



Investor Day 2021

March 17, 2021

Legal Disclosures

This presentation and the accompanying oral presentation contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including, without limitation, statements regarding revenue and revenue growth including medium term growth targets by channel and international revenue growth, long-term net revenue retention, profitability including by various channels; operating efficiencies including long-term sales productivity and non-GAAP sales and marketing expense as a percentage of revenue; long term non-GAAP margin targets; target long term non-GAAP operating expenses as a percentage of revenue; non-GAAP net income (loss) in fiscal years 2022 and future fiscal years; operating cash flow in fiscal years 2022 and future fiscal years; hiring and sales headcount; growth of our total addressable market; product pipeline and the timing of product availability; the impact of the COVID-19 pandemic on our business and results of operations; and other statements regarding our expectations regarding the growth of our company, our market opportunity, sales efficiency efforts and our industry. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "could," "expect," "plan," "anticipate," "believe," "estimate," "predict," "intend," "potential," "might," "would," "continue," or the negative of these terms or other comparable terminology. Actual events or results may differ from those expressed in these forward-looking statements, and these differences may be material and adverse.

We have based the forward-looking statements contained in this presentation and accompanying oral presentation primarily on our current expectations and projections about future events and trends that we believe may affect Yext's business, financial condition, results of operations, strategy, short- and long-term business operations, prospects, business strategy and financial needs. Our actual results could differ materially from those stated or implied in forward-looking statements due to a number of factors, including, but not limited to, the impact of the COVID-19 pandemic on U.S. and global markets, our business, operations, financial results, cash flow, demand for our products, sales cycles, and customer acquisition and retention; our ability to renew and expand subscriptions with existing customers especially enterprise customers and attract new customers generally; our ability to successfully expand and compete in new geographies and industry verticals; our ability to maintain and scale our sales force; our ability to expand our service and application provider network; our ability to develop new product and platform offerings to expand our market opportunity, including with Yext Answers; our ability to release new products and updates that are adopted by Yext's customers; our ability to manage our growth effectively; changes to our real estate strategy, in particular the timing and size of our capital expenditures related to new facilities; weakened or changing global economic conditions; the number of options exercised by our employees and former employees; and the accuracy of the assumptions and estimates underlying our financial projections.

For a detailed discussion of these and other risk factors, please refer to the risks detailed in Yext's filings with the Securities and Exchange Commission, including, without limitation, Yext's most recent Annual Report on Form 10-K, which are available at <http://investors.yext.com> and on the SEC's website at <https://www.sec.gov>. Further information on potential risks that could affect actual results will be included in other filings Yext makes with the SEC from time to time. Moreover, Yext operates in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time and it is not possible for Yext to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this presentation and accompanying oral presentation. Yext cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

Certain information in this presentation and the accompanying oral presentation has been obtained from third-party sources believed to be reliable; however, the Company does not give any representation or warranty as to its accuracy, adequacy, timeliness or completeness, and assumes no responsibility for independent verification of such information. For example, the estimated size and growth of our total addressable market is subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. We have relied on historical estimates and forecasts provided by industry publications and other third-party sources. We have not independently verified these estimates published by third parties and cannot assure you of their accuracy or completeness. See Yext's most recent Annual Report on Form 10-K "Risk Factors – Risks Related to Our Business and Industry – 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."

The statements contained in this presentation and accompanying oral presentation are made as of March 17, 2021, unless otherwise indicated, and financial information in this presentation and accompanying oral presentation are as of the dates indicated. Yext undertakes no obligation to update any statements or to conform such statements to actual results or revised expectations, except as required by law.

This presentation and the accompanying oral presentation also include certain non-GAAP financial measures and operating metrics. Additional information and reconciliations of non-GAAP financial measures to the most directly comparable GAAP measures are available in the Appendix. The Appendix also includes definitions and calculations of operating metrics used in the presentation.

This presentation and accompanying oral presentation may not be recorded, referenced, quoted or linked by website, in whole or in part, except as agreed in writing by Yext.





