- actual or anticipated changes in our growth rate relative to our competitors;
- announcements of technological innovations or new offerings by us or our competitors;
- announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures or capital-raising activities or commitments;
- additions or departures of key personnel;
- changes in our financial guidance or securities analysts' estimates of our financial performance;
- discussion of us or our stock price by the financial press and in online investor communities;
- reaction to our press releases and filings with the SEC;
- changes in accounting principles;
- announcements related to litigation, regulation or disputes;
- fluctuations in the valuation of companies perceived by investors to be comparable to us;
- sales of our common stock by us or our stockholders;
- share price and volume fluctuations attributable to inconsistent trading volume levels of our shares;
- natural disasters, pandemics including the COVID-19 pandemic, acts of terrorism and other events beyond our control; and
- general economic and market conditions.

Furthermore, in recent years, 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, and technology companies in particular. These fluctuations often have been unrelated or disproportionate to the operating performance of those companies. These broad market and industry fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations, may negatively impact the market price of our common stock. If the market price of our common stock declines, you may not realize any return on your investment in us and may lose some or all of your investment.

In the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert our management's attention from other business concerns, which could also harm our business.

***Future sales and issuances of our capital stock or rights to purchase capital stock could result in dilution of the percentage ownership of our stockholders and could cause our stock price to decline.***

We may issue additional securities. Our certificate of incorporation authorizes us to issue up to 500,000,000 shares of common stock and up to 50,000,000 shares of preferred stock. Future sales and issuances of our capital stock or rights to purchase our capital

stock could result in substantial dilution to our existing stockholders. We may sell common stock, convertible securities and other equity securities in one or more transactions at prices and in a manner as we may determine from time to time. If we sell any such securities in subsequent transactions, the ownership of existing stockholders will be diluted, possibly materially. New investors in subsequent transactions could also gain rights, preferences and privileges senior to those of existing holders of our common stock. In addition, substantial blocks of our total outstanding shares are eligible to be sold into the market, although shares held by directors, executive officers and other affiliates are subject to volume limitations under Rule 144 under the Securities Act

The price of our common stock could decline if there are substantial sales of our common stock, particularly sales by our directors, executive officers and significant stockholders, or if there is a large number of shares of our common stock available for sale and the market perceives that sales will occur. We have 123,989,179 shares of our common stock outstanding as of January 31, 2021.

In addition, equity compensation comprises a significant component of our compensation strategy. We have granted and expect to grant equity awards from our equity incentive plan and under the terms of such plan, shares of our common stock reserved for future issuance will be subject to annual increases, which would cause dilution. We have and may in the future file registration statements registering the issuance of shares of common stock subject to outstanding options under our equity incentive plans and the shares reserved for future issuance under our equity incentive plans. Shares registered on the Form S-8 registration statement would be eligible for sale to the public, subject to certain legal limitations. The market price of the shares of our common stock could decline as a result of the sale of a substantial number of our shares of common stock in the public market or the perception in the market that the holders of a large number of shares intend to sell their shares.

Additionally, certain existing holders of our common stock, or their transferees, will have rights, subject to specified conditions, to require us to file one or more registration statements covering their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. If we were to register the resale of these shares, they could be freely sold in the public market. If these additional shares are sold, or if it is perceived that they will be sold, in the public market, the trading price of our common stock could be adversely affected.

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

We may not declare or pay cash dividends on our capital stock in the near future. We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends in the foreseeable future. Consequently, stockholders must rely on sales of their common stock after price appreciation as the only way to realize any future gains on their investment.

***Delaware law and provisions in our amended and restated certificate of incorporation and amended and restated bylaws could make a merger, tender offer or proxy contest difficult, thereby depressing the trading price of our common stock.***

Our status as a Delaware corporation may discourage, delay or prevent a change in control, even if a change of control would be beneficial to our existing stockholders. In addition, our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the acquisition of our company more difficult, including the following:

- a classified board of directors with three-year staggered terms, which could delay the ability of stockholders to change the membership of a majority of our Board of Directors;
- a prohibition on cumulative voting in the election of our directors;
- the requirement that our directors may only be removed for cause;
- the ability of our Board of Directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- the right of our Board of Directors to elect a director to fill a vacancy created by the expansion of our Board of Directors or the resignation, death or removal of a director;
- a prohibition on stockholder action by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- the requirement that a special meeting of stockholders may be called only by the Board pursuant to a resolution adopted by a majority of the Board, the chairman of the Board of Directors, our chief executive officer, or our president (in the absence of a chief executive officer), which could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- the requirement for the affirmative vote of holders of at least 66 2/3% of the voting power of all of the then-outstanding shares of our voting stock, voting together as a single class, to amend the provisions of our amended and restated certificate of incorporation relating to the management of our business or our amended and restated bylaws, which may inhibit the ability of an acquirer to affect such amendments to facilitate an unsolicited takeover attempt; and

- advance notice procedures with which stockholders must comply to nominate candidates to our Board of Directors or to propose matters to be acted upon at a stockholders' meeting, which may 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 us.

In addition, as a Delaware corporation, we are subject to Section 203 of the Delaware General Corporation Law. The provisions of Section 203 may prohibit large stockholders, in particular those owning 15% or more of our outstanding voting stock, from merging or combining with us for three years after achieving that ownership threshold. A Delaware corporation may opt out of this provision by express provision in its original certificate of incorporation or by amendment to its certificate of incorporation or bylaws approved by its stockholders. However, we have not opted out of this provision.

These and other provisions in our amended and restated certificate of incorporation, amended and restated bylaws and Delaware law could make it more difficult for stockholders or potential acquirers to obtain control of our Board of Directors or initiate actions that are opposed by our then-current Board of Directors, including delaying or impeding a merger, tender offer, or proxy contest involving our company. The existence of these provisions could negatively affect the price of our common stock and limit opportunities for you to realize value in a corporate transaction.

***We have incurred and expect to continue to incur significantly increased costs and substantial demands on management time to operate as a public company.***

As a public company, we have incurred and expect to continue to incur significant legal, accounting and other expenses that we did not incur as a private company. For example, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, and are required to comply with the applicable requirements of the Sarbanes-Oxley Act and the Dodd-Frank Wall Street Reform and Consumer Protection Act, as well as rules and regulations subsequently implemented by the SEC and the New York Stock Exchange, including the establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Furthermore, on January 31, 2019, we no longer qualified as an emerging growth company, and became subject to additional reporting requirements and standards and accelerated filing deadlines for our periodic reports. For example, we have incurred and continue to incur significant expenses and devoted substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act. In addition on January 31, 2019, we were required to adopt certain accounting standards including ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), when certain extended transition periods available to emerging growth companies expired. We also became subject to enhanced disclosures obligations regarding executive compensation in our periodic reports and proxy statements and requirements to hold a nonbinding advisory vote on executive compensation. Compliance with these requirements has increased our legal and financial compliance costs and has made some activities more time consuming and costly. In addition, our management and other personnel devote substantial time to our public company requirements, which diverts attention from operational and other business matters. We have and will continue to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge and maintain an internal audit function. We cannot predict or estimate the amount of additional costs we may incur as a result of operating as a public company or the timing of such costs.

**Item 1B. Unresolved Staff Comments**

None.

**Item 2. Properties**

Our worldwide corporate headquarters are located in New York, NY, which comprise approximately 142,500 square feet of office space under a sublease that expire in February 2031. In addition to serving as our corporate headquarters, our New York office also supports our sales, marketing, research and development and other general and administrative functions.

We also have other domestic offices, including Rosslyn, VA and San Francisco, CA, and international offices, including London, UK. All of our facilities are leased. We believe that our existing facilities are adequate for our current needs and that suitable additional or alternative space will be available on commercially reasonable terms if and when it becomes needed.

**Item 3. Legal Proceedings**

We are not currently a party to any legal proceedings that are material to our business or financial condition. From time to time we may become party to various litigation matters and subject to claims that arise in the ordinary course of business.

**Item 4. Mine Safety Disclosures**

Not applicable.

## PART II

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

#### Market Information for Common Stock

Our common stock began trading on the New York Stock Exchange under the symbol "YEXT" on April 13, 2017. Prior to that date, there was no public trading market for our common stock.

#### Dividend Policy

We have never declared or paid any dividends on our capital stock. We anticipate that we will retain any earnings to support operations and to finance the growth and development of our business. Accordingly, we do not expect to pay cash dividends on our common stock in the foreseeable future. In addition, our revolving credit facility agreement contains customary covenants restricting our ability to pay dividends.

#### Stockholders

As of March 1, 2021, there were 45 registered stockholders of record of our common stock. The number of registered stockholders of record does not include beneficial holders whose shares are held by banks, brokers and other institutions.

#### Use of Proceeds from Public Offering of Common Stock

On April 12, 2017, our Registration Statement on Form S-1, as amended (Reg. No. 333-216642), was declared effective in connection with the initial public offering of our common stock. We registered an aggregate of 12,075,000 shares of our common stock, all of which were sold by us, including the underwriters' over-allotment, at a price to the public of \$11.00 per share. The offering closed on April 19, 2017. There has been no material change in the planned use of proceeds from our initial public offering as described in the final prospectus relating to that offering dated April 12, 2017.

On March 20, 2019, we closed a common stock offering, in which we issued and sold 7,000,000 shares of common stock, inclusive of the fully exercised underwriters' option to purchase additional shares. The price per share to the public was \$21.50. We received aggregate proceeds of \$147.0 million from this offering, net of underwriters' discounts and commissions, before deducting offering costs of approximately \$0.5 million, which were recorded in additional paid in capital in our consolidated statements of stockholders' equity.

#### Sales of Unregistered Equity Securities

None.

#### Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

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

The following table sets forth information regarding our equity compensation plans as of January 31, 2021.

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, and vesting of restricted stock and restricted stock units	(b) Weighted-average exercise price of outstanding options (1)	(c) Number of securities remaining available for future issuance under equity compensation plans (excludes securities reflected in column (a))
Equity compensation plans approved by security holders (2)	18,417,242 (3)	\$ 7.64	4,335,440 (4)
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>18,417,242</b>	<b>\$ 7.64</b>	<b>4,335,440</b>

(1) The weighted-average exercise price is calculated based solely on the exercise prices of the outstanding options to purchase shares of our common stock. It does not reflect the shares of our common stock that will be issued upon the vesting of outstanding restricted stock and restricted stock units.

(2) These plans consist of our 2008 Equity Incentive Plan, 2016 Equity Incentive Plan and 2017 Employee Stock Purchase Plan. The 2008 Equity Incentive Plan was terminated in connection with the adoption of the 2016 Equity Incentive Plan and since its termination, we have not granted and will not grant any additional awards under the 2008 Equity Incentive Plan. However, the 2008 Equity Incentive Plan will continue to govern the terms and conditions of the outstanding awards previously granted thereunder.

(3) This amount includes 8,871,890 shares subject to outstanding options and 9,545,352 shares subject to outstanding restricted stock and restricted stock units granted under our 2008 Equity Incentive Plan and 2016 Equity Incentive Plan.

(4) This amount includes 1,500,883 shares of our common stock available for issuance under our 2016 Equity Incentive Plan and 2,834,557 shares of our common stock available for issuance under our 2017 Employee Stock Purchase Plan. The number of shares available for issuance under these plans automatically increase each February 1<sup>st</sup> subject to the terms of the respective plans. Such future increases are not reflected in the table above.

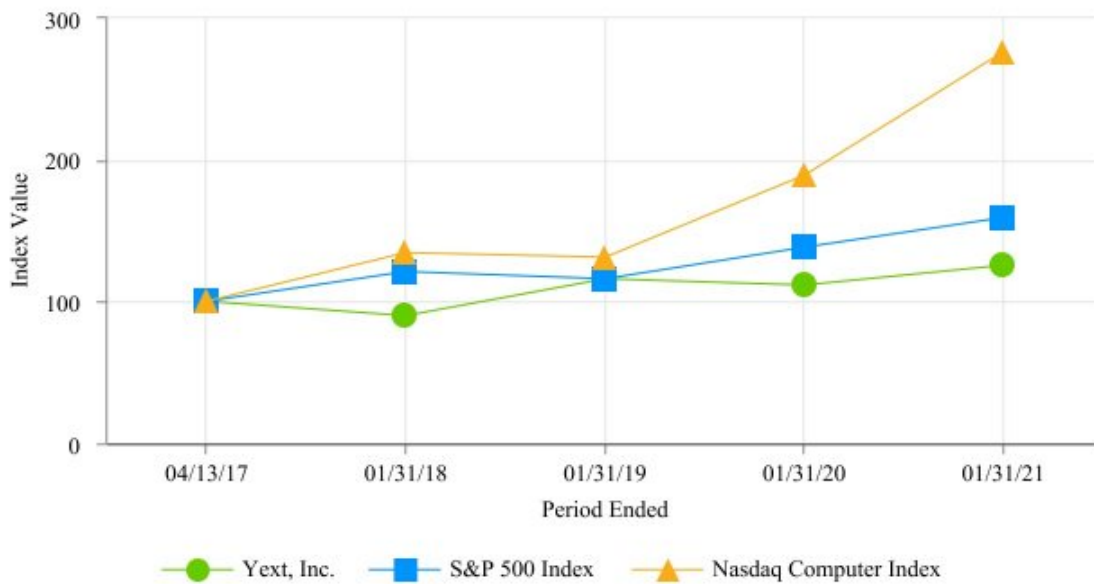
### Performance Graph

The following shall not be deemed soliciting material or to be filed with the SEC, nor shall such information be incorporated by reference into any of our other filings under the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended.

The graph below compares the cumulative total stockholder return on our common stock with the cumulative total return on the Standard & Poor's 500 Index and the Nasdaq Computer Index. The graph assumes an initial investment of \$100 in our common stock at the market close on April 13, 2017, which was our initial trading day. Data for the Standard & Poor's 500 Index and the Nasdaq Computer Index assume reinvestment of dividends.

The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our common stock.

### Comparison of Cumulative Total Return of YEXT, INC.



## Item 6. Selected Financial Data

The following selected financial data should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. The statements of operations data for the fiscal years ended January 31, 2021, 2020 and 2019, and the balance sheet data as of January 31, 2021 and 2020 are derived from our audited consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. The statement of operations data for the fiscal years ended January 31, 2018 and 2017 and the balance sheet data as of January 31, 2019, 2018 and 2017 are derived from audited consolidated financial statements which are not included in this Form 10-K. Our historical results are not necessarily indicative of our future results. The selected financial data in this section is not intended to replace our consolidated financial statements and the related notes, and is qualified in their entirety by the consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K.

(in thousands, except share and per share data)	Fiscal year ended January 31,				
	2021 <sup>(1)</sup>	2020 <sup>(1)</sup>	2019 <sup>(1)</sup>	2018	2017
<b>Statements of Operations Data:</b>					
Revenue	\$ 354,661	\$ 298,829	\$ 228,283	\$ 170,201	\$ 124,261
Cost of revenue <sup>(2)</sup>	\$ 86,404	\$ 77,030	\$ 57,413	\$ 44,095	\$ 36,950
Gross profit	\$ 268,257	\$ 221,799	\$ 170,870	\$ 126,106	\$ 87,311
Sales and marketing <sup>(2)</sup>	\$ 228,417	\$ 218,076	\$ 158,845	\$ 126,980	\$ 81,529
Research and development <sup>(2)</sup>	\$ 58,146	\$ 49,445	\$ 36,098	\$ 25,687	\$ 19,316
General and administrative <sup>(2)</sup>	\$ 76,026	\$ 77,231	\$ 51,572	\$ 40,079	\$ 29,166
Total operating expenses	\$ 362,589	\$ 344,752	\$ 246,515	\$ 192,746	\$ 130,011
Loss from operations	\$ (94,332)	\$ (122,953)	\$ (75,645)	\$ (66,640)	\$ (42,700)
Net loss	\$ (94,692)	\$ (121,544)	\$ (74,837)	\$ (66,565)	\$ (43,150)
Net loss per share attributable to common stockholders, basic and diluted <sup>(3)</sup>	\$ (0.79)	\$ (1.09)	\$ (0.76)	\$ (0.85)	\$ (1.39)
Weighted-average number of shares used in computing net loss per share attributable to common stockholders, basic and diluted <sup>(3)</sup>	119,690,378	111,758,946	98,387,366	78,632,448	31,069,695

(1) Results for the fiscal years ended January 31, 2021, 2020 and 2019, respectively, reflect our modified retrospective adoption of ASU 2014-09 (Topic 606). Results for the fiscal years ended January 31, 2018 and 2017, respectively, continue to be reported in accordance with historical accounting standards under ASC 605.

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

(in thousands)	Fiscal year ended January 31,				
	2021	2020	2019	2018	2017
Cost of revenue	\$ 5,724	\$ 4,115	\$ 2,915	\$ 1,459	\$ 590
Sales and marketing	32,581	31,421	22,519	11,121	4,359
Research and development	17,071	13,212	8,475	3,756	1,954
General and administrative	16,918	19,022	10,324	6,024	2,948
Total stock-based compensation expense	\$ 72,294	\$ 67,770	\$ 44,233	\$ 22,360	\$ 9,851

(3) See Note 14 "Net Loss Per Share Attributable to Common Stockholders" to our consolidated financial statements for an explanation of the method used to calculate basic and diluted net loss per share attributable to common stockholders.

(in thousands)	As of January 31,				
	2021	2020	2019	2018	2017
<b>Balance Sheet Data:</b>					
Cash and cash equivalents	\$ 230,411	\$ 256,076	\$ 91,755	\$ 34,367	\$ 24,420
Marketable securities	\$ —	\$ —	\$ 51,021	\$ 83,974	\$ —
Total current assets	\$ 376,184	\$ 377,812	\$ 230,069	\$ 180,042	\$ 61,829
Total assets	\$ 595,989	\$ 563,620	\$ 267,128	\$ 203,489	\$ 86,465
Unearned revenue, current <sup>(1)</sup>	\$ 191,810	\$ 176,806	\$ 135,544	\$ 89,474	\$ 57,112
Total liabilities	\$ 388,754	\$ 362,408	\$ 182,579	\$ 122,036	\$ 93,605
Accumulated deficit	\$ (517,345)	\$ (422,653)	\$ (301,109)	\$ (233,450)	\$ (166,885)
Total stockholders' equity (deficit)	\$ 207,235	\$ 201,212	\$ 84,549	\$ 81,453	\$ (127,755)

(1) The "Unearned revenue, current" financial statement line item represents: (i) current unearned revenue in accordance with ASU 2014-09 (Topic 606) as of January 31, 2021, 2020 and 2019, respectively and (ii) "Deferred revenue" as of January 31, 2018 and 2017, respectively, as reported in accordance with ASC 605.



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

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes appearing elsewhere in this Annual Report on Form 10-K. As discussed in the section titled "Special Note Regarding Forward Looking Statements," the following discussion and analysis contains forward looking statements that involve risks and uncertainties, as well as assumptions that, if they never materialize or prove incorrect, could cause our results to differ materially from those expressed or implied by such forward looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed in the section titled "Risk Factors" under Part I, Item 1A in this Annual Report on Form 10-K.*

### Overview

Yext organizes a business's facts so it can provide official answers to consumer questions starting with the business's own website and then extending across search engines and voice assistants. Our platform lets businesses structure the facts about their brands in a database called the Knowledge Graph. Our platform is built to leverage the structured data stored in the Knowledge Graph to deliver a modern search experience on a business's or organization's own website, as well as across approximately 200 service and application providers, which we refer to as our Knowledge Network and includes Amazon Alexa, Apple Maps, Bing, Cortana, Facebook, Google, Google Assistant, Google Maps, Siri and Yelp. Our platform powers all of our key features, including Listings, Pages, and Answers, along with its other features and capabilities.

We sell our platform throughout the world to customers of all sizes, including our enterprise, mid-size, and third-party reseller customers. In transactions with resellers, we are only party to the transaction with the reseller and are not a party to the reseller's transaction with its customer.

Revenue is a function of the number of customers, the number of licenses with each customer, the package to which each customer subscribes, the price of the package and renewal rates. We offer subscriptions in a discrete range of packages, with pricing based on specified feature sets and the number of licenses managed by the customer as well as on a capacity-basis.

### Fiscal Year

Our fiscal year ends on January 31<sup>st</sup>. References to fiscal 2021, for example, are to the fiscal year ended January 31, 2021.

### COVID-19 Update

In March 2020, the World Health Organization ("WHO") declared the coronavirus disease ("COVID-19") as a pandemic. The COVID-19 pandemic has disrupted business operations for us and our customers, suppliers, and other parties with whom we do business and such disruptions are expected to continue for an indefinite period of time. In an effort to control the spread of COVID-19, governments and municipalities around the world instituted restrictive measures, including orders to shelter-in-place, travel restrictions, and mandated business closures.