Howard Lerman

Founder & Chief Executive Officer



Marc Ferrentino

Chief Strategy Officer

New In The Spring '21 Release



Document Search



Data Connectors with Crawler



New Developer Tools



Authenticated Use Cases



And 65 other amazing features across our product suite

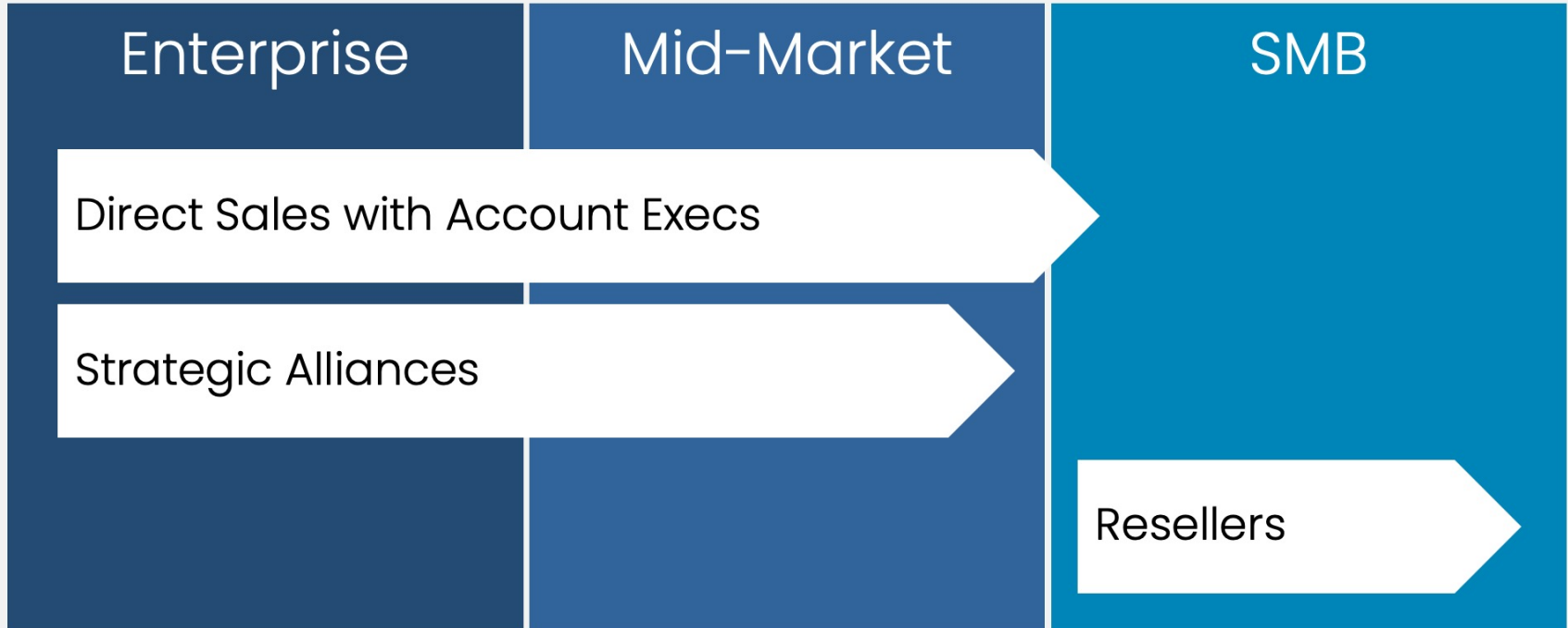




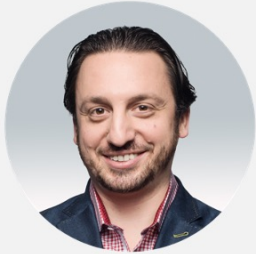
David Rudnitsky

President & Chief Revenue Officer

Go-To-Market Strategy



Enterprise And Mid-Market Sales Leadership



Brian Distelburger
Co-Founder, President & COO



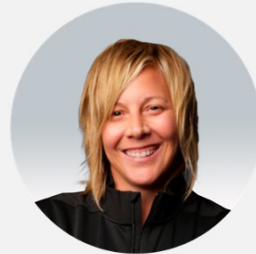
David Rudnitsky
President & CRO