As a result of the COVID-19 pandemic, we temporarily closed our offices requiring all of our employees globally to work remotely. We restricted non-essential business travel, and canceled in-person marketing events, including our annual industry and customer event, ONWARD20. We continue to monitor regional developments relating to the COVID-19 pandemic to inform decisions on phased office re-openings and lifting of travel restrictions. The uncertain duration of these measures have had and may continue to have negative effects on our sales efforts and revenue growth rates.

Despite the economic challenges brought on by the COVID-19 pandemic, we are committed to our business, the strength of our platform, and our ability to continue to execute on our strategy. During the fiscal year ended January 31, 2021, some business highlights included our collaborations with the WHO and other government agencies to launch comprehensive information hubs powered by Yext Answers, expanding Yext Answers into additional languages, including French, German, Italian, Spanish, and Japanese, and launching Hitchhikers, a comprehensive training program and community for professionals to develop the skills to build custom search solutions for their business using our platform.

We may continue to see some existing and potential customers, in particular customers in industries highly impacted by the pandemic such as retail and food services as well as certain geographies such as Europe, reduce, suspend or delay technology spending, request to renegotiate contracts to obtain concessions such as, extended billing and payment terms; shorten the duration of contracts; or elect not to renew their subscriptions which could materially adversely impact our business, financial condition and results of operations in future periods. The ultimate extent of the impact of the pandemic will depend on future developments, which continue to be highly uncertain and cannot be predicted, including the severity and duration of the COVID-19 pandemic and the actions taken to contain and address its impact, among others. However, because we generally recognize revenue from our customer contracts ratably over the term of the contract, changes in our contracting activity in the near term may not be fully reflected in our results of operations and overall financial performance until future periods. See Part I Item 1A "Risk Factors" for further discussion of the possible impact of the COVID-19 pandemic on our business.

## Components of Results of Operations

### **Revenue**

We derive our revenue primarily from subscription and associated support to our Yext platform. Our contracts are typically one year in length, but may be up to three years or longer in length. Revenue is a function of the number of customers, the number of licenses or capacity purchased by each customer, the package to which each customer subscribes, the price of the package and renewal rates. Revenue is generally recognized ratably over the contract term beginning on the commencement date of each contract, which is the date our platform is made available to customers. At the beginning of each subscription term we invoice our customers, typically in annual installments, but also monthly, quarterly, and semi-annually. Amounts that have been invoiced for non-cancelable contracts are recorded in accounts receivable and unearned revenue. Unearned revenue is subsequently recognized as revenue when transfer of control to a customer has occurred.

### **Cost of Revenue**

Cost of revenue consists primarily of employee-related costs, including personnel-related costs, which mainly consist of salaries and wages, and stock-based compensation expense. Cost of revenue also includes fees associated with our Knowledge Network application provider arrangements, the nature of which may be unpaid, fixed, or variable, and are unpaid with many of our larger providers, as well as the costs associated with our data centers. In addition, cost of revenue includes depreciation expense, including with respect to certain capitalized software development costs incurred in connection with additional functionality to our platform. Cost of revenue also includes operating and short-term lease expenses associated with our office spaces, which are allocated based on employee headcount. In addition, cost of revenue includes software expense, which relates to licenses, professional services, and other costs associated with software for use in the operations of our business, which is also allocated based on employee headcount.

### **Operating Expenses**

*Sales and marketing expenses.* Sales and marketing expenses consist primarily of employee-related costs which are comprised of personnel-related costs and stock-based compensation expense. Personnel-related costs mainly consist of salaries and wages and costs of obtaining revenue contracts. Sales and marketing expenses also include operating and short-term lease expenses associated with our office spaces, as well as software expense, each of which are allocated based on employee headcount. In addition, sales and marketing expenses include costs related to advertising and conferences and brand awareness events.

*Research and development expenses.* Research and development expenses consist primarily of employee-related costs which are comprised of personnel-related costs and stock-based compensation expense. Personnel-related costs mainly consist of salaries and wages. Capitalized software development costs related to additional functionality to our platform are excluded from research and development expenses as they are capitalized as a component of property and equipment, net and depreciated to cost of revenue over the term of their useful life. Research and development expenses also include operating and short-term lease expenses associated with our office spaces, as well as software expense, each of which are allocated based on employee headcount.

*General and administrative expenses.* General and administrative expenses consist primarily of employee-related costs which are comprised of personnel-related costs and stock-based compensation expense for our finance and accounting, human resources, information technology and legal support departments. Personnel-related costs mainly consist of salaries and wages. General and administrative expenses also include operating and short-term lease expenses associated with our office spaces, as well as software expense, each of which are allocated based on employee headcount, and other professional related costs.

## Results of Operations

(in thousands)

Statements of Operations Data:	Fiscal year ended January 31,		
	2021	2020	2019
Revenue	\$ 354,661	\$ 298,829	\$ 228,283
Cost of revenue <sup>(1)</sup>	86,404	77,030	57,413
Gross profit	268,257	221,799	170,870
Operating expenses:			
Sales and marketing <sup>(1)</sup>	228,417	218,076	158,845
Research and development <sup>(1)</sup>	58,146	49,445	36,098
General and administrative <sup>(1)</sup>	76,026	77,231	51,572
Total operating expenses	362,589	344,752	246,515
Loss from operations	(94,332)	(122,953)	(75,645)
Interest income	532	4,099	1,711
Interest expense	(614)	(308)	(143)
Other expense, net	(181)	(1,285)	(538)
Loss from operations before income taxes	(94,595)	(120,447)	(74,615)
(Provision for) benefit from income taxes	(97)	(1,097)	(222)
Net loss	\$ (94,692)	\$ (121,544)	\$ (74,837)

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

(in thousands)	Fiscal year ended January 31,		
	2021	2020	2019
Cost of revenue	\$ 5,724	\$ 4,115	\$ 2,915
Sales and marketing	32,581	31,421	22,519
Research and development	17,071	13,212	8,475
General and administrative	16,918	19,022	10,324
Total stock-based compensation expense	\$ 72,294	\$ 67,770	\$ 44,233

The following table sets forth selected consolidated statements of operations data for each of the periods indicated as a percentage of total revenue:

	Fiscal year ended January 31,		
	2021	2020	2019
Revenue	100 %	100 %	100 %
Cost of revenue	24	26	25
Gross profit	76	74	75
Operating expenses:			
Sales and marketing	65	73	69
Research and development	16	16	16
General and administrative	21	26	23
Total operating expenses	102	115	108
Loss from operations	(26)	(41)	(33)
Interest income	—	1	1
Interest expense	(1)	—	—
Other expense, net	—	—	—
Loss from operations before income taxes	(27)	(40)	(32)
(Provision for) benefit from income taxes	—	(1)	—
Net loss	(27)%	(41)%	(32)%

**Fiscal Year Ended January 31, 2021 Compared to Fiscal Year Ended January 31, 2020**

**Revenue and Cost of Revenue**

(in thousands)	Fiscal year ended January 31,		Variance	
	2021	2020	Dollars	Percent
Revenue	\$ 354,661	\$ 298,829	\$ 55,832	19 %
Cost of revenue	86,404	77,030	\$ 9,374	12 %
Gross profit	\$ 268,257	\$ 221,799	\$ 46,458	21 %
Gross margin	75.6 %	74.2 %		

Total revenue was \$354.7 million for the fiscal year ended January 31, 2021, compared to \$298.8 million for the fiscal year ended January 31, 2020, an increase of \$55.8 million or 19%, primarily driven by new customer subscriptions to our platform, and to a lesser extent included expanded subscriptions for existing customers. Our revenue is predominately derived from our enterprise, mid-size, and third-party reseller customers. Revenue from our small business customers represented less than 5% of total revenue for each period. Revenue recognized from subscriptions and associated support to our platform was 93% and 95%, while revenue recognized from professional services was 7% and 5%, for the fiscal years ended January 31, 2021 and 2020, respectively.

Cost of revenue was \$86.4 million for the fiscal year ended January 31, 2021, compared to \$77.0 million for the fiscal year ended January 31, 2020, an increase of \$9.4 million, or 12%. This overall increase primarily reflects the increases in costs associated with our data centers of \$3.2 million, personnel-related costs of \$1.6 million, stock-based compensation expense of \$1.6 million, and software expense of \$1.4 million. These increases were partially offset by a decrease in Knowledge Network application provider costs of \$1.0 million as a result of more favorable contract terms with certain providers.

Gross margin was 75.6% for the fiscal year ended January 31, 2021, compared to 74.2% for the fiscal year ended January 31, 2020 as reflected in the discussion above.

**Operating Expenses**

(in thousands)	Fiscal year ended January 31,		Variance	
	2021	2020	Dollars	Percent
Sales and marketing	\$ 228,417	\$ 218,076	\$ 10,341	5 %
Research and development	\$ 58,146	\$ 49,445	\$ 8,701	18 %
General and administrative	\$ 76,026	\$ 77,231	\$ (1,205)	(2) %

Sales and marketing expense was \$228.4 million for the fiscal year ended January 31, 2021, compared to \$218.1 million for the fiscal year ended January 31, 2020, an increase of \$10.3 million, or 5%. The increase was primarily due to a \$23.6 million increase in personnel-related costs, reflecting higher headcount, which mainly consisted of salaries and wages and costs to obtain revenue contracts, a \$2.8 million increase in software expense, a \$1.4 million increase in operating and short-term lease expenses, a \$1.3 million increase in depreciation expense, and a \$1.2 million increase in stock-based compensation expense. These increases were partially offset by reductions in light of the COVID-19 pandemic and leveraging costs, including a \$10.8 million decrease in employee travel and a \$7.6 million decrease in conferences and events.

Research and development expense was \$58.1 million for the fiscal year ended January 31, 2021, compared to \$49.4 million for the fiscal year ended January 31, 2020, an increase of \$8.7 million, or 18%. The increase was primarily due to a \$3.9 million increase in stock-based compensation expense, a \$3.0 million increase in personnel-related costs, reflecting higher headcount, which mainly consisted of salaries and wages, and a \$0.8 million increase in software expense.

General and administrative expense was \$76.0 million for the fiscal year ended January 31, 2021, relatively consistent compared to \$77.2 million for the fiscal year ended January 31, 2020, as decreases of \$2.1 million in stock-based compensation expense and \$2.0 million in employee travel, were generally offset by a \$1.3 million increase in the allowance for doubtful accounts and a \$0.8 million increase in software expense.

**Fiscal Year Ended January 31, 2020 Compared to Fiscal Year Ended January 31, 2019**

**Revenue and Cost of Revenue**

(in thousands)	Fiscal year ended January 31,		Variance	
	2020	2019	Dollars	Percent
Revenue	\$ 298,829	\$ 228,283	\$ 70,546	31 %
Cost of revenue	77,030	57,413	\$ 19,617	34 %
Gross profit	\$ 221,799	\$ 170,870	\$ 50,929	30 %
Gross margin	74.2 %	74.9 %		

Total revenue was \$298.8 million for the fiscal year ended January 31, 2020, compared to \$228.3 million for the fiscal year ended January 31, 2019, an increase of \$70.5 million or 31%. This increase was primarily due to new customers and expanded subscriptions sold to existing customers. Revenue from our enterprise and mid-size customers, which include third-party reseller customers, grew 34% from approximately \$213 million to \$286 million, and excludes revenue from small business customers, which by their nature have inherently high turnover.

Cost of revenue was \$77.0 million for the fiscal year ended January 31, 2020, compared to \$57.4 million for the fiscal year ended January 31, 2019, an increase of \$19.6 million or 34%. This increase was primarily due to employee-related costs reflecting higher headcount, including a \$9.0 million increase in personnel-related costs, which mainly consisted of salaries and wages, and a \$1.2 million increase stock-based compensation expense. In addition, there was a \$2.7 million increase in operating and short-term lease expenses, mainly as a result of our new operating lease arrangements for office space, including in New York, NY, as well as a \$2.1 million increase in costs associated with our data centers, and a \$1.2 million increase in depreciation expense.

Gross margin was 74.2% for the fiscal year ended January 31, 2020, compared to 74.9% for the fiscal year ended January 31, 2019, a decrease of 70 basis points.

### *Operating Expenses*

(in thousands)	Fiscal year ended January 31,		Variance	
	2020	2019	Dollars	Percent
Sales and marketing	\$ 218,076	\$ 158,845	\$ 59,231	37 %
Research and development	\$ 49,445	\$ 36,098	\$ 13,347	37 %
General and administrative	\$ 77,231	\$ 51,572	\$ 25,659	50 %

Sales and marketing expense was \$218.1 million for the fiscal year ended January 31, 2020, compared to \$158.8 million for the fiscal year ended January 31, 2019, an increase of \$59.2 million, or 37%. The increase was primarily due to employee-related costs reflecting higher headcount, including a \$30.7 million increase in personnel-related costs, which mainly consisted of salaries and wages and costs to obtain revenue contracts, and a \$8.9 million increase in stock-based compensation expense. In addition, there was a \$5.7 million increase in operating and short-term lease expenses, mainly as a result of our new operating lease arrangements for office space, including in New York, NY.

Research and development expense was \$49.4 million for the fiscal year ended January 31, 2020, compared to \$36.1 million for the fiscal year ended January 31, 2019, an increase of \$13.3 million, or 37%. The increase was primarily due to employee-related costs reflecting higher headcount, including a \$5.8 million increase in personnel-related costs, which mainly consisted of salaries and wages, and a \$4.7 million increase in stock-based compensation expense. In addition, there was a \$1.5 million increase in operating and short-term lease expenses, mainly as a result of our new operating lease arrangements for office space, including in New York, NY.

General and administrative expense was \$77.2 million for the fiscal year ended January 31, 2020, compared to \$51.6 million for the fiscal year ended January 31, 2019, an increase of \$25.7 million, or 50%. The increase was primarily due to employee-related costs reflecting higher headcount, including a \$9.5 million increase in personnel-related costs, which mainly consisted of salaries and wages, and a \$8.7 million increase in stock-based compensation expense, which included a \$3.6 million one-time RSU cancellation-related expense. In addition, there was a \$1.9 million increase in operating and short-term lease expenses, mainly as a result of our new operating lease arrangements for office space, including in New York, NY.

### *Net Loss*

Net loss was \$94.7 million, \$121.5 million, and \$74.8 million for the fiscal years ended January 31, 2021, 2020, and 2019.

### *Non-GAAP Net Loss*

In addition to our financial results determined in accordance with GAAP, we believe that non-GAAP net loss is useful in evaluating our operating performance and our business.

Non-GAAP net loss is a financial measure that is not calculated in accordance with GAAP. We define non-GAAP net loss as our GAAP net loss as adjusted to exclude the effects of stock-based compensation expense. We believe non-GAAP net loss provides investors and other users of our financial information consistency and comparability with our past financial performance and facilitates period-to-period comparisons of our results of operations. We also believe non-GAAP net loss is useful in evaluating our operating performance compared to that of other companies in our industry, as it eliminates the effects of stock-based compensation, which may vary for reasons unrelated to overall operating performance.

We use non-GAAP net loss in conjunction with traditional GAAP net loss as part of our overall assessment of our performance, including the preparation of our annual operating budget and quarterly forecasts, and to evaluate the effectiveness of our business strategies. Our definition may differ from the definitions used by other companies and therefore comparability may be limited. In

addition, other companies may not publish this or similar metrics. Thus, our non-GAAP net loss should be considered in addition to, not as a substitute for, nor superior to or in isolation from, measures prepared in accordance with GAAP.

Non-GAAP net loss may be limited in its usefulness because it does not present the full economic effect of our use of stock-based compensation. We compensate for these limitations by providing a reconciliation of non-GAAP net loss to the most closely related GAAP financial measure. We encourage investors and others to review our financial information in its entirety, not to rely on any single financial measure and to view non-GAAP net loss in conjunction with GAAP net loss.

The following table provides a reconciliation of GAAP net loss to non-GAAP net loss:

(in thousands)	Fiscal year ended January 31,		
	2021	2020	2019
GAAP net loss	\$ (94,692)	\$ (121,544)	\$ (74,837)
Plus: Stock-based compensation expense	72,294	67,770	44,233
Non-GAAP net loss	\$ (22,398)	\$ (53,774)	\$ (30,604)

#### ***Dollar-Based Net Retention Rate***

We believe that our ability to retain our customers and expand the revenue they generate for us over time is an important component of our growth strategy and reflects the long term value of our customer relationships. We assess our performance in this respect using a metric we refer to as our dollar-based net retention rate. Our dollar-based net retention rate was 102%, 106%, and 110% for the fiscal years ended January 31, 2021, 2020 and 2019, respectively. The decline in the net retention rate in the fiscal year ended January 31, 2021 reflects challenges in expanding our relationships with existing customers and to a lesser extent customer retention. We believe our ability to retain and expand relationships with existing customers, and consequently improve our net retention rate, has been and may continue to be negatively impacted by the effects of COVID-19 on our customers. See "—Overview — COVID-19 Update" and "Risk Factors" for the impact of COVID-19 on our business.

We calculate this metric for a particular period by first establishing a cohort of the enterprise, mid-size, and third-party reseller customers, who had active contracts at the end of each month of the same period in the prior year. We divide the single month revenue from each of those customer cohorts for the applicable month in the current year by the single month revenue of that same customer cohort for the corresponding month in the prior year. We then determine the dollar-based weighted average of each of the monthly rates, and this average represents the dollar-based net retention rate for the period. As a result, if a customer, in particular an enterprise customer, elects to upgrade, downgrade or cancel its subscription, the full impact on dollar-based net retention rate is realized over the subsequent twelve months, thereby mitigating the immediate effect in the quarter when such election was made. We only consider revenue from our enterprise, mid-size, and third-party reseller customers when calculating this metric since small business customers have limited licenses, experience inherently high turnover, and continue to decline as a percentage of total revenue.

## Quarterly Results of Operations

The following tables set forth our unaudited quarterly statements of operations data for each of the eight quarters in the periods ended January 31, 2021 and 2020, respectively. The information for each of these quarters has been prepared on the same basis as the audited annual consolidated financial statements included elsewhere in this Annual Report on Form 10-K and, in the opinion of management, includes all adjustments, which consist only of normal recurring adjustments, necessary for the fair presentation of the results of operations for these periods in accordance with GAAP. This data should be read in conjunction with our audited consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. These quarterly operating results are not necessarily indicative of our operating results for a full year or any future period.

(in thousands)	Three months ended							
	Jan. 31, 2021	Oct. 31, 2020	Jul. 31, 2020	Apr. 30, 2020	Jan. 31, 2020	Oct. 31, 2019	Jul. 31, 2019	Apr. 30, 2019
Revenue	\$ 92,194	\$ 89,061	\$ 88,055	\$ 85,351	\$ 81,378	\$ 76,370	\$ 72,373	\$ 68,708
Cost of revenue	\$ 21,597	\$ 21,639	\$ 21,984	\$ 21,184	\$ 20,922	\$ 20,366	\$ 19,269	\$ 16,473
Gross profit	\$ 70,597	\$ 67,422	\$ 66,071	\$ 64,167	\$ 60,456	\$ 56,004	\$ 53,104	\$ 52,235
Gross margin	77 %	76 %	75 %	75 %	74 %	73 %	73 %	76 %
Sales and marketing	\$ 57,202	\$ 56,646	\$ 56,049	\$ 58,520	\$ 57,338	\$ 61,969	\$ 52,371	\$ 46,398
Research and development	\$ 14,505	\$ 14,475	\$ 14,788	\$ 14,378	\$ 13,842	\$ 13,011	\$ 12,686	\$ 9,906
General and administrative	\$ 18,033	\$ 18,061	\$ 19,474	\$ 20,458	\$ 19,839	\$ 23,857	\$ 18,344	\$ 15,191
Total operating expenses	\$ 89,740	\$ 89,182	\$ 90,311	\$ 93,356	\$ 91,019	\$ 98,837	\$ 83,401	\$ 71,495
Total operating expenses as a percentage of revenue	97 %	100 %	103 %	109 %	112 %	129 %	115 %	104 %
Loss from operations	\$ (19,143)	\$ (21,760)	\$ (24,240)	\$ (29,189)	\$ (30,563)	\$ (42,833)	\$ (30,297)	\$ (19,260)
Net loss	\$ (18,311)	\$ (22,041)	\$ (25,116)	\$ (29,224)	\$ (30,577)	\$ (42,717)	\$ (29,291)	\$ (18,959)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.15)	\$ (0.18)	\$ (0.21)	\$ (0.25)	\$ (0.27)	\$ (0.38)	\$ (0.26)	\$ (0.18)

## Quarterly Trends

Historically, a higher proportion of new subscription and renewal agreements have occurred within the fourth quarter of the fiscal year, which contributes to driving our revenue recognized for the following fiscal year. We believe that this results from the procurement, budgeting, and deployment cycles of many of our customers, particularly our enterprise customers. At the beginning of each subscription term we invoice our customers, typically in annual installments, but also monthly, quarterly, and semi-annually. Amounts that have been invoiced for non-cancelable contracts are recorded in accounts receivable and unearned revenue. As a result, accounts receivable and unearned revenue are seasonally stronger in the fourth quarter of the fiscal year. However, the nature of our subscription agreements generally results in revenue recognition ratably over the contract term, thereby mitigating the effect of potential seasonality in our revenue. Our quarterly revenue has increased sequentially for all periods presented.

Cost of revenue has generally increased over the periods presented, and in recent quarters has stabilized. However, our data center costs have increased and we expect that to continue as we expand our capacity. Our employee-related costs have generally increased, as have our operating and short-term lease expenses as we entered into new arrangements for office space including our transition to our new corporate headquarters in New York, NY. We expect our Knowledge Network application provider costs to generally stabilize, although costs may increase at times as we enter new international markets, or introduce new products and features.

Gross margin has stabilized in recent periods, and may decrease at times as we enter new international markets, or introduce new products and features.

Operating expenses have fluctuated as a result of increased employee-related costs, increased operating and short-term lease expenses as we entered into new arrangements for office space including our transition to our new corporate headquarters in New York, NY, and in more recent quarters increased costs associated with software for use in the operations of our business. Employee travel and conferences and events have decreased in recent quarters in light of the COVID-19 pandemic. Operating expenses as a percentage of revenue have decreased in recent quarters, reflecting impacts of the COVID-19 pandemic, as well as strategically leveraging costs.

Our quarterly results may fluctuate due to various factors affecting our performance including impacts of the COVID-19 pandemic. The ultimate extent of the impact of the pandemic on our business, financial condition and results of operations will depend on future developments, which continue to be highly uncertain and cannot be predicted, including the severity and duration of the COVID-19 pandemic and the actions taken to contain and address its impact, among others. However, because we generally recognize revenue from our customer contracts ratably over the term of the contract, changes in our contracting activity in the near term may not

be apparent as a change to our reported revenue until future periods. Most of our expenses are recorded as period costs and thus factors affecting our cost structure may be reflected in our financial results sooner than changes to our revenue.

### Liquidity and Capital Resources

As of January 31, 2021, our principal sources of liquidity were cash and cash equivalents of \$230.4 million. We believe our existing cash and cash equivalents will be sufficient to meet our projected operating requirements for at least the next 12 months. Our cash flows, including net cash used in or provided by operating activities, may vary significantly from quarter to quarter, due to the timing of billings, cash collections, lease payments and capital expenditures, significant marketing events and related expenses, the potential effects of the COVID-19 pandemic, among other factors.

Our future capital requirements will depend on many factors, including those set forth under "Risk Factors." We may in the future enter into arrangements to acquire or invest in complementary businesses, services, technologies, and intellectual property rights. In addition, we may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, operating results and financial condition would be adversely affected.

#### Common Stock Offering

On March 20, 2019, we closed a common stock offering, in which we issued and sold 7,000,000 shares of common stock, inclusive of the fully exercised underwriters' option to purchase additional shares. The price per share to the public was \$21.50. We received aggregate proceeds of \$147.0 million from this offering, net of underwriters' discounts and commissions, before deducting offering costs of approximately \$0.5 million, which were recognized through additional paid in capital.

#### Credit Arrangements

On March 11, 2020, we entered into a new credit agreement with Silicon Valley Bank (the "Credit Agreement"). No significant debt issuance costs were incurred in association with the Credit Agreement. In January 2021, we amended the Credit Agreement which modified the conditions pursuant to which subsidiaries are required to become guarantors.

The Credit Agreement provides for a senior secured revolving loan facility of up to \$50.0 million that matures three years after the effective date, with the right subject to certain conditions to add an incremental revolving loan facility of up to \$50.0 million in the aggregate. The three-year revolving loan facility provides for borrowings up to the amount of the facility with sub-limits of up to (i) \$30.0 million to be available for the issuance of letters of credit and (ii) \$10.0 million to be available for swingline loans.

Under the Credit Agreement, loans bear interest, at our option, at an annual rate based on LIBOR or a base rate. Loans based on LIBOR shall bear interest at a rate between LIBOR plus 2.50% and LIBOR plus 3.00%, depending on our average daily usage of the revolving loan facility. Loans based on the base rate shall bear interest at a rate between the base rate minus 0.50% and the base rate plus 0.00%, depending on our average daily usage of the revolving loan facility. See Part I Item 1A "Risk Factors - Our new credit facility contains restrictive covenants that may limit our operating flexibility" for discussion of LIBOR being phased out.

The obligations under the Credit Agreement are secured by a lien on substantially all of our tangible and intangible property and by a pledge of all of our equity interests of material direct and indirect domestic subsidiaries and 66% of each class of capital stock of any material first-tier foreign subsidiaries, subject to limited exceptions.

The Credit Agreement contains customary affirmative and negative covenants and restrictions, as well as financial covenants that require us to maintain the year-over-year growth rate of its ordinary course recurring revenue for a trailing four fiscal quarter period above specified rates when certain liquidity thresholds are not met and to maintain a consolidated quick ratio of at least 1.50 to 1.00 tested on a monthly basis.

As of January 31, 2020, we had back-to-back standby letters of credit for \$12.1 million, which were fully secured by a \$12.1 million cash deposit. The \$12.1 million was classified as restricted cash on our consolidated balance sheet. In connection with the Credit Agreement, the \$12.1 million cash deposit was released and is no longer classified as restricted cash on our consolidated balance sheet as of January 31, 2021.

As of January 31, 2021, we were in compliance with all debt covenants. As of such date, the \$50.0 million revolving loan facility had \$35.7 million available and \$14.3 million in letters of credit allocated as security in connection with office space.

#### Cash Flows

The following table summarizes our cash flows:

(in thousands)	Fiscal year ended January 31,		
	2021	2020	2019
Net cash provided by (used in) operating activities	\$ 1,204	\$ (30,768)	\$ 5,240
Net cash (used in) provided by investing activities	\$ (65,111)	\$ 39,308	\$ 28,134
Net cash provided by financing activities	\$ 22,548	\$ 168,373	\$ 24,384



### ***Operating Activities***

Net cash provided by operating activities of \$1.2 million for the fiscal year ended January 31, 2021 was primarily due to positive adjustments in reconciling our net loss of \$94.7 million to net cash provided by operating activities. These adjustments included stock-based compensation expense of \$72.3 million, amortization of operating lease right-of-use assets of \$12.2 million, depreciation and amortization expense of \$10.6 million, and bad debt expense of \$2.5 million, reflecting an increase in the allowance for doubtful accounts in light of impacts from the COVID-19 pandemic. In addition, there were changes in unearned revenue of \$12.7 million, operating lease liabilities of \$8.9 million, and costs to obtain revenue contracts of \$2.4 million. These increases were partially offset by changes in accounts receivable of \$18.0 million, mainly due to timing of billing and cash collections during the period, changes in prepaid expenses and other current assets of \$5.5 million, and changes in accounts payable, accrued expenses and other current liabilities of \$2.0 million.

Net cash used in operating activities of \$30.8 million for the fiscal year ended January 31, 2020 was primarily due to the net loss of \$121.5 million, as well as changes in accounts receivable of \$27.0 million, mainly due to timing of billing and cash collections during the period, and changes in costs to obtain revenue contracts of \$18.3 million. This was partially offset by positive reconciling adjustments related to non-cash charges of stock-based compensation expense of \$67.8 million, amortization of operating lease right-of-use assets of \$11.1 million and depreciation and amortization expense of \$8.1 million. In addition, net cash used in operating activities was also partially offset by changes in unearned revenue of \$42.3 million and accounts payable, accrued expenses and other liabilities of \$8.3 million.

Net cash provided by operating activities of \$5.2 million for the fiscal year ended January 31, 2019 was primarily due to a change in unearned revenue of \$47.0 million and non-cash charges related to stock-based compensation expense of \$44.2 million, as well as a change in accounts payable, accrued expenses and other current liabilities of \$17.6 million and non-cash charges related to depreciation and amortization expense of \$6.8 million. These increases were partially offset by the net loss of \$74.8 million, as well as changes in costs to obtain revenue contracts of \$16.8 million, accounts receivable of \$11.6 million, mainly due to timing of billing and cash collections during the period, and prepaid expenses and other current assets of \$6.7 million.

### ***Investing Activities***

Net cash used in investing activities of \$65.1 million for the fiscal year ended January 31, 2021 reflected capital expenditures primarily associated with our new corporate headquarters in New York, NY, and our office spaces in Rosslyn, VA and Tokyo, Japan, among others.

Net cash provided by investing activities of \$39.3 million for the fiscal year ended January 31, 2020 was due to maturities of marketable securities of \$51.2 million, partially offset by capital expenditures of \$11.9 million.

Net cash provided by investing activities of \$28.1 million for the fiscal year ended January 31, 2019 was due to maturities of marketable securities of \$86.3 million, partially offset by purchases of marketable securities of \$52.9 million, and capital expenditures of \$5.3 million.

### ***Financing Activities***

Net cash provided by financing activities of \$22.5 million for the fiscal year ended January 31, 2021 was primarily related to proceeds from exercise of stock options of \$16.5 million, and net proceeds from employee stock purchase plan withholdings of \$7.0 million, partially offset by payments of deferred financing costs of \$0.9 million.

Net cash provided by financing activities of \$168.4 million for the fiscal year ended January 31, 2020 was primarily related to proceeds from our common stock offering of \$147.0 million, net of underwriting discounts and commissions, and to a lesser extent proceeds from exercises of stock options of \$14.9 million, and \$7.3 million of net proceeds from employee stock purchase plan withholdings.

Net cash provided by financing activities of \$24.4 million for the fiscal year ended January 31, 2019 was primarily related to proceeds from exercises of stock options of \$18.9 million, and \$5.7 million of net proceeds from employee stock purchase plan withholdings.

### ***Contractual Obligations***

We are obligated to make payments under certain non-cancelable contractual obligations in the normal course of business. Our contractual obligations primarily relate to our operating lease arrangements for office space. Our other contractual obligations include contracts with our Knowledge Network application providers, which generally have a term of one year, although some have a term of several years, as well as contracts with our software vendors, among others. These obligations represent minimum contractual payments, or our best estimate for variable elements based on historical payments. Our contractual obligations have various expiry dates between fiscal years 2022 and 2035.

As of January 31, 2021, our contractual obligations are as follows (in thousands):

<b>Fiscal year ending January 31:</b>	<b>Operating Leases</b>		<b>Other</b>	
2022	\$	19,490	\$	30,091
2023		19,189		10,332
2024		18,915		4,921
2025		18,362		1,885
2026		18,986		1,828
2027 and thereafter		92,743		1,877
<b>Total</b>	<b>\$</b>	<b>187,685</b>	<b>\$</b>	<b>50,934</b>

See Note 13 "Commitments and Contingencies" to our consolidated financial statements for further discussion on contractual obligations.

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

We do not engage in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, as part of our ongoing business. Accordingly, our operating results, financial condition and cash flows are not subject to off-balance sheet risks.

#### **Critical Accounting Policies and Estimates**

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenue generated and expenses incurred during the reporting periods. Our estimates are based on our historical experience and various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about items that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

See Note 2 "Summary of Significant Accounting Policies" to our consolidated financial statements for further discussion on our accounting policies. Our most critical accounting policies and estimates, based on the degree of judgment and complexity, are discussed below.

#### **Revenue Recognition**

We derive our revenue primarily from our subscriptions and associated support to the Yext platform. Our subscriptions do not provide customers with the right to take possession of the software supporting the applications and, as a result, are accounted for as service contracts. Our subscription and associated support performance obligation is distinct because a customer's use of the Yext platform is fully functional upon access, does not require any additional development, modification or customization, and is often sold separately. In certain instances, we enter into a contract that includes a promise to provide certain technical or customized professional services, in addition to a promise to provide its subscription and associated support. Our professional services performance obligation is distinct as it does not significantly change or enhance the functionality of the Yext platform.

In instances when a contract includes more than one performance obligation, we must allocate the transaction price to the performance obligations on a relative standalone selling price basis ("SSP"). SSP represents the price at which a company would sell a promised product or service separately to a customer. We determine the SSP based on a series of complex factors. Our selling prices associated with our subscription and associated support are considered highly variable based on discounting practices, customer geography, customer size, and other such factors. In contrast, our selling prices associated with our professional services are more observable, predictable and consistent. Accordingly, we use the residual method to determine SSP.

The recognition of revenue is determined through application of the five-step model in accordance with ASC 606. Revenue is recognized upon transfer of control of services to our customers, including third-party reseller customers, in an amount that reflects the consideration we expect to receive in exchange for those services. In transactions with resellers, we contract only with the reseller, in which pricing and length of subscription and support services are agreed upon. The reseller negotiates the price charged and length of subscription and support service directly with its customer. We do not pay separate fees to third-party reseller customers in association with these transactions, and do not have direct interactions with the reseller's customer.

Revenue is generally recognized ratably over the contract term beginning on the commencement date of each contract, which is the date our platform is made available to our customers. Amounts that have been invoiced for non-cancelable contracts are recorded in accounts receivable and unearned revenue or revenue. See to Note 2 "Summary of Significant Accounting Policies" and Note 3 "Revenue" to our consolidated financial statements for further discussion on our revenue recognition.

### ***Costs Capitalized to Obtain Revenue Contracts***

We capitalize costs of obtaining revenue contracts that are incremental and recoverable. Incremental costs primarily include sales commissions, certain related incentives, and associated payroll tax and fringe benefit costs. We amortize such costs on a straight-line basis over the average benefit period, which is typically three years for new contracts and one year for renewals. We determine the average benefit period by considering both qualitative and quantitative factors, which include the estimated life of capitalized software development costs resulting from additional functionality to the Yext platform and estimated customer life, among other such factors. Amortization of costs capitalized to obtain revenue contracts is included in sales and marketing expense in the consolidated statements of operations and comprehensive loss.

### ***Stock-Based Compensation***

Stock-based compensation for all employee and non-employee stock-based awards, including restricted stock units and restricted stock, is measured at fair value on the date of grant and recognized over the service period. The fair value of restricted stock units and restricted stock are calculated based on the fair value of our common stock on the date of grant, while the fair value of stock options are calculated using a Black-Scholes option-pricing model.

Stock-based compensation expense is recognized over the requisite service periods of awards, which is typically one to four years for restricted stock units and restricted stock. The estimated forfeiture rate applied to employee awards is based on historical forfeiture rates. The estimated number of stock-based awards that will ultimately vest requires judgment, and to the extent actual results, or updated estimates, differ from our current estimates, such amounts will be recorded as a cumulative adjustment in the period actual results are realized or estimates are revised. A higher forfeiture rate will result in an adjustment that will decrease stock-based compensation expense, whereas a lower forfeiture rate will result in an adjustment that will increase stock-based compensation expense. We do not apply a forfeiture rate assumption to value non-employee awards, given the nature of the services provided.

For our Employee Stock Purchase Plan ("ESPP"), we measure stock-based compensation expense at fair-value using a Black-Scholes option-pricing model, at the commencement of each offering period and recognize the expense over that offering period, which is generally six months. The key assumptions used in the Black-Scholes option-pricing model include a volatility assumption based on the historical volatility of our stock price and the risk-free rate assumption based on the U.S. treasury yield curve in effect at the commencement of the offering period or grant date. The dividend yield assumption is zero as we have not historically paid any dividends and do not expect to declare or pay any dividends in the foreseeable future.

We will continue to use judgment in evaluating the assumptions related to our stock-based compensation. As we continue to accumulate additional data related to our common stock, we may refine our estimates. If factors change and different assumptions are used, the impact to our stock-based compensation expense could be material.

### ***Income Taxes***

We account for income taxes in accordance with ASC Topic 740, "Income Taxes," under which deferred income taxes are provided for temporary differences between the financial reporting and tax basis of our assets and liabilities. We classify all deferred tax assets and liabilities as non-current on the consolidated balance sheet. The effect of a change in tax rates on deferred tax assets and liabilities is recognized within the (provision for) benefit from income taxes on the consolidated statement of operations and comprehensive loss in the period that includes the enactment date.

We reduce deferred tax assets, if necessary, by a valuation allowance if it is more likely than not that we will not realize some or all of our deferred tax assets. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations.

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. We recognize interest and penalties related to uncertain tax positions within the (provision for) benefit from income taxes on our consolidated statement of operations and comprehensive loss.

### ***Leases***

We enter into contracts in the normal course of business and assess whether any such contracts contain a lease. We classify leases as operating or financing in nature, and record the associated lease liability and right-of-use asset on our balance sheet. The lease liability represents the present value of future lease payments, net of lease incentives, discounted using incremental borrowing rates.

For each individual lease arrangement, we estimate an incremental borrowing rate at the commencement date. The incremental borrowing rate is determined based on what we would estimate to pay for a collateralized loan over a similar term and economic environment for each lease arrangement. As of January 31, 2021, a hypothetical 100 basis point change in our estimated incremental borrowing rates for our respective leases would have a less than 10% impact to the aggregated total operating lease liability on the consolidated balance sheet.

With respect to our operating lease arrangements, we account for lease components, and non-lease components that are fixed, as a single lease component in the measurement of operating lease liabilities and right-of-us assets. Non-lease components that are variable are expensed as incurred in the consolidated statement of operations and comprehensive loss. Lease arrangements with an initial term of 12 months or less are recognized on a straight-line basis over the lease term and are not recorded on the consolidated balance sheet.

**Recent Accounting Pronouncements**

See Note 2 "Summary of Significant Accounting Policies" to the consolidated financial statements for our discussion about adopted and pending recent accounting pronouncements.

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

Market risk represents the risk of loss that may affect our financial position due to adverse changes in financial market prices and rates. We are exposed to market risks related to foreign currency exchange rates, inflation and interest rates.

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

Assets and liabilities of non-U.S. subsidiaries that operate in a local currency environment, where the local currency is the functional currency, are translated from foreign currencies into U.S. dollars using month-end rates of exchange for assets and liabilities, and average rates for the period derived from month-end spot rates for revenue, costs and expenses. We record translation gains and losses in accumulated other comprehensive (loss) income as a component of stockholders' equity. We reflect net foreign exchange transaction gains and losses resulting from the conversion of the transaction currency to functional currency as a component of foreign currency exchange losses in other expense, net. Based on the size of our international operations and the amount of our expenses denominated in foreign currencies, we would not expect a 10% change in the value of the U.S. dollar from rates on January 31, 2021 to have a material effect on our financial position or results of operations. These exposures may change over time as business practices evolve and economic conditions change, including market impacts associated with COVID-19.

### ***Inflation Risk***

We do not believe that inflation has had a material effect on our business, financial condition or results of operations, other than its impact on the general economy. Nonetheless, if our costs were to become subject to inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

### ***Interest Rate Risk***

As of January 31, 2021, we had cash and cash equivalents of \$230.4 million. The primary objective of our investments is the preservation of capital to fulfill liquidity needs. We do not enter into investments for trading or speculative purposes.

We do not believe our cash equivalents have significant risk of default or illiquidity. While we believe our cash equivalents do not contain excessive risk, we cannot assure you that in the future our investments will not be subject to adverse changes in market value. In addition, we maintain significant amounts of cash and cash equivalents at one or more financial institutions that are in excess of federally insured limits and are exposed to counterparty risk. We have not been exposed to, nor do we anticipate being exposed to, material risks due to changes in interest rates. A hypothetical 10% change in interest rates during any of the periods presented would not have had a material impact on our financial statements.

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

**Index to Consolidated Financial Statements**

	<b>PAGE</b>
Reports of Independent Registered Public Accounting Firm	55
Consolidated Balance Sheets	58
Consolidated Statements of Operations and Comprehensive Loss	59
Consolidated Statements of Stockholders' Equity	60
Consolidated Statements of Cash Flows	61
Notes to Consolidated Financial Statements	62

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Yext, Inc. (the Company) as of January 31, 2021 and 2020, the related consolidated statements of operations and comprehensive loss, stockholders' equity and cash flows for each of the three years in the period ended January 31, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at January 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended January 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of January 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated March 16, 2021 expressed an adverse opinion thereon.

### Basis for Opinion

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

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

### Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate 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 consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

#### ***Completeness and Measurement of Costs Capitalized to Obtain Revenue Contracts***

##### *Description of the Matter*

The Company capitalized \$33.2 million of costs to obtain revenue contracts during the year ended January 31, 2021. As described in Note 2 to the consolidated financial statements, capitalized costs are inclusive of sales commissions and any associated payroll taxes or fringe benefit costs that are incremental to obtain the contract with the customer but expected to be recoverable.