Norihiro Shimogaki
President & COO, Yext Japan



Mary Fratto Rowe
Chief Customer Officer



Carrie Bosworth
GVP, Commercial Business



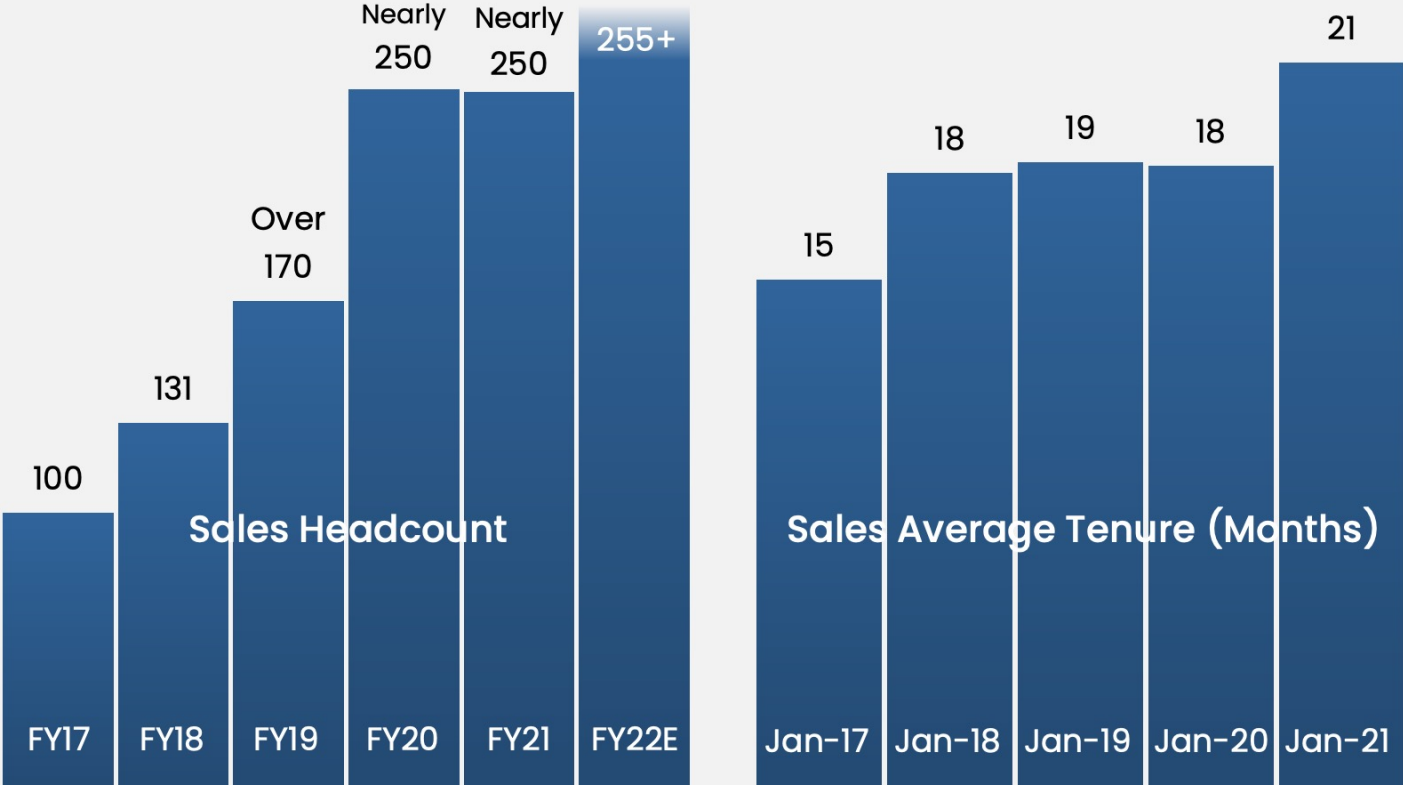
Lindsay Johnston
EVP, North America



Jon Buss
Managing Director, EMEA



Invested In Sales Teams



FY22E Sales Headcount is forward-looking; see Legal Disclosures.

Yext Strategic Alliances

Tech Partners



Global Strategic SIs



Deloitte.

accenture



Regional SIs

Horizontal

<epam>

PERFICIENT

HATHWAY

pureinsights[®]

virtusa[®]

valtech.

bounteous

AVIONOS

Agencies

publicis
sapient

PFS
LiveArea

WUNDERMAN
THOMPSON

HERO_digital.