Auditing the costs capitalized to obtain contracts with the customers required complex auditor judgment and was especially challenging due to the material weakness identified by the Company and the impact it had on management's evaluation of completeness and measurement of these costs. The Company has a high volume of sales commission plans with various underlying criteria and inputs used to calculate amounts capitalized to obtain contracts with the customers. The material weakness required an increased extent of audit effort to test the completeness and accuracy of inputs of the commission-eligible revenue contracts and measurement of incremental costs eligible for capitalization.

*How We Addressed the Matter in Our Audit*

We performed audit procedures that included, among others, assessing whether those costs capitalized were eligible costs and met the criteria of incremental and recoverable. For example, we tested a sample of commissions transactions by reviewing and assessing the underlying commission plan and tested the measurement of capitalized costs by recalculating the amount earned based on sales and contract data. We validated that each commission earned and capitalized was an incremental cost to obtain a revenue contract. To respond to the material weakness, we performed incremental audit procedures, for instance, by increasing our sample size related to commission transactions. Our procedures also included reconciling the capitalized commission population to sales commissions paid throughout the year. We performed a retrospective review of commission payments made subsequent to the balance sheet date related to commissions earned in the current fiscal year to test the completeness of costs capitalized.

**Revenue Recognition**

*Description of the Matter*

The Company recorded consolidated revenue and unearned revenue of \$354.7 million and \$192.0 million, respectively, for the year ended January 31, 2021. As described in Note 2 to the consolidated financial statements, the Company primarily earns revenue from subscriptions and associated support to the platform. The Company's revenue contracts include contractual terms and conditions that can impact the amount allocated to each of its performance obligations and the timing of revenue recognition.

Auditing the timing and measurement of the Company's revenue recognition was especially challenging due to the volume of executed contracts and the assessment of the unique terms. This involved assessing the contractual terms and conditions of both new and modified contracts to determine the contract period, identifying all performance obligations, and determine if the transaction price expected to be received was fixed or variable.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design, and tested the operating effectiveness of the Company's internal controls over the accounting for revenue. For example, we tested controls over the Company's processes to evaluate contractual terms and conditions and determine the timing and amount of revenue to be recognized related to the performance obligations identified as services are transferred to the customer. This included testing relevant controls over the IT systems that are important to the initiation, processing and recording of revenue transactions.

We performed audit procedures that included, among others, reading a sample of revenue contracts to evaluate the contractual terms and conditions, identify performance obligations, assess the fixed and variable components to determine the transaction price, and assess the measurement and timing of revenue recognized and unearned revenue recorded as of year-end. We tested the revenue recognized and unearned revenue as of year-end through analytical procedures, including the recalculation of balances on a disaggregated basis. Finally, we assessed the appropriateness of the related disclosures in the consolidated financial statements.

/s/ Ernst & Young, LLP

We have served as the Company's auditors since 2014.

New York, New York

March 16, 2021



## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

### Opinion on Internal Control over Financial Reporting

We have audited Yext, Inc.'s internal control over financial reporting as of January 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, because of the effect of the material weakness described below on the achievement of the objectives of the control criteria, Yext, Inc. (the Company) has not maintained effective internal control over financial reporting as of January 31, 2021, based on the COSO criteria.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment. Management has identified a material weakness related to the Company's processes to calculate, record and account for sales commissions.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of Yext, Inc. as of January 31, 2021 and 2020, the related consolidated statements of operations and comprehensive loss, stockholders' equity, and cash flows for each of the three years in the period ended January 31, 2021, and the related notes. This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the 2021 consolidated financial statements, and this report does not affect our report dated March 16, 2021 which expressed an unqualified opinion thereon.

### Basis for Opinion

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

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

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

### Definition and Limitations of Internal Control Over Financial Reporting

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

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

/s/ Ernst & Young, LLP

New York, New York

March 16, 2021

**YEXT, INC.**  
**Consolidated Balance Sheets**  
(In thousands, except share and per share data)

	<b>January 31, 2021</b>	<b>January 31, 2020</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 230,411	\$ 256,076
Accounts receivable, net of allowances of \$2,528 and \$995, respectively	97,455	80,583
Prepaid expenses and other current assets	17,993	12,730
Costs to obtain revenue contracts, current	30,325	28,423
Total current assets	<u>376,184</u>	<u>377,812</u>
Restricted cash	—	12,100
Property and equipment, net	80,344	26,200
Operating lease right-of-use assets	104,844	111,973
Costs to obtain revenue contracts, non-current	22,692	26,051
Goodwill	4,842	4,534
Intangible assets, net	767	1,343
Other long term assets	6,316	3,607
Total assets	<u>\$ 595,989</u>	<u>\$ 563,620</u>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable, accrued expenses and other current liabilities	\$ 54,186	\$ 59,482
Unearned revenue, current	191,810	176,806
Operating lease liabilities, current	14,165	8,640
Total current liabilities	<u>260,161</u>	<u>244,928</u>
Operating lease liabilities, non-current	123,584	115,187
Other long term liabilities	5,009	2,293
Total liabilities	<u>388,754</u>	<u>362,408</u>
Commitments and contingencies (Note 13)		
Stockholders' equity:		
Preferred stock, \$0.001 par value per share; 50,000,000 shares authorized at January 31, 2021 and 2020; zero shares issued and outstanding at January 31, 2021 and 2020	—	—
Common stock, \$0.001 par value per share; 500,000,000 shares authorized at January 31, 2021 and 2020, respectively; 130,494,513 and 122,335,709 shares issued at January 31, 2021 and 2020, respectively; 123,989,179 and 115,830,375 shares outstanding at January 31, 2021 and 2020, respectively	130	122
Additional paid-in capital	733,933	636,008
Accumulated other comprehensive income (loss)	2,422	(360)
Accumulated deficit	(517,345)	(422,653)
Treasury stock, at cost	(11,905)	(11,905)
Total stockholders' equity	<u>207,235</u>	<u>201,212</u>
Total liabilities and stockholders' equity	<u>\$ 595,989</u>	<u>\$ 563,620</u>

See the accompanying notes to the consolidated financial statements.

YEXT, INC.

Consolidated Statements of Operations and Comprehensive Loss  
(In thousands, except share and per share data)

	Fiscal year ended January 31,		
	2021	2020	2019
Revenue	\$ 354,661	\$ 298,829	\$ 228,283
Cost of revenue	86,404	77,030	57,413
Gross profit	268,257	221,799	170,870
Operating expenses:			
Sales and marketing	228,417	218,076	158,845
Research and development	58,146	49,445	36,098
General and administrative	76,026	77,231	51,572
Total operating expenses	362,589	344,752	246,515
Loss from operations	(94,332)	(122,953)	(75,645)
Interest income	532	4,099	1,711
Interest expense	(614)	(308)	(143)
Other expense, net	(181)	(1,285)	(538)
Loss from operations before income taxes	(94,595)	(120,447)	(74,615)
(Provision for) benefit from income taxes	(97)	(1,097)	(222)
Net loss	\$ (94,692)	\$ (121,544)	\$ (74,837)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.79)	\$ (1.09)	\$ (0.76)
Weighted-average number of shares used in computing net loss per share attributable to common stockholders, basic and diluted	119,690,378	111,758,946	98,387,366
Other comprehensive income (loss):			
Foreign currency translation adjustment	\$ 2,782	\$ 1,197	\$ (75)
Unrealized (loss) gain on marketable securities, net	—	(129)	280
Total comprehensive loss	\$ (91,910)	\$ (120,476)	\$ (74,632)

See the accompanying notes to the consolidated financial statements.

YEXT, INC.

Consolidated Statements of Stockholders' Equity  
(In thousands)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Treasury Stock	Total Stockholders' Equity
	Shares	Amount					
<b>Balance, January 31, 2018</b>	93,977	\$ 100	\$ 328,344	\$ (1,636)	\$ (233,450)	\$ (11,905)	81,453
Cumulative effect adjustment in connection with the adoption of ASU 2014-09	—	—	—	3	7,178	—	7,181
Exercise of stock options	5,901	5	18,857	—	—	—	18,862
Vested restricted stock units converted to common shares	1,585	3	(3)	—	—	—	—
Issuance of restricted stock	16	—	—	—	—	—	—
Issuance of common stock under employee stock purchase plan	694	1	6,777	—	—	—	6,778
Stock-based compensation	—	—	44,907	—	—	—	44,907
Other comprehensive income	—	—	—	205	—	—	205
Net loss	—	—	—	—	(74,837)	—	(74,837)
<b>Balance, January 31, 2019</b>	102,173	109	398,882	(1,428)	(301,109)	(11,905)	84,549
Common stock offering, net of issuance costs of \$530	7,000	7	146,463	—	—	—	146,470
Exercise of stock options	3,308	3	14,852	—	—	—	14,855
Vested restricted stock units converted to common shares	2,946	3	(3)	—	—	—	—
Issuance of restricted stock	11	—	—	—	—	—	—
Issuance of common stock under employee stock purchase plan	392	—	6,627	—	—	—	6,627
Stock-based compensation	—	—	69,187	—	—	—	69,187
Other comprehensive income	—	—	—	1,068	—	—	1,068
Net loss	—	—	—	—	(121,544)	—	(121,544)
<b>Balance, January 31, 2020</b>	115,830	122	636,008	(360)	(422,653)	(11,905)	201,212
Exercise of stock options	3,064	3	16,513	—	—	—	16,516
Vested restricted stock units converted to common shares	4,358	4	(4)	—	—	—	—
Issuance of restricted stock	38	—	—	—	—	—	—
Issuance of common stock under employee stock purchase plan	699	1	6,999	—	—	—	7,000
Stock-based compensation	—	—	74,417	—	—	—	74,417
Other comprehensive income	—	—	—	2,782	—	—	2,782
Net loss	—	—	—	—	(94,692)	—	(94,692)
<b>Balance, January 31, 2021</b>	123,989	\$ 130	\$ 733,933	\$ 2,422	\$ (517,345)	\$ (11,905)	207,235

See the accompanying notes to the consolidated financial statements.

**YEXT, INC.**  
**Consolidated Statements of Cash Flows**  
(In thousands)

	Fiscal year ended January 31,		
	2021	2020	2019
<b>Operating activities:</b>			
Net loss	\$ (94,692)	\$ (121,544)	\$ (74,837)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization expense	10,612	8,069	6,813
Bad debt expense	2,547	1,246	492
Stock-based compensation expense	72,294	67,770	44,233
Amortization of operating lease right-of-use assets	12,203	11,124	—
Other, net	(489)	120	(83)
Changes in operating assets and liabilities:			
Accounts receivable	(17,990)	(26,981)	(11,601)
Prepaid expenses and other current assets	(5,463)	268	(6,745)
Costs to obtain revenue contracts	2,429	(18,344)	(16,817)
Other long term assets	(1,630)	(2,629)	2
Accounts payable, accrued expenses and other current liabilities	(1,976)	8,267	17,626
Unearned revenue	12,702	42,345	47,004
Operating lease liabilities	8,937	(1,044)	—
Other long term liabilities	1,720	565	(847)
Net cash provided by (used in) operating activities	<u>1,204</u>	<u>(30,768)</u>	<u>5,240</u>
<b>Investing activities:</b>			
Purchases of marketable securities	—	—	(52,916)
Maturities of marketable securities	—	51,197	86,320
Capital expenditures	(65,111)	(11,889)	(5,270)
Net cash (used in) provided by investing activities	<u>(65,111)</u>	<u>39,308</u>	<u>28,134</u>
<b>Financing activities:</b>			
Proceeds from common stock offering, net of underwriting discounts and commissions	—	147,000	—
Payments of common stock deferred offering costs	—	(530)	—
Proceeds from exercise of stock options	16,464	14,893	18,880
Payments of deferred financing costs	(869)	(260)	(159)
Proceeds, net from employee stock purchase plan withholdings	6,953	7,270	5,663
Net cash provided by financing activities	<u>22,548</u>	<u>168,373</u>	<u>24,384</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	<u>3,594</u>	<u>(492)</u>	<u>(370)</u>
Net (decrease) increase in cash, cash equivalents and restricted cash	<u>(37,765)</u>	<u>176,421</u>	<u>57,388</u>
Cash, cash equivalents and restricted cash at beginning of period	<u>268,176</u>	<u>91,755</u>	<u>34,367</u>
Cash, cash equivalents and restricted cash at end of period	<u>\$ 230,411</u>	<u>\$ 268,176</u>	<u>\$ 91,755</u>
<b>Supplemental disclosure of cash flow data:</b>			
Cash paid on interest	\$ 54	\$ 41	\$ 7
Cash paid on income taxes	\$ 1,413	\$ 531	\$ 19
Supplemental reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets as of January 31,			
(in thousands)	<b>2021</b>	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 230,411	\$ 256,076	\$ 91,755
Restricted cash	—	12,100	—
Total cash, cash equivalents and restricted cash	<u>\$ 230,411</u>	<u>\$ 268,176</u>	<u>\$ 91,755</u>

See the accompanying notes to the consolidated financial statements.

**YEXT, INC.**  
**Notes to Consolidated Financial Statements**

**1. Organization and Description of Business**

***Description of Business***

Yext, Inc. ("Yext" or the "Company") organizes a business's facts so it can provide official answers to consumer questions starting with the business's own website and then extending across search engines and voice assistants. The Yext platform lets businesses structure the facts about their brands in a database called the Knowledge Graph. The platform is built to leverage the structured data stored in the Knowledge Graph to deliver a modern search experience on a business's or organization's own website, as well as across approximately 200 service and application providers, which the Company refers to as its Knowledge Network and includes Amazon Alexa, Apple Maps, Bing, Cortana, Facebook, Google, Google Assistant, Google Maps, Siri and Yelp. The Yext platform powers all of the Company's key features, including Listings, Pages, and Answers, along with its other features and capabilities.

***Fiscal Year***

The Company's fiscal year ends on January 31<sup>st</sup>. References to fiscal 2021, for example, are to the fiscal year ended January 31, 2021.

**2. Summary of Significant Accounting Policies**

***Basis of Presentation and Consolidation***

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding financial reporting. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Certain prior period amounts have been reclassified to conform to the current period presentation.

***Use of Estimates***

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of those financial statements and the reported amounts of revenue and expense during the reporting period. These estimates include, but are not limited to, the standalone selling prices ("SSP") of performance obligations, the incremental borrowing rate associated with lease liabilities, the useful life of capitalized costs to obtain revenue contracts, income taxes, and the valuation and assumptions underlying stock-based compensation. Management bases its estimates on historical experience and on various other market-specific and relevant assumptions that it believes to be reasonable under the circumstances. Actual results could differ from those estimates and such differences could be material to the financial position and results of operations.

***Segment Information***

The Company is the provider of the Yext platform and operates as one operating segment. An operating segment is defined as a component of an enterprise for which separate financial information is evaluated regularly by the chief operating decision makers ("CODM"). The Company defines its CODM as its executive officers, and their role is to make decisions about allocating resources and assessing performance. The Company's business operates in one operating segment as all of the Company's offerings operate on the Yext platform and are deployed in an identical way, with its CODM evaluating the Company's financial information, resources and performance of these resources on a consolidated basis. Since the Company operates in one operating segment, all required financial segment information can be found in the consolidated financial statements.

***Revenue Recognition***

The Company derives its revenue primarily from its subscriptions and associated support to the Yext platform. The Company's subscriptions do not provide customers with the right to take possession of the software supporting the applications and, as a result, are accounted for as service contracts.

The Company adopted on a modified retrospective basis ASU 2014-09 "Revenue from Contracts with Customers (Topic 606)" ("ASU 2014-09") in its fourth quarter of the fiscal year ended January 31, 2019, the effects of which were recognized effective February 1, 2018. The Company recognizes revenue upon transfer of control of services to its customers in an amount that reflects the consideration it expects to receive in exchange for those services. The recognition of revenue is determined through application of the following five-step model:

- Identification of the contract(s) with customers;
- Identification of the performance obligation(s) in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligation(s) in the contract; and
- Recognition of revenue when or as the performance obligation(s) are satisfied

The Company identifies the performance obligations in a contract with a customer and determines whether they are distinct or distinct within the context of the contract. When there is more than one distinct performance obligation in a contract, the Company allocates the transaction price to the performance obligations on a relative standalone selling price basis. The Company estimates the amount of consideration expected to be received in exchange for transferring services if the consideration promised in a contract includes a variable amount.

Revenue is generally recognized ratably over the contract term beginning on the commencement date of each contract, which is the date the Yext platform is made available to customers. Contracts are typically one year in length, but may be up to three years or longer in length. At the beginning of each subscription term the Company invoices its customers, typically in annual installments but also monthly, quarterly, and semi-annually. Amounts that have been invoiced for non-cancelable contracts are recorded in accounts receivable and in unearned revenue or revenue. The Company reports revenue net of sales tax and other taxes collected from customers to be remitted to government authorities.

#### ***Costs Capitalized to Obtain Revenue Contracts***

The Company capitalizes costs of obtaining revenue contracts that are incremental and recoverable. Incremental costs primarily include sales commissions for new and renewal revenue contracts, certain related incentives, and associated payroll tax and fringe benefit costs. Capitalized amounts are recoverable through future revenue streams under all customer contracts.

Costs capitalized to obtain new revenue contracts are amortized on a straight-line basis over three years, which reflects the average benefit period, and may be longer than the initial contract period. The Company determined the average benefit period having considered both qualitative and quantitative factors, including the estimated life of capitalized software development costs resulting from additional functionality to the Yext platform and estimated customer life, among other such factors. The Company amortizes costs capitalized for contract renewals over the renewal term, reflecting the average benefit period for such renewals, which is typically one year. Amortization of costs capitalized to obtain revenue contracts is included in sales and marketing expense in the accompanying consolidated statements of operations and comprehensive loss.

The Company periodically evaluates whether there have been any changes in its business, market conditions, or other events which would indicate that its amortization period should be changed, or if there are potential indicators of impairment.

During the fiscal years ended January 31, 2021 and 2020, the Company capitalized \$33.2 million and \$41.4 million of costs to obtain revenue contracts and amortized \$34.6 million and \$23.1 million to sales and marketing expense, respectively. Costs capitalized to obtain revenue contracts on the Company's consolidated balance sheet totaled \$53.0 million and \$54.5 million at January 31, 2021 and 2020, respectively. There were no impairments of costs capitalized to obtain revenue contracts for the fiscal years ended January 31, 2021, 2020 and 2019, respectively.

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

Cost of revenue is generally expensed as incurred, including personnel-related costs, costs associated with the Company's Knowledge Network application providers, and data center costs. Capitalized software development costs incurred in connection with additional functionality to the Yext platform are recognized in cost of revenue as depreciation expense in accordance with the "capitalized software development costs" section of this Note. Cost of revenue also includes operating and short-term lease expenses, software expense, and depreciation expense, each of which are allocated based on employee headcount.

#### ***Stock-Based Compensation***

Stock-based compensation for all employee stock-based awards, including restricted stock units, restricted stock and options to purchase common stock, is measured at fair value on the date of grant and recognized over the service period.

The fair value of restricted stock units and restricted stock are estimated on the date of grant based on the fair value of the Company's common stock. The fair value of employee stock options is estimated on the date of grant using a Black-Scholes option-pricing model.

Stock-based compensation expense is recognized over the requisite service periods of awards, which is typically one to four years for restricted stock units and restricted stock and four years for options. The estimated forfeiture rate applied is based on historical forfeiture rates. The estimated number of stock-based awards that will ultimately vest requires judgment, and to the extent actual results, or updated estimates, differ from the Company's current estimates, such amounts will be recorded as a cumulative adjustment in the period actual results are realized or estimates are revised.

Stock-based compensation expense associated with the Company's Employee Stock Purchase Plan ("ESPP") is measured at fair-value using a Black-Scholes option-pricing model at commencement of each offering period and recognized over that offering period.

The Company prospectively adopted ASU 2018-07 on February 1, 2019. As a result, the Company measures stock-based compensation associated with stock-based awards issued to non-employees at the grant date, based on the estimated fair value of the award, and recognizes expense on a straight-line basis over the requisite service period. The Company does not apply a forfeiture rate assumption to value such awards, given the nature of the services provided. Prior to adoption, during the fiscal year ended January 31,

2019 stock-based compensation associated with stock-based awards issued to non-employees was re-measured each period until fully vested.

#### ***Advertising and Other Promotional Costs***

Advertising and other promotional costs are expensed as incurred. Advertising expenses were \$7.5 million, \$6.9 million and \$6.1 million for the fiscal years ended January 31, 2021, 2020 and 2019, respectively and are included within sales and marketing expense in the consolidated statement of operations and comprehensive loss.

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

Research and development costs are generally expensed as incurred, including personnel-related costs. Research and development costs also include operating and short-term lease expenses and software expense, each of which are allocated based on employee headcount. Research and development costs exclude capitalized software development costs.

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

The Company capitalizes certain software development costs included as software in progress or computer software within property and equipment, net. These costs are incurred in connection with additional functionality to its platform, as well as internal-use projects during the application development stage and include elements of stock-based compensation. Computer software is recognized on a straight-line basis over an estimated useful life of 2 to 3 years. Capitalized software development costs incurred in connection with additional functionality to the platform are recognized as depreciation expense in cost of revenue within the consolidated statement of operations and comprehensive loss. Capitalized software development costs incurred in internal-use projects are recognized as depreciation expense and are allocated based on employee headcount. Capitalized software development costs, net were \$7.2 million and \$4.4 million as of January 31, 2021 and 2020, respectively, and primarily related to those costs incurred in connection with additional functionality to its platform. Depreciation expense associated with capitalized software development costs was \$2.6 million, \$2.7 million and \$2.2 million during the fiscal years ended January 31, 2021, 2020 and 2019, respectively.

Software costs that meet the cloud computing arrangements criteria are capitalized in accordance with ASC 350 "Intangibles—Goodwill and Other" and are recognized on a straight-line basis over the term of the arrangement, plus reasonably certain renewals. Capitalized costs included in prepaid expenses and other current assets were \$2.5 million and \$1.2 million as of January 31, 2021 and 2020, respectively, and \$0.8 million and zero were amortized during the fiscal years ended January 31, 2021 and 2020, respectively. Software costs that do not meet the capitalization criteria, including costs incurred in the maintenance and minor upgrade and enhancement of software without additional functionality, are expensed as incurred.

The Company evaluates the useful lives of these assets on an annual basis and tests for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

The Company accounts for income taxes in accordance with ASC Topic 740, "Income Taxes," under which deferred income taxes are provided for temporary differences between the financial reporting and tax basis of the Company's assets and liabilities. The Company classifies all deferred tax assets and liabilities as non-current on the consolidated balance sheet. The effect of a change in tax rates on deferred tax assets and liabilities is recognized within the (provision for) benefit from income taxes on the consolidated statement of operations and comprehensive loss in the period that includes the enactment date.

The Company reduces deferred tax assets, if necessary, by a valuation allowance if it is more likely than not that the Company will not realize some or all of the deferred tax assets. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. See Note 11 "Income Taxes" to the Company's consolidated financial statements for additional information on the composition of these valuation allowances.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefit recognized is measured as the largest amount of benefit which is greater than 50 percent likely to be realized upon settlement with the taxing authority. The Company recognizes interest and penalties related to uncertain tax positions within the (provision for) benefit from income taxes on the consolidated statement of operations and comprehensive loss.

#### ***Net Loss Per Share***

Basic net loss per share is computed by dividing the net loss attributable to common stockholders by the weighted average number of common shares outstanding during the period. Unvested restricted stock and restricted stock units are excluded from the denominator of basic net loss per share. Diluted net loss per share is computed by dividing the net loss attributable to common stockholders by the weighted average number of common shares plus the common equivalent shares for the period, including any dilutive effect from such shares. See Note 14 "Net Loss Per Share Attributable to Common Stockholders" for further discussion.



### **Foreign Currency**

The functional currency of the Company's non-U.S. subsidiaries is generally the local currency. The Company translates the financial statements of its non-U.S. subsidiaries to U.S. dollars using month-end exchange rates for assets and liabilities, and average exchange rates for revenue, costs and expenses. The Company records translation gains and losses in accumulated other comprehensive loss as a component of stockholders' equity. Foreign currency transaction gains and losses are included within other expense, net in the consolidated statements of operations and comprehensive loss.

### **Concentration of Credit Risk**

Certain financial instruments that could be exposed to a concentration of credit risk include cash and cash equivalents and accounts receivable. The Company deposits its cash with financial institutions, and such deposits, at times, may exceed federally insured limits. The Company has not experienced any losses on its deposits of cash and cash equivalents to date. Collateral is not required for accounts receivable. At January 31, 2021 and 2020, no single customer accounted for more than 10% of the Company's accounts receivable. No single customer accounted for more than 10% of the Company's revenue for the fiscal years ended January 31, 2021, 2020 and 2019, respectively.

### **Cash and Cash Equivalents**

Cash consists of cash on deposit with banks that is stated at cost, which approximates fair value. The Company considers all highly liquid investments purchased with original maturities of less than three months from the date of purchase to be cash equivalents. .

### **Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable are carried at the original invoiced amount less an allowance for doubtful accounts based on the probability of future collection. The Company estimates its allowance for doubtful accounts based on historical loss patterns, the number of days that billings are past due, current market conditions, and reasonable and supportable forecasts of future economic conditions, in accordance with ASC 326 "Financial Instruments-Credit Losses." Accounts receivable are written off when deemed uncollectible and collection of the receivable is no longer being actively pursued. The following table summarizes the allowance for doubtful accounts activity:

<b>(in thousands)</b>	<b>Fair Value</b>
Allowance for doubtful accounts as of January 31, 2019	\$ 256
Additions	1,246
Deductions - write offs	(507)
Allowance for doubtful accounts as of January 31, 2020	995
Additions	2,547
Deductions - write offs	(1,014)
Allowance for doubtful accounts as of January 31, 2021	\$ 2,528

### **Property and Equipment, Net**

Property and equipment are recorded at cost and depreciated or amortized on a straight-line basis over their estimated useful lives. Furniture and fixtures have an estimated useful life of five years. Office equipment has an estimated useful life of three years. Computer software, which includes capitalized software development costs, has an estimated useful life of two to three years. Leasehold improvements and assets held under operating leases are depreciated over the shorter of the term of the lease or their useful life. Upon retirement or sale of assets, the cost and related accumulated depreciation or amortization are removed from the consolidated balance sheet and the resulting gain or loss is reflected in the consolidated statement of operations and comprehensive loss. Repairs and maintenance costs are expensed as incurred.

### **Leases**

Effective February 1, 2019, the Company adopted ASU 2016-02, "Leases (Topic ASC 842)" ("ASU 2016-02"), utilizing the modified retrospective adoption approach. The Company elected the package of practical expedients to not reassess prior conclusions related to lease identification, classification, and initial direct costs, and did not elect the hindsight practical expedient which would have permitted the use of hindsight in determining the lease term and assessing impairment. Under ASC 842, lease expense is recognized as a single lease cost on a straight-line basis over the lease term. The lease term consists of non-cancelable periods, and may include options to extend or terminate the lease term, when it is reasonably certain such options will be exercised.

The Company enters into contracts in the normal course of business and assesses whether any such contracts contain a lease. The Company determines if an arrangement is a lease at inception if it conveys the right to control the identified asset for a period of time in exchange for consideration. The Company classifies leases as operating or financing in nature, and records the associated lease liability and right-of-use asset on its balance sheet. The lease liability represents the present value of future lease payments, net of lease incentives, discounted using an incremental borrowing rate, which is a management estimate based on the information available

at the commencement date of a lease arrangement. With respect to operating lease arrangements, the Company accounts for lease components, and non-lease components that are fixed, as a single lease component. Non-lease components that are variable are expensed as incurred as in the statement of operations and comprehensive loss. The Company recognizes costs associated with lease arrangements having an initial term of 12 months or less ("short-term leases") on a straight-line basis over the lease term; such short-term leases are not recorded on the balance sheet.

Prior to adoption, during the fiscal year ended January 31, 2019, the Company accounted for leases under ASC 840, whereby rent expense associated with operating leases was recognized on a straight-line basis over the lease term.

#### ***Goodwill and Intangible Assets***

Goodwill represents the excess of cost over the fair value of the net tangible and identifiable intangible assets acquired in a business combination. Goodwill is not amortized but is subject to periodic testing for impairment in accordance with ASC Topic 350, "Intangibles-Goodwill and Other." The Company's goodwill is evaluated at the entity level as it is determined there is one reporting unit. The Company performs its annual impairment test on November 1<sup>st</sup> of each year, or more frequently if events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The Company considers the following potential indicators of impairment: significant underperformance relative to historical or projected future operating results, significant changes in the Company's use of acquired assets or the strategy of the Company's overall business, significant negative industry or economic trends and a significant decline in the value of the Company's enterprise value for a sustained period.

The Company's intangible assets with definite lives consist of customer relationships and domains, which are amortized on a straight-line basis over their estimated useful lives of 7 and 15 years, respectively. Long-lived assets, including intangible assets with finite lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable in accordance with ASC Topic 360, "Property, Plant, and Equipment." The Company assesses the impairment of long-lived intangible assets whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company has not recorded impairment charges on intangible assets for the periods presented in these consolidated financial statements.

#### ***Deferred Financing Costs***

Financing costs incurred with securing a revolving line of credit are deferred and amortized to interest expense over the term of the agreement. Financing costs associated with revolving credit arrangements are deferred, regardless of whether a balance is outstanding. The Company includes deferred financing costs in prepaid and other current assets or other long term assets on the consolidated balance sheet.

#### ***Legal and Other Contingencies***

From time to time, the Company may be a party to litigation and subject to claims incident to the ordinary course of business, including intellectual property claims, labor and employment claims, breach of contract claims and other asserted and unasserted claims. The Company investigates these claims as they arise and accrues estimates for resolution of legal and other contingencies when losses are probable and estimable.

#### ***Recent Accounting Pronouncements***

##### *New Accounting Standard To Be Adopted - ASU 2019-12*

In December 2019, the FASB issued ASU 2019-12 "Simplifying the Accounting for Income Taxes", which simplifies the accounting for income taxes, eliminates certain exceptions within ASC Topic 740, "Income Taxes," and clarifies certain aspects of the current guidance to promote consistency among reporting entities. Most amendments within the standard are required to be applied on a prospective basis, while certain amendments must be applied on a retrospective or modified retrospective basis. The Company plans to adopt this standard on February 1, 2021 and does not expect the adoption to have a material impact on the Company's consolidated financial statements.

### 3. Revenue

#### *Disaggregation of Revenue*

The Company disaggregates its revenue from contracts with customers by geographic region, as it believes this best depicts how the nature, amount, timing, and uncertainty of its revenues and cash flows are affected by economic factors. Revenue by geographic region is determined based on the region of the Company's contracting entity, which may be different than the region of its customers. The following table presents the Company's revenue by geographic region:

(in thousands)	Fiscal year ended January 31,		
	2021	2020	2019
North America	\$ 284,792	\$ 245,629	\$ 197,285
International	69,869	53,200	30,998
Total revenue	\$ 354,661	\$ 298,829	\$ 228,283

North America revenue is predominantly attributable to the United States, but also includes Canada. International revenue is predominantly attributable to European countries, but also includes Japan.

The Company's revenue attributable to the United States represented 80%, 82%, and 85% of total revenue, and revenue attributable to Switzerland, which serves as one of the Company's contracting entities for Europe, represented 16%, 14%, and less than 10% of total revenue, respectively, for the fiscal years ended January 31, 2021, 2020 and 2019. No other individual country represented more than 10% of total revenue during the fiscal years ended January 31, 2021, 2020 and 2019.

#### *Significant Judgments*

Significant judgments and estimates may be required to determine the appropriate application of accounting related to revenue, including whether performance obligations are distinct and assessments regarding the transaction price.

The Company has identified that it has two distinct performance obligations. The Company predominantly recognizes revenue through its performance obligation of a subscription and associated support to the Yext platform. The performance obligation is distinct because a customer's use of the Yext platform is fully functional upon access, does not require any additional development, modification or customization, and is often sold separately. In certain instances, the Company enters into a contract with a customer that includes a promise to provide certain technical or customized professional services, in addition to a promise to provide its subscription and associated support. The Company's professional services performance obligation is distinct as it does not significantly change or enhance the functionality of the Yext platform.

In those instances when a contract includes more than one performance obligation, the Company must allocate the transaction price to the performance obligations on a relative standalone selling price basis. SSP represents the price at which a company would sell a promised product or service separately to a customer.

The Company determines the SSP based on a series of complex factors. The Company's selling prices associated with its subscription and associated support are considered highly variable based on discounting practices, customer geography, customer size, and other such factors. In contrast, the Company's selling prices associated with its professional services are more observable, predictable and consistent. Accordingly, the Company uses the residual method, under which the total transaction price and observable SSP of the professional services performance obligation is used to arrive at the estimated SSP of the subscription and associated support performance obligation.

The Company's revenue is predominantly related to its subscription and associated support to the Yext platform. Professional services revenue accounted for approximately 7%, 5% and 4% of the Company's total revenue for the fiscal years ended January 31, 2021, 2020 and 2019, respectively.

#### *Contract Liabilities*

A contract liability is an obligation to transfer goods or services for which consideration has been received or is due to a customer. The Company's contract liabilities consist primarily of unearned revenue and, to a lesser extent, customer deposits.

As of January 31, 2021 and 2020, unearned revenue, current was \$191.8 million and \$176.8 million, while unearned revenue, non-current, which is included within other long term liabilities on the Company's consolidated balance sheet was \$0.2 million and \$0.4 million, respectively. Unearned revenue represents amounts billed, or payments received, in advance of revenue recognition for which the Company has an unconditional obligation to transfer goods or services associated with a non-cancelable contract. Unearned revenue is subsequently recognized as revenue when transfer of control to a customer has occurred. The unearned revenue balance is influenced by several factors, including seasonality, the compounding effects of renewals, and invoice duration, timing and size. The portion of unearned revenue expected to be recognized during the succeeding twelve-month period is classified as unearned revenue, current, and the remaining portion is classified within other long term liabilities in the Company's consolidated balance sheet.

Substantially all of the \$176.8 million of unearned revenue, current as of January 31, 2020 was subsequently recognized as revenue during the fiscal year ended January 31, 2021.

Customer deposits represent payments received in advance in instances where a revenue contract is cancelable in nature, and therefore the Company does not have an unconditional obligation to transfer control to a customer. As of January 31, 2021 and 2020, customer deposits of \$0.2 million and \$0.9 million were included in accounts payable, accrued expenses and other current liabilities on the Company's consolidated balance sheet, respectively.

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

The transaction price allocated to remaining performance obligations represents amounts under non-cancelable contracts expected to be recognized as revenue in future periods, and may be influenced by several factors, including seasonality, the timing of renewals, and contract terms. As of January 31, 2021, the Company had \$351.8 million of remaining performance obligations, of which \$332.8 million is expected to be recognized as revenue over the next twenty-four months, with the remaining balance expected to be recognized thereafter. As of January 31, 2020, the Company had \$328.1 million of remaining performance obligations.

#### **4. Fair Value of Financial Instruments**

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Subsequent changes in fair value of these financial assets and liabilities are recognized in earnings or other comprehensive (loss) income when they occur. When determining the fair value measurements for assets and liabilities which are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurement or assumptions that market participants would use in pricing the assets or liabilities, such as inherent risk, transfer restrictions, and credit risk.

The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 inputs are based on quoted prices in active markets for identical assets or liabilities.

Level 2 inputs are based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 inputs are based on unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets or liabilities, and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

As of January 31, 2021 the Company had \$138.8 million of money market funds included in cash and cash equivalents. As of January 31, 2020, the Company had \$190.8 million of money market funds included in cash and cash equivalents and \$12.1 million of money market funds included in restricted cash on the Company's consolidated balance sheet. These assets were valued using quoted market prices and accordingly were classified as Level 1.

#### **5. Goodwill and Intangible Assets**

##### ***Goodwill***

As of January 31, 2021 and 2020, the Company had goodwill of \$4.8 million and \$4.5 million, respectively. The changes to goodwill during these periods were due to foreign currency translation adjustments.

Goodwill is not amortized but is subject to periodic testing for impairment at the reporting unit level, which is at or one level below the operating segment level. The Company conducted its annual impairment test for goodwill as of November 1<sup>st</sup> for each of the fiscal years ended January 31, 2021 and 2020. As a result of the annual tests and interim impairment assessments, the Company determined that goodwill was not impaired and that no events occurred or circumstances changed that would more likely than not reduce the fair value of the Company's reporting unit below its carrying amount. However, if certain events occur or circumstances change, it may be necessary to record impairment charges in the future.

##### ***Intangible Assets***

As of January 31, 2021 and 2020, the Company had intangible assets, net of \$0.8 million and \$1.3 million, respectively. Intangible assets, net included customer relationships of \$0.5 million and \$1.1 million as well as domains of \$0.2 million and \$0.3 million, as of January 31, 2021 and 2020, respectively. Customer relationships had a weighted average remaining useful life of 0.9 years and domains had a weighted average remaining useful life of 10.0 years as of January 31, 2021.

For the fiscal years ended January 31, 2021, 2020 and 2019, amortization expense related to intangible assets totaled \$0.6 million for each period. As of January 31, 2021, the future amortization expense of intangible assets is expected to be \$0.6 million for the fiscal year ending January 31, 2022 and less than \$0.1 million per year through the fiscal year ending January 31, 2032.

Intangible assets with finite lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The Company has no indefinite-lived intangible assets. The Company determined that no events occurred or circumstances changed during the fiscal years ended January 31, 2021 and 2020 that would indicate that its intangible assets with finite lives may not be recoverable. However, if certain events occur or circumstances change, it may be necessary to record impairment charges in the future.

## 6. Property and Equipment, Net

Property and equipment are recorded at cost and depreciated or amortized on a straight-line basis over their estimated useful lives. Property and equipment, net consisted of the following:

(in thousands)	January 31, 2021	January 31, 2020
Computer software	\$ 10,719	\$ 10,099
Office equipment	14,856	9,966
Furniture and fixtures	7,344	1,347
Leasehold improvements	57,799	15,170
Construction in progress	4,469	13,812
Software in progress	5,754	961
Total property and equipment, gross	100,941	51,355
Less: accumulated depreciation	(20,597)	(25,155)
Total property and equipment, net	\$ 80,344	\$ 26,200

Construction in progress consists primarily of leasehold improvements related to operating lease arrangements for office space primarily associated with the Company's new corporate headquarters in New York, NY. Software in progress consists of costs incurred in connection with additional functionality to the Yext platform.

As of January 31, 2021 and 2020, the Company's property and equipment, net attributable to the United States was 88% for each period. No other individual country represented more than 10% of the total property and equipment, net as of those periods. For the fiscal years ended January 31, 2021, 2020 and 2019, depreciation expense was \$10.0 million, \$7.5 million and \$6.2 million, respectively.

## 7. Accounts Payable, Accrued Expenses and Other Current Liabilities

Accounts payable, accrued expenses and other current liabilities consisted of the following:

(in thousands)	January 31, 2021	January 31, 2020
Accounts payable	\$ 12,974	\$ 9,599
Accrued employee compensation	16,780	20,622
Accrued Knowledge Network application provider fees	3,671	5,561
Accrued professional services and associated costs	2,202	3,077
Accrued employee stock purchase plan withholdings liability	3,230	3,277
Other current liabilities	15,329	17,346
Total accounts payable, accrued expenses and other current liabilities	\$ 54,186	\$ 59,482

(1) - As of January 31, 2021 and 2020, accounts payable includes capital expenditures of \$1.5 million and \$2.2 million, respectively.

(2) - As of January 31, 2021 and 2020, other current liabilities include capital expenditures of \$3.0 million and \$7.0 million, respectively.

## 8. Stock-Based Compensation

### 2008 Equity Incentive Plan

The Company's 2008 Equity Incentive Plan (the "2008 Plan"), as amended on March 10, 2016, allowed for the issuance of up to 25,912,531 shares of common stock. Awards granted under the 2008 Plan may be incentive stock options ("ISOs"), nonqualified stock options ("NQSOs"), restricted stock and restricted stock units. The 2008 Plan is administered by the Company's Board of Directors, which determines the terms of the options granted, the exercise price, the number of shares subject to option and the option vesting period. No ISO or NQSO is exercisable after 10 years from the date of grant, and option awards will typically vest over a four-year period.

The 2008 Plan was terminated in connection with the adoption of the Company's 2016 Equity Incentive Plan (the "2016 Plan") in December 2016, and since the 2008 Plan termination the Company has not granted and will not grant any additional awards under the

2008 Plan. However, the 2008 Plan will continue to govern the terms and conditions of the outstanding awards previously granted thereunder.