REPRISE

EPSILON



Strategic Alliances Progress

Premier Partner Program



Charter Member

Multiple deals closed
and strong pipeline
for FY22

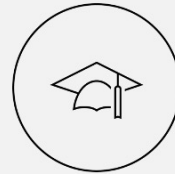
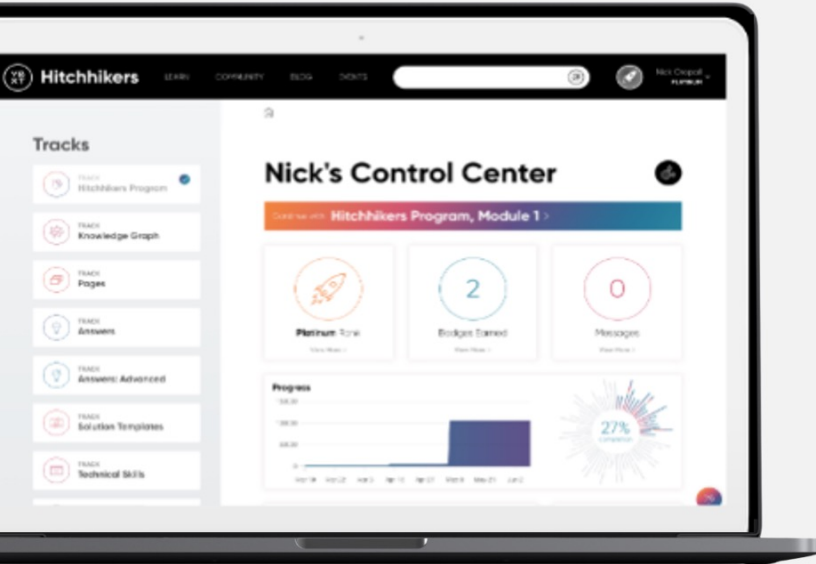
Strategic Alliance Traction

500+ Strategic Alliance Hitchhikers

Closed deals worth \$Ms in ACV in
FY21



Hitchhikers Program



Training Platform



Community

Hitchhikers Progress



3,500+

Hitchhikers
Trained



1,900+

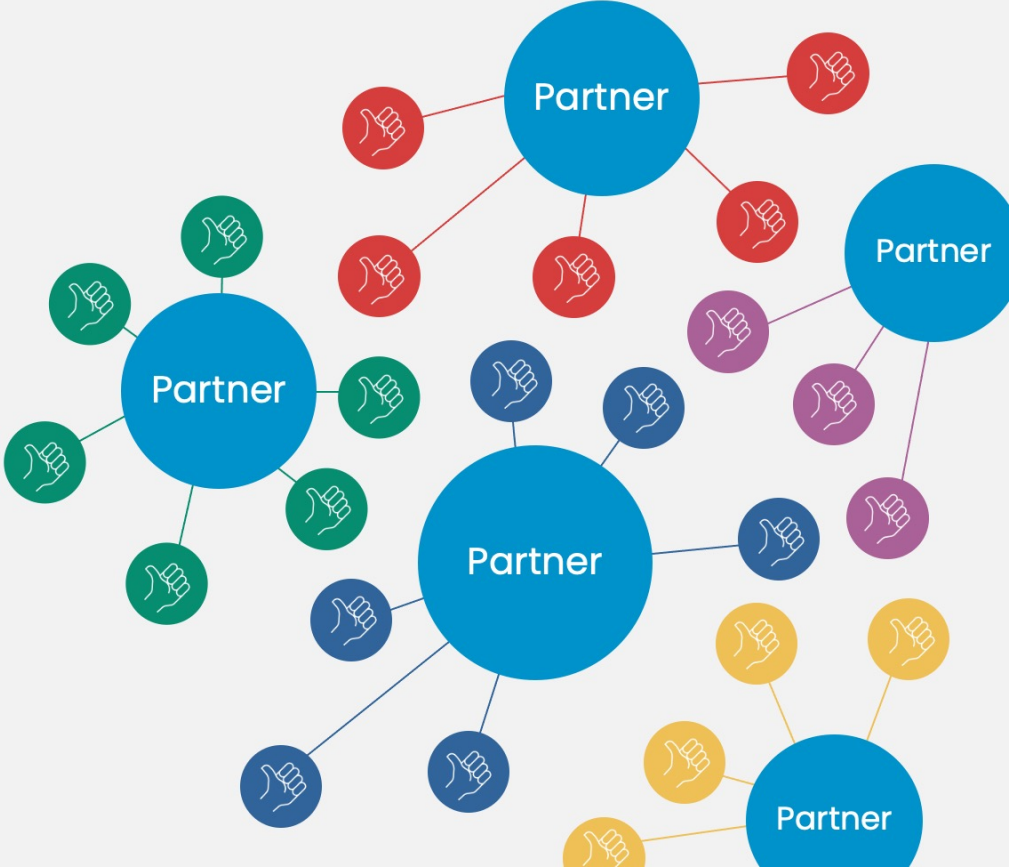
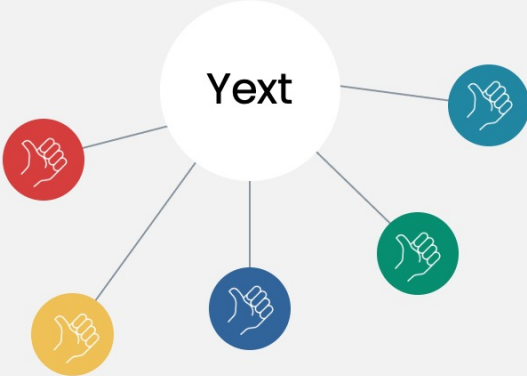
Badges
Earned