### 2016 Equity Incentive Plan

In December 2016, the Company's Board of Directors adopted, and its stockholders approved, the 2016 Plan. The number of shares reserved for issuance under the 2016 Plan will increase on the first day of each fiscal year during the term of the 2016 Plan by the lesser of: (i) 10,000,000 shares, (ii) 4% of the outstanding shares of common stock as of the last day of the immediately preceding fiscal year; or (iii) such other amount as the Company's Board of Directors may determine. On February 1, 2020, the number of shares of common stock available for issuance under the 2016 Plan was automatically increased according to its terms by 4,633,215 shares. In addition, the shares reserved for issuance under the 2016 Plan also include shares returned to the 2008 Plan as the result of expiration or termination of options or other awards. As of January 31, 2021, the number of shares available for future award under the 2016 Plan is 1,500,883.

### Stock Options

The following table summarizes the activity related to the Company's stock options:

	Options Outstanding			
	Outstanding Stock Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Balance, January 31, 2020	12,371,254	\$ 7.05	5.53	\$ 98,028
Granted	—	\$ —		
Exercised	(3,064,420)	\$ 5.39		
Forfeited or canceled	(434,944)	\$ 6.87		
Balance, January 31, 2021	8,871,890	\$ 7.64	4.94	\$ 81,906
Vested and expected to vest	8,769,607	\$ 7.59	4.92	\$ 81,339
Exercisable at January 31, 2021	8,326,979	\$ 7.40	4.83	\$ 78,863

Nonvested option activity is as follows:

	Options	Weighted-Average Grant Date Fair Value
Nonvested as of January 31, 2020	2,121,438	\$ 4.83
Granted	—	\$ —
Vested	(1,209,284)	\$ 4.59
Forfeited	(367,243)	\$ 4.55
Balance as of January 31, 2021	544,911	\$ 5.55

The aggregate intrinsic value of options vested and expected to vest and exercisable is calculated based on the difference between the exercise price and the fair value of the Company's common stock as of January 31, 2021. The fair value of the common stock is the Company's closing stock price as reported on the New York Stock Exchange.

The aggregate intrinsic value of exercised options was \$31.8 million, \$48.0 million and \$79.4 million for the fiscal years ended January 31, 2021, 2020 and 2019, respectively, and is calculated based on the difference between the exercise price and the fair value of the Company's common stock as of the exercise date.

### Restricted Stock and Restricted Stock Units

The following table summarizes the activity related to the Company's restricted stock and restricted stock units:

	Outstanding	Weighted-Average Grant Date Fair Value
Balance as of January 31, 2020	9,910,729	\$ 17.44
Granted	5,570,519	\$ 15.52
Vested and converted to shares	(4,369,110)	\$ 16.59
Forfeited or canceled	(1,566,786)	\$ 17.45
Balance as of January 31, 2021	9,545,352	\$ 16.71

The estimated weighted-average grant date fair value of restricted stock and restricted stock units granted was \$15.52, \$18.71, and \$18.21 per share for the fiscal years ended January 31, 2021, 2020, and 2019, respectively. The fair value of the common stock is the Company's closing stock price as reported on the New York Stock Exchange.

The total fair value of restricted stock and restricted stock units vested was \$72.4 million, \$54.7 million, and \$30.4 million for the fiscal years ended January 31, 2021, 2020, and 2019, respectively.

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

In March 2017, the Company's Board of Directors adopted, and its stockholders approved, the 2017 Employee Stock Purchase Plan ("ESPP"), which became effective on the date it was adopted. The number of shares of the Company's common stock that will be available for sale to employees under the ESPP increases annually on the first day of each fiscal year, in an amount equal to the lesser of: (i) 2,500,000 shares; (ii) 1% of the outstanding shares of the Company's common stock as of the last day of the immediately preceding fiscal year; or (iii) such other amount as the administrator may determine. On February 1, 2020, the number of shares of common stock available for issuance under the ESPP was automatically increased according to its terms by 1,158,304 shares. As of January 31, 2021, a total of 2,834,557 shares of the Company's common stock are available for sale to employees under the ESPP.

In connection with the offering period which ended on March 16, 2020, 373,891 shares of common stock were purchased under the ESPP at a purchase price of \$10.01 per share for total proceeds of \$3.7 million. In connection with the offering period which ended on September 15, 2020, 324,141 shares of common stock were purchased under the ESPP at a purchase price of \$10.01 per share for total proceeds of \$3.2 million.

A new offering period began on September 15, 2020 and will end on March 15, 2021. As of January 31, 2021, 315,718 shares are estimated to be purchased at the end of the offering period and \$3.2 million has been withheld on behalf of employees for these future purchases under the ESPP and is included in accounts payable, accrued expenses and other current liabilities.

The Black-Scholes option-pricing model assumptions used to calculate the fair value of shares, estimated at commencement to be purchased during an ESPP offering period were as follows:

	<b>Fiscal year ended January 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Expected life (years)	0.50	0.50	0.50
Expected volatility	51.44% - 65.48%	42.41% - 60.86%	34.41% - 45.09%
Dividend yield	0.00%	0.00%	0.00%
Risk-free rate	0.12% - 0.29%	1.93% - 2.52%	1.95% - 2.35%

The expected life assumptions were based on each offering period's respective purchase date. The Company estimated the expected volatility assumption based on the historical volatility of its stock price. The risk-free rate assumptions were based on the U.S. treasury yield curve in effect at commencement of the offering period. The dividend yield assumption was zero as the Company has not historically paid any dividends and does not expect to declare or pay any dividends in the foreseeable future.

During the fiscal years ended January 31, 2021, 2020 and 2019, the Company recorded \$2.8 million, \$2.7 million and \$2.1 million, respectively, of stock-based compensation expense associated with the ESPP. As of January 31, 2021, total unrecognized compensation cost related to ESPP was \$0.4 million, net of estimated forfeitures, which will be amortized over a weighted-average remaining period of 0.12 years.

A new offering period commences on the first trading day on or after March 15<sup>th</sup> and September 15<sup>th</sup> each year, or on such other date as the administrator will determine and will end on the first trading day, approximately six months later, on or after September 15<sup>th</sup> and March 15<sup>th</sup>, respectively. Participants may purchase the Company's common stock through payroll deductions, up to a maximum of 15% of their eligible compensation. Unless changed by the administrator, the purchase price for each share of common stock purchased under the ESPP will be 85% of the lower of the fair market value per share on the first trading day of the applicable offering period or the fair market value per share on the last trading day of the applicable offering period.

#### **Stock-Based Compensation Expense**

Stock-based compensation represents the cost related to stock-based awards granted in lieu of monetary payment. The Company measures stock-based compensation associated with stock-based awards issued to employees at the grant date, based on the estimated fair value of the award, and recognizes expense on a straight-line basis net of estimated forfeitures over the requisite service period in the consolidated statements of operations and comprehensive loss.

The Company's stock-based compensation expense for the periods presented was as follows:

(in thousands)	Fiscal year ended January 31,		
	2021	2020	2019
Cost of revenue	\$ 5,724	\$ 4,115	\$ 2,915
Sales and marketing	32,581	31,421	22,519
Research and development	17,071	13,212	8,475
General and administrative	16,918	19,022	10,324
Total stock-based compensation expense	\$ 72,294	\$ 67,770	\$ 44,233

General and administrative stock-based compensation expense for the fiscal year ended January 31, 2020 included a \$3.6 million one-time RSU cancellation-related expense.

As of January 31, 2021, there was approximately \$149.9 million of total unrecognized compensation cost related to unvested stock-based awards. This unrecognized compensation cost is expected to be recognized over an estimated remaining weighted-average vesting period of approximately 2.67 years. During the fiscal years ended January 31, 2021, 2020 and 2019, the Company capitalized \$2.1 million, \$1.4 million and \$0.7 million, respectively, of stock-based compensation related to software development of additional functionality to the Yext platform.

## 9. Equity

### *Preferred Stock*

Effective April 2017, the Company's Board of Directors is authorized to issue up to 50,000,000 shares of preferred stock, \$0.001 par value, in one or more series without stockholder approval. The Company's Board of Directors has the discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock. The issuance of preferred stock could have the effect of restricting dividends on the Company's common stock, diluting the voting power of its common stock, impairing the liquidation rights of its common stock, or delaying or preventing changes in control or management of the Company. As of January 31, 2021 and 2020, no shares of preferred stock were issued or outstanding.

### *Common Stock*

As of January 31, 2021 and 2020, the Company had authorized 500,000,000 shares of voting \$0.001 par value common stock. Each holder of the Company's common stock is entitled to one vote for each share on all matters to be voted upon by the stockholders and there are no cumulative rights. Subject to any preferential rights of any outstanding preferred stock, holders of the Company's common stock are entitled to receive ratably the dividends, if any, as may be declared from time to time by the Company's Board of Directors out of legally available funds. If there is a liquidation, dissolution or winding up of the Company, holders of the Company's common stock would be entitled to share in the Company's assets remaining after the payment of liabilities and any preferential rights of any outstanding preferred stock.

Holders of the Company's common stock have no preemptive or conversion rights or other subscription rights, and there are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of the Company's common stock will be fully paid and non-assessable. The rights, preferences and privileges of the holders of the Company's common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock which the Company may designate and issue in the future.

### *Treasury Stock*

As of January 31, 2021 and 2020, the Company had 6,505,334 shares of treasury stock which are carried at its cost basis of \$11.9 million on the Company's consolidated balance sheets.

## 10. Debt

On March 11, 2020, the Company entered into a new credit agreement with Silicon Valley Bank (the "Credit Agreement"). No significant debt issuance costs were incurred in association with the Credit Agreement. In January 2021, the Company amended the Credit Agreement which modified the conditions pursuant to which subsidiaries are required to become guarantors.

The Credit Agreement provides for a senior secured revolving loan facility of up to \$50.0 million that matures three years after the effective date, with the right subject to certain conditions to add an incremental revolving loan facility of up to \$50.0 million in the aggregate. The three year revolving loan facility provides for borrowings up to the amount of the facility with sub-limits of up to (i) \$30.0 million to be available for the issuance of letters of credit and (ii) \$10.0 million to be available for swingline loans.

Under the Credit Agreement, loans bear interest, at the Company's option, at an annual rate based on LIBOR or a base rate. Loans based on LIBOR shall bear interest at a rate between LIBOR plus 2.50% and LIBOR plus 3.00%, depending on the Company's



average daily usage of the revolving loan facility. Loans based on the base rate shall bear interest at a rate between the base rate minus 0.50% and the base rate plus 0.00%, depending on the Company's average daily usage of the revolving loan facility.

The obligations under the Credit Agreement are secured by a lien on substantially all of the tangible and intangible property of the Company and by a pledge of all of the equity interests of the Company's material direct and indirect domestic subsidiaries and 66% of each class of capital stock of any material first-tier foreign subsidiaries, subject to limited exceptions.

The Credit Agreement contains customary affirmative and negative covenants and restrictions, as well as financial covenants that require the Company to maintain the year-over-year growth rate of its ordinary course recurring revenue for a trailing four fiscal quarter period above specified rates when certain liquidity thresholds are not met and to maintain a consolidated quick ratio of at least 1.50 to 1.00 tested on a monthly basis.

As of January 31, 2020, the Company had back-to-back standby letters of credit for \$12.1 million, which were fully secured by a \$12.1 million cash deposit and classified as restricted cash on the Company's consolidated balance sheet. In connection with the Credit Agreement, the \$12.1 million cash deposit was released and is no longer classified as restricted cash on the Company's consolidated balance sheet as of January 31, 2021.

As of January 31, 2021, the Company was in compliance with all debt covenants. As of such date, the \$50.0 million revolving loan facility had \$35.7 million available and \$14.3 million in letters of credit allocated as security in connection with office space.

## 11. Income Taxes

The domestic and international components of the Company's loss from operations before income taxes are as follows:

(in thousands)	Fiscal year ended January 31,		
	2021	2020	2019
Domestic	\$ (69,953)	\$ (63,390)	\$ (64,653)
International	(24,642)	(57,057)	(9,962)
Loss from operations before income taxes	\$ (94,595)	\$ (120,447)	\$ (74,615)

The Company's (provision for) benefit from income taxes is comprised of the following:

(in thousands)	Fiscal year ended January 31,		
	2021	2020	2019
Current:			
Federal	\$ 313	\$ (19)	\$ (19)
State	(198)	(120)	(91)
International	(1,070)	(1,051)	(155)
Total current	(955)	(1,190)	(265)
Deferred:			
Federal	(28)	—	—
State	(31)	—	—
International	917	93	43
Total deferred	858	93	43
Total (provision for) benefit from income taxes	\$ (97)	\$ (1,097)	\$ (222)

The Company's (provision for) benefit from income taxes is primarily attributable to profitable jurisdictions outside of the United States and U.S. state income taxes. In the fiscal year ended January 31, 2021, the Company released a portion of its valuation allowance against certain foreign deferred tax assets resulting in an income tax benefit of \$0.7 million, and recorded a U.S. tax benefit of \$0.2 million due the expiration of certain statutes of limitations of unrecognized tax benefits.

The Company reconciled its income taxes at the federal statutory income tax rate to the (provision for) benefit from income taxes included within its consolidated statements of operations and comprehensive loss. The reconciliation is as follows:

(in thousands)	Fiscal year ended January 31,		
	2021	2020	2019
U.S. federal tax (provision) benefit at statutory rate	\$ 19,865	\$ 25,294	\$ 15,669
State taxes, net of federal (provision) benefit	5,000	4,124	6,499
Foreign tax rate differential	(2,130)	970	448
Non-deductible expenses	(329)	(903)	(1,420)
Change in valuation allowance	(23,900)	(24,377)	(37,808)
Rate change	131	(7,017)	7
Stock-based compensation expense	(1,929)	(2,064)	(317)
Net excess tax benefits from stock-based compensation	3,444	6,519	16,847
Return to provision adjustment	16	(2,323)	(337)
Global intangible low-taxes income	(6,129)	—	—
Intra-entity asset transfer	3,944	—	—
Other, net	1,920	(1,320)	190
Total (provision for) benefit from income taxes	\$ (97)	\$ (1,097)	\$ (222)

### Deferred Income Taxes

Deferred income taxes reflect the net tax effects of (a) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and (b) operating loss carryforwards. The components of the Company's deferred income taxes were as follows:

(in thousands)	As of January 31,	
	2021	2020
Deferred tax assets:		
Net operating loss carryforwards	\$ 111,583	\$ 102,064
Stock-based compensation	7,884	9,285
Allowance for doubtful accounts	650	255
Operating lease liability	33,350	29,280
Accrued expenses	2,903	1,974
Unearned revenue	52	26
Property and equipment	—	730
Intangible assets	11,570	—
Other	216	208
Total deferred tax assets	168,208	143,822
Less: valuation allowance	(129,178)	(105,277)
Deferred tax assets, net of valuation allowance	39,030	38,545
Deferred tax liabilities:		
Property and equipment	(2,062)	—
Intangible assets	—	(1,479)
Costs to obtain revenue contracts	(9,904)	(9,767)
Operating lease right-of-use assets	(25,082)	(26,518)
Other	(1,028)	(686)
Total deferred tax liabilities	(38,076)	(38,450)
Net deferred tax asset (liability)	\$ 954	\$ 95

As of January 31, 2021, for federal income tax purposes, the Company had \$406.1 million of gross U.S. federal NOL carryforwards, with pre-2018 NOL expiring starting in fiscal 2028 and others indefinitely carried forward.

As of January 31, 2021, for state income tax purposes, the Company had \$18.5 million of post-apportioned, tax-effected NOL carryforwards, which expire in fiscal 2024 through fiscal 2040. As of January 31, 2021, the Company had \$7.8 million of tax-effected foreign NOL carryforwards which expires starting in fiscal 2026.

Utilization of the Company's NOL carryforwards in the future will be dependent upon its ability to generate taxable income and could be limited due to ownership changes, as defined under the provisions of Section 382 of the Code and similar state provisions. Utilization of the Company's foreign NOL carryforwards in the future will be dependent upon the local tax law and regulation.

During the fiscal year ended January 31, 2021, the Company completed transfers of certain non-U.S. customer contracts and the related intangible assets from one of its local subsidiaries to the U.S. in order to better align the ownership of these rights with how the business operates. The transfer resulted in no incremental tax expense in the local jurisdiction, as there were sufficient NOL available to fully offset the tax gain. Additionally, the Company recognized deferred tax assets for the book and tax basis difference on the transferred assets in the U.S., which were fully offset against its valuation allowance.

The Company regularly evaluates the realizability of its deferred tax assets and establishes a valuation allowance if it is more likely than not that some or all the deferred tax assets will not be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, loss carryback and tax-planning strategies. Generally, more weight is given to objectively verifiable evidence, such as the cumulative loss in recent years, as a significant piece of negative evidence to overcome. During the fiscal year ended January 31, 2021, the valuation allowance had a net increase of \$23.9 million from approximately \$105.3 million to \$129.2 million, primarily due to the impact of the NOL carryforwards established in the current period and other increases in U.S. deferred tax assets. The increase in the valuation allowance was partially offset by the use of the NOL in the local jurisdiction due to the intra-entity asset transfer. The Company also released a portion of the valuation allowance in certain foreign jurisdictions, as these jurisdictions demonstrated a sustained profitability evidenced by three consecutive years of positive earnings as well as forecasted continuing profitability. During the fiscal year ended January 31, 2020, the valuation allowance increased \$24.4 million from approximately \$80.9 million to \$105.3 million, primarily due to the impact of the NOL carryforwards established in the current period and other increases in U.S. deferred tax assets. The Company will continue to assess the realizability of the deferred tax assets in each applicable jurisdiction going forward.

#### **Other Considerations**

The Company has not recorded deferred income taxes and withholding taxes with respect to the undistributed earnings of its foreign subsidiaries as such earnings are determined to be reinvested indefinitely. Upon distribution of those earnings in the form of dividends or otherwise, the Company may be subject to income taxes and withholding taxes, the determination of which is not practical as it is dependent on the amount of tax losses or other tax attributes available at the time of repatriation.

A reconciliation of the beginning and ending balance of total unrecognized tax benefits for the fiscal years ended January 31, 2021, 2020, and 2019 is as follows:

<b>(in thousands)</b>	<b>Fiscal year ended January 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Beginning of period	\$ 493	\$ 233	\$ 233
Tax positions taken in prior period:			
Gross increases	—	262	—
Gross decreases	(13)	(8)	—
Tax positions taken in current period			
Gross increases	—	13	—
Lapse of statute of limitations	(233)	—	—
Currency translation effect	20	(7)	—
End of period	<u>\$ 267</u>	<u>\$ 493</u>	<u>\$ 233</u>

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in the (provision for) benefit from income taxes and recognized less than \$0.1 million for interest and penalties in each of the fiscal years ended January 31, 2021, 2020, and 2019. As of January 31, 2021, 2020, and 2019 accrued unrecognized tax benefits were \$0.3 million, \$0.5 million, and \$0.2 million, respectively, and if recognized would reduce the (provision for) benefit from income taxes, and the Company's effective tax rate. During the fiscal year ended January 31, 2021, the Company released \$0.2 million unrecognized tax benefits due to a lapse in the statute of limitations. The Company does not expect any significant change in its unrecognized tax benefits during the next twelve months.

The Company is subject to income tax examinations in the United States and various state and foreign jurisdictions. The Company's most significant operations are in the United States and the earliest open tax year subject to potential examination in the United States is 2008.

## 12. Leases

The Company's operating lease arrangements are principally for office space. As of January 31, 2021, the Company had \$14.2 million of operating lease liabilities, current, \$123.6 million of operating lease liabilities, non-current, \$104.8 million of operating lease right-of-use assets, and no financing leases, on its consolidated balance sheet. The operating lease arrangements included in the measurement of lease liabilities do not include short-term leases as discussed in Note 2, "Summary of Significant Accounting Policies", and had a weighted-average remaining lease term of 9.5 years and a weighted-average discount rate of 5.7%, as of January 31, 2021. During the fiscal year ended January 31, 2021, the Company paid \$11.6 million for amounts included in the measurement of lease liabilities and obtained \$7.2 million of operating lease right-of-use assets in exchange for lease obligations.

In May 2020, the Company entered into a Surrender Agreement (the "Surrender Agreement") of its lease arrangement for its prior corporate headquarters in New York, NY. The previous lease arrangement was scheduled to expire in December 2020. Pursuant to the Surrender Agreement, the Company's lease obligations continued through August 31, 2020.

During the fiscal years ended January 31, 2021 and 2020, the Company recognized \$25.7 million and \$21.2 million, of lease expense, respectively, which consisted of the following:

(in thousands)	Fiscal year ended January 31,	
	2021	2020
Operating lease expense	\$ 20,134	\$ 16,820
Short-term lease expense	1,053	2,259
Variable lease expense	4,475	2,153
Total lease expense	<u>\$ 25,662</u>	<u>\$ 21,232</u>

Operating lease expense is recognized on a straight-line basis over the term of the arrangement beginning on the lease commencement date for lease arrangements that have an initial term greater than twelve months and therefore are recorded on the balance sheet. For the fiscal year ended January 31, 2021, operating lease expense includes lease expense related to the Company's lease arrangement associated with its new corporate headquarters in New York, NY, which commenced in May 2019. Short-term lease expense is recognized on a straight-line basis over the lease term for lease arrangements that have an initial term of 12 months or less and therefore are not recorded on the balance sheet. Variable lease expense is recognized as incurred and consists of real estate taxes and utilities, among other office space related expenses. During the fiscal year ended January 31, 2019, rent expense was \$7.3 million.

The total remaining operating lease payments included in the measurement of lease liabilities on the Company's consolidated balance sheet as of January 31, 2021, was as follows (in thousands):

Fiscal year ending January 31:	Operating Lease Payments	
2022	\$	19,087
2023		19,184
2024		18,915
2025		18,362
2026		18,986
2027 and thereafter		92,742
Total gross operating lease payments		<u>187,276</u>
Less: tenant allowances		(4,484)
Total net operating lease payments		<u>182,792</u>
Less: imputed interest		(45,043)
Total lease liabilities, reflecting the present value of net lease payments	\$	<u>137,749</u>

## 13. Commitments and Contingencies

### Contractual Obligations

The Company is obligated to make payments under certain non-cancelable contractual obligations in the normal course of business. The Company's contractual obligations primarily relate to its operating lease arrangements for office space. Its other contractual obligations include contracts with its Knowledge Network application providers, which generally have a term of one year, although some have a term of several years, and its software vendors, among others. These obligations represent minimum contractual payments, or the Company's best estimate for variable elements based on historical payments. The Company's contractual obligations have various expiry dates between fiscal years 2022 and 2035.

As of January 31, 2021, the Company's contractual obligations are as follows (in thousands):

Fiscal year ending January 31:	Operating Leases	Other
2022	\$ 19,490	\$ 30,091
2023	19,189	10,332
2024	18,915	4,921
2025	18,362	1,885
2026	18,986	1,828
2027 and thereafter	92,743	1,877
<b>Total</b>	<b>\$ 187,685</b>	<b>\$ 50,934</b>

#### **Performance and Payment Bond**

The Company's operating lease arrangement associated with its new corporate headquarters in New York, NY requires performance and payment bonds to secure the completion of certain potential construction work, when a reasonable estimate of such work is available. In connection with these bonds, as of January 31, 2021, the Company paid \$0.9 million in issuance costs which are recognized as operating expense over the estimated construction period in the Company's consolidated statement of operations.

#### **Legal Proceedings**

The Company is and may be involved in various legal proceedings arising in the normal course of business. Although the results of litigation and claims cannot be predicted with certainty, currently, in the opinion of the Company, the likelihood of any material adverse impact on the Company's results of operations, cash flows or the Company's financial position for any such litigation or claims is deemed to be remote. Regardless of the outcome, litigation can have an adverse impact on the Company because of defense costs, diversion of management resources and other factors.

#### **Warranties and Indemnifications**

The Yext platform is in some cases warranted to perform in a manner consistent with general industry standards that are reasonably applicable and materially in accordance with the Company's product specifications.

The Company's arrangements generally include certain provisions for indemnifying customers against liabilities if its products or services infringe a third-party's intellectual property rights and/or if the Company breaches its contractual agreements with a customer or in instances of negligence, fraud or willful misconduct by the Company. To date, the Company has not incurred any material costs as a result of such obligations and has not accrued any liabilities related to such obligations in the accompanying consolidated financial statements.

The Company has also agreed to indemnify certain of its directors and executive officers for costs associated with any fees, expenses, judgments, fines and settlement amounts incurred by any of these persons in any action or proceeding to which any of those persons is, or is threatened to be, made a party by reason of the person's service as a director or officer, including any action by the Company, arising out of that person's services as the Company's director or officer or that person's services provided to any other company or enterprise at the Company's request. The Company maintains director and officer insurance coverage that would generally enable the Company to recover a portion of future amounts paid. The Company may also be subject to indemnification obligations by law with respect to the actions of its employees under certain circumstances and in certain jurisdictions.

#### **14. Net Loss Per Share Attributable to Common Stockholders**

The following table sets forth the computation of the basic and diluted net loss per share attributable to common stockholders:

(in thousands, except share and per share data)	Fiscal year ended January 31,		
	2021	2020	2019
<b>Numerator:</b>			
Net loss attributable to common stockholders	\$ (94,692)	\$ (121,544)	\$ (74,837)
<b>Denominator:</b>			
Weighted-average common shares outstanding	119,690,378	111,758,946	98,387,366
<b>Net loss per share attributable to common stockholders, basic and diluted</b>	<b>\$ (0.79)</b>	<b>\$ (1.09)</b>	<b>\$ (0.76)</b>

Basic net loss per share is computed by dividing the net loss attributable to common stockholders by the weighted average number of common shares outstanding during the period. Unvested restricted stock and restricted stock units are excluded from the denominator of basic net loss per share. Diluted net loss per share is computed by dividing the net loss attributable to common stockholders by the weighted average number of common shares plus common equivalent shares for the period, including any dilutive effect from such shares.

Since the Company was in a net loss position for all periods presented, net loss per share attributable to common stockholders was the same on a basic and diluted basis, as the inclusion of all potential common equivalent shares outstanding would have been anti-dilutive. Anti-dilutive common equivalent shares were as follows:

	<b>As of January 31,</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
Options to purchase common stock	8,871,890	12,371,254	15,977,235
Restricted stock and restricted stock units	9,545,352	9,910,729	7,703,705
Shares estimated to be purchased under ESPP	315,718	284,222	176,241
Total anti-dilutive common equivalent shares	<u>18,732,960</u>	<u>22,566,205</u>	<u>23,857,181</u>

#### 15. Selected Quarterly Financial Data (Unaudited)

Selected summarized quarterly financial information for the fiscal years ended January 31, 2021 and 2020 was as follows:

<b>(in thousands, except per share data)</b>	<b>Three months ended</b>			
	<b>Jan. 31, 2021</b>	<b>Oct. 31, 2020</b>	<b>Jul. 31, 2020</b>	<b>Apr. 30, 2020</b>
Revenue	\$ 92,194	\$ 89,061	\$ 88,055	\$ 85,351
Gross profit	\$ 70,597	\$ 67,422	\$ 66,071	\$ 64,167
Loss from operations	\$ (19,143)	\$ (21,760)	\$ (24,240)	\$ (29,189)
Net loss	\$ (18,311)	\$ (22,041)	\$ (25,116)	\$ (29,224)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.15)	\$ (0.18)	\$ (0.21)	\$ (0.25)

<b>(in thousands, except per share data)</b>	<b>Three months ended</b>			
	<b>Jan. 31, 2020</b>	<b>Oct. 31, 2019</b>	<b>Jul. 31, 2019</b>	<b>Apr. 30, 2019</b>
Revenue	\$ 81,378	\$ 76,370	\$ 72,373	\$ 68,708
Gross profit	\$ 60,456	\$ 56,004	\$ 53,104	\$ 52,235
Loss from operations	\$ (30,563)	\$ (42,833)	\$ (30,297)	\$ (19,260)
Net loss	\$ (30,577)	\$ (42,717)	\$ (29,291)	\$ (18,959)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.27)	\$ (0.38)	\$ (0.26)	\$ (0.18)

## **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

### **Item 9A. Controls and Procedures**

#### ***Evaluation of Disclosure Controls and Procedures***

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in our company's reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. Based on the evaluation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were ineffective as of January 31, 2021 due to the material weakness related to the processes to calculate, record and account for sales commissions as described below.

#### ***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). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of January 31, 2021 based on the guidelines established in the Internal Control—Integrated Framework (2013 framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Internal control over financial reporting includes policies and procedures that provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

Based on the results of our evaluation, we concluded that as of January 31, 2021 we have not maintained effective internal control over financial reporting as a result of a material weakness associated with our processes to calculate, record and account for sales commissions. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness did not result in any identified material misstatements in the current period consolidated financial statements, nor in any restatements of consolidated financial statements previously reported by us, and there were no changes in previously released financial results. We have begun to develop remediation plans for the material weakness, which are described below under "Remediation Activities."

The effectiveness of our internal control over financial reporting has been audited by Ernst & Young LLP, an independent registered public accounting firm, and as part of the audit, has issued an adverse opinion on the effectiveness of our internal control over financial reporting as of January 31, 2021, which is included in Item 8 of this Annual Report on Form 10-K.

#### ***Changes in Internal Control over Financial Reporting***

In connection with the audit of the fiscal year 2020 consolidated financial statements, we and our independent registered public accounting firm identified a material weakness related to our processes to calculate, record and account for sales commissions. The identified deficiencies included controls related to reliance on certain outsourced IT service providers used in the processes to calculate, record and account for sales commissions and the related business process controls that rely upon information that was subject to the outsourced IT service providers' control environment.

In fiscal year 2021, we worked to remediate the identified deficiencies in internal control over financial reporting identified above as described below:

- Improved governance of our incentive compensation plans
- Implemented new information technology systems to calculate, record and account for sales commissions
- Implemented IT general controls, including logical security and application change management controls for these new information technology systems
- Implemented new automated controls to calculate, record and account for sales commissions
- Implemented new manual controls and strengthened existing controls across the process to calculate, record and account for sales commissions, including management review controls to detect errors in calculated sales commissions

While we are taking steps toward remediating the material weakness, until the controls have been operating for a sufficient period of time and we have concluded that these controls are operating effectively, the material weakness described above will continue to exist. Except as noted above, there were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three months ended January 31, 2021 that have materially affected, or are 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.

***Remediation Activities***

We are working to remediate the identified deficiencies in internal control over financial reporting relating to processes to calculate, record and account for sales commissions that resulted in a material weakness. Specifically, we are continuing to test and evaluate the new and revised processes and internal controls, including those related to the maintenance of plan participant data and the resulting calculations of amounts paid under our sales incentive compensation plans.

We believe we are making progress toward achieving the effectiveness of our internal controls over financial reporting and disclosure controls; however we cannot provide any assurance that these remediation efforts will be successful or that our internal control over financial reporting will be effective as a result of these efforts. In addition, as we continue to evaluate and work to improve our internal control over financial reporting, we may determine to take additional measures to address control deficiencies or determine to modify the remediation plan described above. We will test and evaluate the implementation of these new and revised processes and internal controls to ascertain whether they are designed and operating effectively to provide reasonable assurance that they will prevent or detect a material error in our financial statements.

**Item 9B. Other Information**

None.



## PART III

### **Item 10. Directors, Executive Officers and Corporate Governance**

Information about our directors and persons nominated to become directors can be found under the caption “Directors and Corporate Governance – Board Composition” in our Proxy Statement for the 2021 Annual Meeting of Stockholders to be filed with the SEC within 120 days of the fiscal year ended January 31, 2021 (“Proxy Statement”) and is incorporated herein by reference.

Information about our named executive officers is reported under the caption “Executive Officers” in our Proxy Statement and is incorporated herein by reference.

Information on beneficial ownership reporting compliance can be found under the caption “Delinquent Section 16(a) Reports” in our Proxy Statement and is incorporated herein by reference.

Our Board of Directors has adopted a Code of Business Conduct and Ethics, which establishes the standards of ethical conduct applicable to all directors, officers and employees of our Company, including our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer. The code addresses, among other things, conflicts of interest, compliance with disclosure controls and procedures and internal controls over financial reporting, corporate opportunities and confidentiality requirements. Our Code of Business Conduct and Ethics is available on the Investor Relations section of our website at [investors.yext.com](http://investors.yext.com). We intend to disclose any amendments to the code, or any waivers of its requirements, on our website to the extent required by SEC applicable rules and regulations. The inclusion of our website address in this annual report does not include or incorporate by reference into this annual report the information on or accessible through our website.

Information about the procedures by which security holders may recommend nominees to our Board of Directors can be found in our Proxy Statement under the caption “Directors and Corporate Governance – Identifying and Evaluating Director Nominees” and is incorporated herein by reference.

Information concerning the composition of the audit committee and our audit committee financial expert is contained in our Proxy Statement under the caption “Directors and Corporate Governance – Board Committee and Meetings – Audit Committee” and is incorporated herein by reference.

### **Item 11. Executive Compensation**

Information about the compensation of our directors and named executive officers, compensation committee interlocks and the compensation committee report can be found in our Proxy Statement under the caption “Directors and Corporate Governance – Compensation of Non-Employee Directors,” “– Compensation Committee Interlocks,” “– Compensation Risk Management” and “Executive Compensation” and is incorporated herein by reference.

Information about the Compensation Committee Report can be found in our Proxy Statement under the caption “Compensation Committee Report” and is incorporated herein by reference.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

Information with respect to securities authorized for issuance under equity compensation plans can be found under “Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities – Securities Authorized for Issuance under Equity Compensation Plans” and is incorporated herein by reference.

Information about the security ownership of certain beneficial owners and of directors and named executive officers, can be found in our Proxy Statement under the caption “Beneficial Ownership of Shares of Common Stock”.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

Information with respect to certain relationships and related person transactions and director independence can be found in our Proxy Statement under “Certain Relationships and Related Person Transactions” and “Directors and Corporate Governance – Director Independence” and is incorporated herein by reference.

### **Item 14. Principal Accountant Fees and Services**

Information with respect to the audit committee's pre-approval policies and procedures for audit and other services and information on our principal accountant fees and services can be found in our Proxy Statement under “Item 2 — Ratification of Independent Registered Public Accounting Firm — Audit and Non-Audit Fees” and “— Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Registered Public Accounting Firm” and is incorporated herein by reference.

**PART IV**

**Item 15. Exhibits and Financial Statement Schedules**

(a) The following documents are filed as a part of this Annual Report on Form 10-K:

1. *Financial Statements*: The information concerning our financial statements, and Report of Independent Registered Public Accounting Firm required by this Item is incorporated by reference herein to the section of this Annual Report on Form 10-K in Item 8, entitled “Consolidated Financial Statements and Supplementary Data.”

2. *Financial Statement Schedules*: The Financial Statement Schedules have been omitted because they are not applicable or are not required or the information required to be set forth herein is included in the Consolidated Financial Statements or Notes thereto.

3. *Exhibits*: The documents listed in the accompanying exhibit index are filed or incorporated by reference as part of this Annual Report on Form 10-K.

**Exhibit Index**

Number	Exhibit Title	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Amended and Restated Certificate of Incorporation	S-1/A	333-216642	3.2	3/17/2017	
3.2	Amended and Restated Bylaws	S-1/A	333-216642	3.4	3/17/2017	
4.1	Form of Common Stock Certificate	S-1/A	333-216642	4.1	3/28/2017	
4.2	Fifth Amended and Restated Investors' Rights Agreement, dated May 28, 2014, as subsequently amended, by and among the Registrant and certain security holders of the Registrant.	S-1	333-216642	4.2	3/13/2017	
4.3	Description of Registrant's Securities registered pursuant to Section 12 of the Securities Exchange Act of 1934					x
10.1	Form of Indemnification Agreement entered into between the Registrant and its directors and executive officers.	S-1/A	333-216642	10.1	3/17/2017	
10.2	2016 Equity Incentive Plan.	S-1	333-216642	10.2	3/13/2017	
10.3	Form of Stock Option Grant Notice and Stock Option Agreement under 2016 Equity Incentive Plan.	S-1/A	333-216642	10.3	3/17/2017	
10.4	Form of Restricted Stock Unit Agreement under 2016 Equity Incentive Plan.	S-1/A	333-216642	10.4	3/17/2017	
10.5	Form of Restricted Stock Agreement under 2016 Equity Incentive Plan.	S-1/A	333-216642	10.5	3/17/2017	
10.6	2017 Employee Stock Purchase Plan.	S-1/A	333-216642	10.6	3/17/2017	
10.7	2008 Equity Incentive Plan.	S-1	333-216642	10.7	3/13/2017	
10.8	Form of Stock Option Grant Notice and Stock Option Agreement under 2008 Equity Incentive Plan.	S-1	333-216642	10.8	3/13/2017	
10.9	Form of Restricted Stock Unit Agreement under 2008 Equity Incentive Plan.	S-1	333-216642	10.9	3/13/2017	
10.10	Employee Incentive Plan.	S-1	333-216642	10.10	3/13/2017	
10.11	Outside Director Compensation Policy.	S-1/A	333-216642	10.13	3/17/2017	
10.12	Change of Control and Severance Policy.	S-1	333-216642	10.14	3/13/2017	
10.13	Form of Employment Agreement with the executive officers of the Company.	S-1/A	333-216642	10.15	3/17/2017	
10.14	Advisor Agreement between the Company and James Steele, dated as of September 30, 2020	8-K	001-38056	10.1	9/3/2020	
10.15	Agreement of Lease, dated May 24, 2012, by and between the Registrant and 1 Madison Office Fee LLC.	S-1	333-216642	10.11	3/13/2017	

10.16	Lease dated May 15, 2014 by and between the Registrant and Credit Suisse (USA) Inc.	S-1	333-216642	10.12	3/13/2017	
10.17	Surrender Agreement, dated as of the May 29, 2020 between 1 Madison Office Fee LLC, as landlord under the original lease and as sublandlord under the sublease and Yext, Inc., as tenant under the original lease and as subtenant under the sublease.	8-K	001-38056	10.1	6/4/2020	
10.18	Sublease dated as of April 23, 2019 by and between Aetna Life Insurance Company and Yext, Inc.	10-Q	001-38056	10.1	5/31/2019	
10.19	Credit Agreement, dated as of March 11, 2020, by and among Yext, Inc., as borrower, the lenders from time to time party thereto, and Silicon Valley Bank, as administrative agent, collateral agent, issuing lender and swingline lender.	8-K	001-38056	10.1	3/12/2020	
10.20	First Amendment to Credit Agreement and Guarantee and Collateral Agreement, dated as of January 29, 2021, among Yext, Inc., as borrower and Silicon Valley Bank, as administrative agent and lender.					x
21.1	List of subsidiaries of Yext, Inc.					x
23.1	Consent of Ernst & Young LLP, independent registered public accounting firm.					x
24.1	Power of Attorney (contained in the signature page to this Annual Report on Form 10-K).					x
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					x
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					x
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*					x
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*					x
101	Interactive Data Files Pursuant to Rule 405 of Regulation S-T formatted in Inline XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets as of January 31, 2021 and 2020, (ii) Consolidated Statements of Operations and Comprehensive Loss for the fiscal years ended January 31, 2021, 2020 and 2019, (iii) Consolidated Statements of Stockholders' Equity as of January 31, 2021, 2020 and 2019 (iv) Consolidated Statements of Cash Flows for the fiscal years ended January 31, 2021, 2020 and 2019 and (v) Notes to Consolidated Financial Statements					
104	The cover page from the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2021, formatted in Inline XBRL (included in Exhibit 101).					

\* These exhibits are furnished with this Annual Report on Form 10-K and are not deemed filed with the Securities and Exchange Commission and are not incorporated by reference in any filing of Yext, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and irrespective of any general incorporation language contained in such filings.

**Item 16. Form 10-K Summary**

None.

## SIGNATURES

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

Date: March 16, 2021

Yext, Inc.

By:

/s/ Steven Cakebread

**Steven Cakebread**  
**Chief Financial Officer**  
**(Principal Financial Officer)**

## POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Howard Lerman and Steven Cakebread, and each of them, as his or her true and lawful attorney-in-fact and agent with full power of substitution, for him or her in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto and other documents in connection therewith, with the SEC, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully for all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ Howard Lerman _____ <b>Howard Lerman</b>	Chief Executive Officer and Director (Principal Executive Officer)	March 16, 2021
/s/ Steven Cakebread _____ <b>Steven Cakebread</b>	Chief Financial Officer (Principal Financial Officer)	March 16, 2021
/s/ Darryl Bond _____ <b>Darryl Bond</b>	Chief Accounting Officer (Principal Accounting Officer)	March 16, 2021
/s/ Brian Distelburger _____ <b>Brian Distelburger</b>	President and Director	March 16, 2021
/s/ Jesse Lipson _____ <b>Jesse Lipson</b>	Director	March 16, 2021
/s/ Julie Richardson _____ <b>Julie Richardson</b>	Director	March 16, 2021
/s/ Andrew Sheehan _____ <b>Andrew Sheehan</b>	Director	March 16, 2021
/s/ Hillary Smith _____ <b>Hillary Smith</b>	Director	March 16, 2021
/s/ Michael Walrath _____ <b>Michael Walrath</b>	Director	March 16, 2021
/s/ Seth Waugh _____ <b>Seth Waugh</b>	Director	March 16, 2021
/s/ Tamar Yehoshua _____ <b>Tamar Yehoshua</b>	Director	March 16, 2021

**DESCRIPTION OF REGISTRANT'S SECURITIES  
REGISTERED PURSUANT TO SECTION 12 OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**DESCRIPTION OF COMMON STOCK**

As of January 31, 2021, Yext, Inc. had one class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, our common stock, par value \$0.001 per share. The following summary does not purport to be complete and is qualified in its entirety by the provisions of our amended and restated certificate of incorporation, amended and restated bylaws and investors' rights agreement, copies of which are filed as exhibits to the Annual Report on Form 10-K of which this Exhibit 4.3 is a part. References in this exhibit to "the company," "we," "us" and "our" refer to Yext, Inc. and not to any of its subsidiaries.

**Authorized Capital Stock**

Our authorized capital stock consists of 550,000,000 shares, with a par value of \$0.001 per share, of which:

- 500,000,000 shares are designated as common stock; and
- 50,000,000 shares are designated as preferred stock.

**Common Stock**

***Voting Rights***

The holders of our common stock are entitled to one vote per share on all matters to be voted on by the stockholders and there are no cumulative voting rights.

***Dividends***

Subject to preferences that may be applicable to any outstanding shares of preferred stock, holders of common stock are entitled to receive ratably such dividends, if any, as may be declared by our board of directors out of funds legally available therefor.

***Liquidation***

In the event we liquidate, dissolve or wind up, holders of common stock are entitled to share in all assets remaining after payment of liabilities and the liquidation preferences of any outstanding shares of preferred stock.

***Rights and Preferences***

Holders of common stock have no preemptive, conversion or subscription rights. There are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of common stock are fully paid and nonassessable.

**Preferred Stock**

No shares of our preferred stock are currently outstanding. Under our amended and restated certificate of incorporation, our board of directors has the authority, without further action by the stockholders, to issue from time to time the preferred stock in one or more series, to fix the number of shares of any such series and the designation thereof and to fix the rights, preferences, privileges and restrictions granted to or imposed upon such preferred stock, including dividend rights, conversion rights, voting rights, redemption privileges and liquidation preference, any or all of which may be greater than or senior to the rights of the common stock. The issuance of preferred stock could

---

adversely affect the voting power of holders of common stock and reduce the likelihood that such holders will receive dividend payments and payments upon liquidation. Such issuance could have the effect of decreasing the market price of our common stock. The issuance of preferred stock or even the ability to issue preferred stock could have the effect of delaying, deferring or preventing a change in control. We have no present plans to issue any shares of preferred stock.

### **Anti-Takeover Effects of Delaware Law and Our Certificate of Incorporation and Bylaws**

Our amended and restated certificate of incorporation and our amended and restated bylaws contain certain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions, which are summarized below, are designed, in part, to encourage persons seeking to acquire control of us to first negotiate with our board of directors.

#### ***Undesignated Preferred Stock***

As discussed above, our board of directors has the ability to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change control of us. These and other provisions may have the effect of deferring hostile takeovers or delaying changes in control or management of our company.

#### ***Calling of Special Meetings of Stockholders***

Our amended and restated certificate of incorporation provides that special meetings of the stockholders may be called only by the chairperson of our board of directors, our Chief Executive Officer, our President (in the absence of our Chief Executive Officer) or our board of directors.

#### ***Requirements for Advance Notification of Stockholder Nominations and Proposals***

Our amended and restated bylaws include advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of our board of directors or a committee of our board of directors.

#### ***Board Classification***

Our board of directors is divided into three classes, one class of which is elected each year by our stockholders. The directors in each class serve for a three-year term. A third party may be discouraged 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.

#### ***Limits on Ability of Stockholders to Act by Written Consent***

Our amended and restated certificate of incorporation provides that our stockholders may not act by written consent. This limit on the ability of our stockholders to act by written consent may lengthen the amount of time required to take stockholder actions. As a result, a holder controlling a majority of our capital stock would not be able to amend our bylaws or remove directors without holding a meeting of our stockholders called in accordance with our amended and restated bylaws.

#### ***Amendment of Certificate of Incorporation or Bylaws***

The amendment of the above provisions of our amended and restated certificate of incorporation and amended and restated bylaws requires approval by holders of at least two-thirds of our outstanding capital stock entitled to vote generally in the election of directors.

---

### ***Directors Removed Only for Cause***

Our amended and restated certificate of incorporation provides that directors may be removed by stockholders only for cause.

### ***Delaware Anti-takeover Statute***

We are subject to the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. In general, Section 203 prohibits a publicly held Delaware corporation from engaging, under certain circumstances, 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 that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that 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, shares owned by persons who are directors and also officers and shares owned by employee stock plans in some instances; 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 by the affirmative vote of at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

Section 203 defines a business combination to include:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, lease, pledge or other disposition involving the interested stockholder of 10% or more of the assets of the corporation;
- subject to exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- subject to exceptions, any transaction involving the corporation that has the effect of increasing the proportionate share of the stock of any class or series of the corporation beneficially owned by the interested stockholder; and
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits provided by or through the corporation.

In general, Section 203 defines an interested stockholder as any entity or person beneficially owning 15% or more of the outstanding voting stock of the corporation and any entity or person affiliated with or controlling or controlled by the entity or person.

### **Registration Rights**

We and certain of our stockholders are party to an investors' rights agreement. The registration rights provisions of this agreement provide those stockholders with certain registration rights with respect to certain shares of their common stock. Howard Lerman and Brian Distelburger cannot initiate a request for registration, but they

---



have limited rights to include their shares of common stock in a registration in which all holders of registrable securities pursuant to the investors' rights agreement are permitted to participate.

### ***Registration on Form S-3***

Certain holders of shares of our common stock are entitled, upon their request, to have such shares registered by us on a Form S-3 registration statement. This registration on Form S-3 is subject to specific conditions and limitations, including that such requested registration has an anticipated aggregate offering size to the public of at least \$3.0 million and we have not already effected two registrations on Form S-3 within the preceding twelve-month period. Upon such a request, we will be required to use our commercially reasonable efforts to effect the registration as soon as reasonably possible. As of January 31, 2021, holders of an aggregate of 12,016,848 shares of common stock are entitled to these Form S-3 registration rights, including Messrs. Lerman and Distelburger.

### ***Piggyback Registration Rights***

If we propose to register any of our securities under the Securities Act either for our own account or for the account of other stockholders, certain holders of shares of our common stock will each be entitled to notice of the registration and will be entitled to include their shares of common stock in the registration statement. These piggyback registration rights are subject to specified conditions and limitations, including the right of the underwriters to limit the number of shares included in any such registration under specific circumstances. As of January 31, 2021, holders of an aggregate of 12,016,848 shares of common stock are entitled to these piggyback registration rights, including Messrs. Lerman and Distelburger.

### ***Expenses of Registration***

We will pay all expenses relating to any Form S-3 or piggyback registrations, other than underwriting discounts, commissions and stock transfer taxes, subject to specified conditions and limitations.

### ***Termination of Registration Rights***

The registration rights granted under the investors' rights agreement, including the limited rights granted to Messrs. Lerman and Distelburger, will terminate upon the earliest to occur of (i) such date when all of a holder's registrable securities could be sold without restriction under Rule 144 and (ii) April 19, 2022.

### ***Transfer Agent and Registrar***

The transfer agent and registrar for our common stock is Broadridge Corporate Issuer Solutions, Inc. The transfer agent's address is 1717 Arch Street, Suite 1300, Philadelphia, PA 19103.

### ***The New York Stock Exchange Listing***

Our common stock is listed on the New York Stock Exchange under the symbol "YEXT."

**FIRST AMENDMENT**  
**TO CREDIT AGREEMENT AND GUARANTEE AND COLLATERAL AGREEMENT**

This First Amendment to Credit Agreement and Guarantee and Collateral Agreement (this “*Amendment*”) dated and effective as of January 29, 2021 (the “*First Amendment Effective Date*”) by and among YEXT, INC., a Delaware corporation (the “*Borrower*”), the several banks and other financial institutions or entities party hereto (the “*Lenders*”) and SILICON VALLEY BANK (“*SVB*”), as the administrative agent and collateral agent (SVB, in such capacities, the “*Administrative Agent*”), and as the Issuing Lender and the Swingline Lender.

WITNESSETH:

WHEREAS, the Borrower, the Administrative Agent, the Issuing Lender and the Swingline Lender are parties to that certain Credit Agreement dated as of March 11, 2020 (as amended, modified, supplemented or restated and in effect from time to time, the “*Credit Agreement*”);

WHEREAS, the Borrower and the Administrative Agent are parties to the Guarantee and Collateral Agreement (as defined in the Credit Agreement); and

WHEREAS, the Borrower has requested that the Lenders and the Administrative Agent agree to modify and amend certain terms and conditions of the Credit Agreement and the Guarantee and Collateral Agreement, subject to the terms and conditions contained herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Capitalized Terms. All capitalized terms used herein and not otherwise defined shall have the same meaning herein as in the Credit Agreement or in the other Loan Documents, as applicable.
2. Amendments to the Credit Agreement.
  - (a) The definition of Excluded Subsidiary in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:
  - (b) ““*Excluded Subsidiary*”: any Subsidiary that is (a) not a Domestic Subsidiary of the Borrower or another Loan Party or (b) a Foreign Subsidiary Holding Company if becoming a Guarantor hereunder would reasonably be expected to result in adverse tax consequences to any Group Member; provided, that in the case of any of the foregoing, such Subsidiary is not otherwise required to become a Guarantor pursuant to Section 6.13.”
  - (c) The definition of Immaterial Subsidiary in Section 1.1 of the Credit Agreement is hereby deleted in its entirety.
  - (d) Section 4.15(b) of the Credit Agreement is hereby amended and restated in its entirety as follows:  
 “(b) [reserved].”

(e) Section 6.12(d) of the Credit Agreement is hereby amended and restated in its entirety as follows:

“(d) Subject to Section 6.13, with respect to any direct Foreign Subsidiary that is an Excluded Subsidiary or any direct Foreign Subsidiary Holding Company that is an Excluded Subsidiary created or acquired after the Closing Date by any Loan Party, then except to the extent compliance with this Section 6.12 (x) is prohibited by existing Contractual Obligations (so long as such prohibition is not incurred in contemplation of such acquisition or the obligations hereunder) or Requirements of Law binding on such Subsidiary or its properties, or (y) could reasonably be expected to result in liability to the directors or officers of any such Foreign Subsidiary under applicable Requirements of Law, promptly (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement, as the Administrative Agent deems necessary or advisable to grant to the Administrative Agent, for the benefit of the Secured Parties, a perfected first priority security interest in the Capital Stock of such Foreign Subsidiary or Foreign Subsidiary Holding Company that is directly owned by any such Loan Party (provided that in no event shall more than 66% of the total outstanding voting Capital Stock of any such Foreign Subsidiary or Foreign Subsidiary Holding Company be required to be so pledged, except in the event that such Foreign Subsidiary shall cease to qualify as an Excluded Subsidiary pursuant to Section 6.13 below, in such case 100% of the total outstanding voting Capital Stock of such Foreign Subsidiary or Foreign Subsidiary Holding Company shall be required), (ii) deliver to the Administrative Agent the certificates representing such Capital Stock (if certificated), together with undated stock powers, in blank, executed and delivered by a duly authorized officer of the relevant Loan Party, and take such other action (including, as applicable, the delivery of any foreign law pledge documents reasonably requested by the Administrative Agent) as may be necessary or, in the opinion of the Administrative Agent, desirable to perfect the Administrative Agent’s security interest therein, and (iii) if reasonably requested by the Administrative Agent, deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent.”

(f) Section 6.13(a) of the Credit Agreement is hereby amended and restated in its entirety as follows:

“(a) At any time that the consolidated total revenues of the Loan Parties fail to account for 70% or more of consolidated total revenues of the Group Members determined in accordance with GAAP for the four fiscal quarter period ending on the last day of the most recent period for which financial statements have been delivered after the Closing Date pursuant to Section 6.1(b), the Borrower shall promptly cause a sufficient number of Subsidiaries which are reasonably acceptable to the Administrative Agent (including for the avoidance of doubt any direct Foreign Subsidiaries as may be required to satisfy this Section 6.13) as are not then Guarantors to become a Guarantor (and deliver such documents, certificates and opinions as may be required to secure a perfected first priority Lien in favor of the Administrative Agent and as otherwise reasonably requested by the Administrative Agent) so that, when the total revenue of the Loan Parties are recalculated to include the revenues of such new Guarantors the total revenues of the Loan Parties shall account for 70% or more of consolidated total revenues of the Group Members determined

in accordance with GAAP for the four fiscal quarter period ending on the last day of the most recent period for which financial statements have been delivered after the Closing Date pursuant to Section 6.1(b).”

- (g) The lead-in paragraph of Section 7.8 of the Credit Agreement is hereby amended and restated in its entirety as follows:

“**7.8 Investments.** Make any advance, loan, extension of credit (by way of guarantee or otherwise) or capital contribution to, or purchase any Capital Stock, bonds, notes, debentures or other debt securities of, or any assets constituting a business unit of, or make any payment on the Subordinated Promissory Note expected to be dated on or about January 31, 2021 by the Borrower in favor of Yext Sarl (which shall be deemed an Investment by the Borrower in Yext Sarl), or make any other investment in, any Person (all of the foregoing, “*Investments*”), except:”.

3. Amendments to Guarantee and Collateral Agreement.

- (a) Clause (h) of the definition of “Excluded Assets” in Section 1.1 of the Guarantee and Collateral Agreement is hereby amended and restated in its entirety as follows:

“[reserved];”.

- (b) Section 3.3(g) of the Guarantee and Collateral Agreement is hereby amended by deleting “(other than an Immaterial Subsidiary that is not a Guarantor).”

4. Conditions Precedent to Effectiveness. This Amendment shall not be effective until each of the following conditions precedent have been fulfilled to the satisfaction of the Administrative Agent:

- (a) This Amendment shall have been duly executed and delivered by the respective parties hereto. The Administrative Agent shall have received a fully executed copy of this Amendment.
- (b) All necessary consents and approvals to this Amendment shall have been obtained.
- (c) Immediately, after giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing.
- (d) Immediately after giving effect to this Amendment, the representations and warranties set forth in this Amendment, the Credit Agreement and the other Loan Documents, as amended by this Amendment, to which it is a party (i) that is qualified by materiality shall be true and correct, and (ii) that is not qualified by materiality, shall be true and correct in all material respects, in each case, on and as of such date as if made on and as of such date, except to the extent any such representation and warranty expressly relates to an earlier date, in which case such representation and warranty shall have been true and correct in all material respects (or all respects, as applicable) as of such earlier date.
- (e) The Lenders and the Administrative Agent shall have received all fees required to be paid, and all expenses for which invoices have been presented (including the reasonable fees and

expenses of legal counsel required to be paid hereunder or under any other Loan Document), on or before the First Amendment Effective Date.

5. Representations and Warranties. Each Loan Party hereby represents and warrants to the Administrative Agent and the Lenders as follows:

- (a) This Amendment is, and each other Loan Document to which it is or will be a party, when executed and delivered by each Loan Party that is a party thereto, will be the legally valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally.
- (b) Immediately after giving effect to this Amendment, the representations and warranties set forth in this Amendment, the Credit Agreement and the other Loan Documents, as amended by this Amendment, to which it is a party (i) that is qualified by materiality shall be true and correct, and (ii) that is not qualified by materiality, shall be true and correct in all material respects, in each case, on and as of such date as if made on and as of such date, except to the extent any such representation and warranty expressly relates to an earlier date, in which case such representation and warranty shall have been true and correct in all material respects (or all respects, as applicable) as of such earlier date.

6. Payment of Costs and Fees. The Borrower shall pay to the Administrative Agent all reasonable costs, out-of-pocket expenses, and fees and charges of every kind in connection with the preparation, negotiation, execution and delivery of this Amendment and any documents and instruments relating hereto (which costs include, without limitation, the reasonable fees and expenses of any attorneys retained by the Administrative Agent) to the extent provided in Section 10.5 of the Credit Agreement.

7. Choice of Law. This Amendment and the rights of the parties hereunder, shall be determined under, governed by, and construed in accordance with the laws of the New York. Section 10.14 of the Credit Agreement is hereby incorporated by reference.

8. Counterpart Execution. This Amendment may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Amendment by signing any such counterpart. Delivery of an executed counterpart of this Amendment by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Amendment.

9. Effect on Loan Documents.

- (a) The Credit Agreement, as amended hereby, and each of the other Loan Documents, as amended hereby, shall be and remain in full force and effect in accordance with their respective terms and hereby are ratified and confirmed in all respects. The execution, delivery, and performance of this Amendment shall not operate as a modification or waiver of any right, power, or remedy of the Administrative Agent or any Lender under the Credit Agreement or any other Loan Document except as expressly set forth herein. The modifications and other agreements herein are limited to the specifics hereof (including facts or occurrences on which the same are based), shall not apply with respect to any facts or occurrences other than those on which the same are based, shall not excuse any non-

compliance with the Loan Documents, and shall not operate as a consent or waiver to any matter under the Loan Documents. To the extent any terms or provisions of this Amendment conflict with those of the Credit Agreement or other Loan Documents, the terms and provisions of this Amendment shall control.

- (b) To the extent that any terms and conditions in any of the Loan Documents shall contradict or be in conflict with any terms or conditions of the Credit Agreement, after giving effect to this Amendment, such terms and conditions are hereby deemed modified or amended accordingly to reflect the terms and conditions of the Credit Agreement as modified or amended hereby.
- (c) This Amendment is a Loan Document.

10. Entire Agreement. This Amendment, and terms and provisions hereof, the Credit Agreement and the other Loan Documents constitute the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and supersedes any and all prior or contemporaneous amendments or understandings with respect to the subject matter hereof, whether express or implied, oral or written.

11. Severability. In case any provision in this Amendment shall be invalid, illegal or unenforceable, such provision shall be severable from the remainder of this Amendment and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

*[Signature pages follow]*

**In Witness Whereof**, the parties hereto have caused this Amendment to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

**BORROWER:**

**YEXT, INC.**

By: /s/ Steven Cakebread  
Name: Steven Cakebread  
Title: Chief Financial Officer

**ADMINISTRATIVE AGENT AND LENDER:  
SILICON VALLEY BANK**

By: /s/ Francis Covoccia

Name: Francis Covoccia

Title: Director



**SUBSIDIARIES OF YEXT, INC.**

<b>Name</b>	<b>Jurisdiction of Incorporation</b>
Yext Australia Pty Ltd	Australia
Yext, B.V.	Netherlands
Yext (Canada) Corp.	Canada
Yext GmbH	Germany
Yext Holdings, LLC	Delaware
Yext Hong Kong Limited	Hong Kong
Yext India	India
Yext KK	Japan
Yext Limited	United Kingdom
Yext Sarl	Switzerland
Yext SAS	France
Yext (Shanghai) Software Company Limited	China
Yext Technologies, S.L.	Spain

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the Registration Statement (Forms S-8 Nos. 333-237330, 333-230344, 333-223732 and 333-217280) pertaining to the Yext, Inc. 2016 Equity Incentive Plan and 2017 Employee Stock Purchase Plan of our reports dated March 16, 2021, with respect to the consolidated financial statements of Yext, Inc. and the effectiveness of internal control over financial reporting of Yext, Inc., included in this Annual Report (Form 10-K) of Yext, Inc. for the year ended January 31, 2021.

/s/ Ernst & Young, LLP

New York, New York  
March 16, 2021

**Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Howard Lerman, certify that:

1. I have reviewed this annual report on Form 10-K of Yext, 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 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.

[SIGNATURE PAGE FOLLOWS]

Date: March 16, 2021

/s/ Howard Lerman

---

Name: Howard Lerman

Title: Chief Executive Officer

**Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Steven Cakebread, certify that:

1. I have reviewed this annual report on Form 10-K of Yext, 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 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.

[SIGNATURE PAGE FOLLOWS]

Date: March 16, 2021

/s/ Steven Cakebread

---

Name: Steven Cakebread

Title: Chief Financial Officer



**Certification of the Principal Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Howard Lerman, the Chief Executive Officer of Yext, Inc. (the “**Company**”), hereby certify, that, to my knowledge:

1. The annual report on Form 10-K for the fiscal year ended January 31, 2021 (the “**Report**”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

[signature page follows]

Date: March 16, 2021

/s/ Howard Lerman

---

Name: Howard Lerman

Title: Chief Executive Officer

**Certification of the Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, Steven Cakebread, the Chief Financial Officer of Yext, Inc. (the “**Company**”), hereby certify, that, to my knowledge:

1. The annual report on Form 10-K for the fiscal year ended January 31, 2021 (the “**Report**”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

[signature page follows]

Date: March 16, 2021

/s/ Steven Cakebread

---

Name: Steven Cakebread

Title: Chief Financial Officer