14,000+

Modules
Completed

External Hitchhikers Multiply Scale



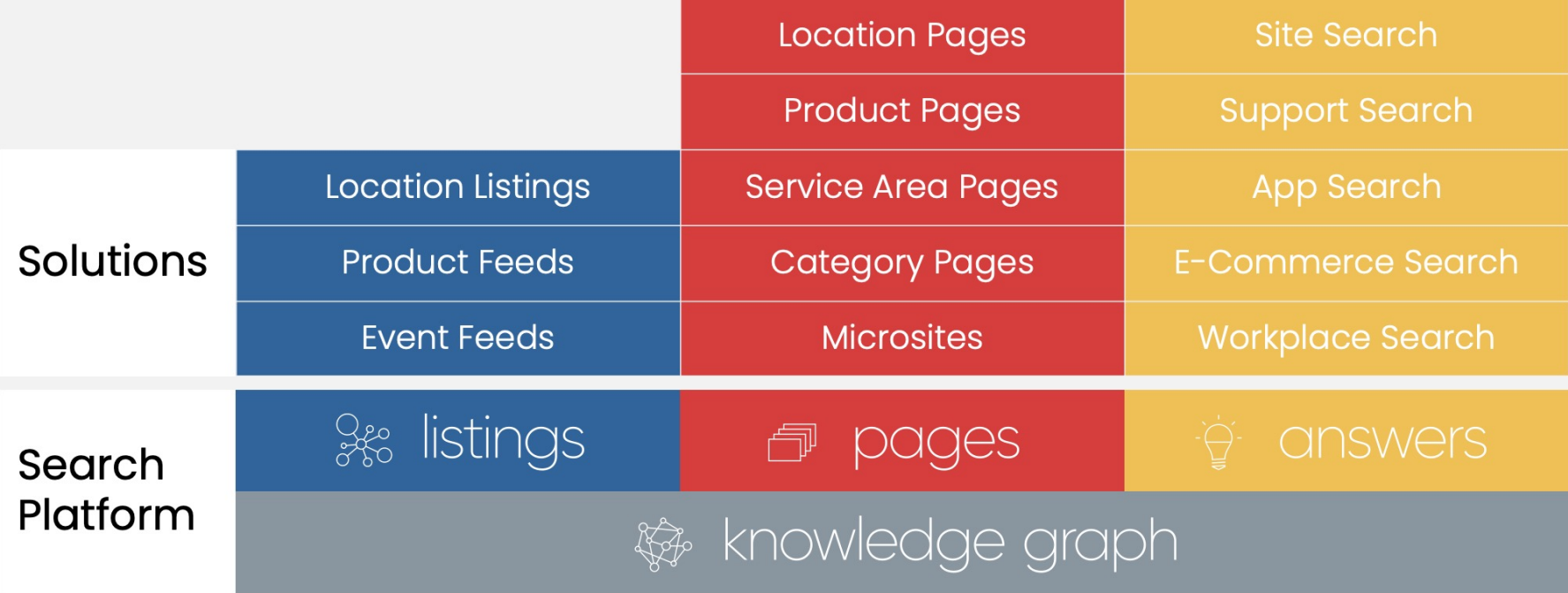
Resellers: Best Way To Reach SMB

North America Customers

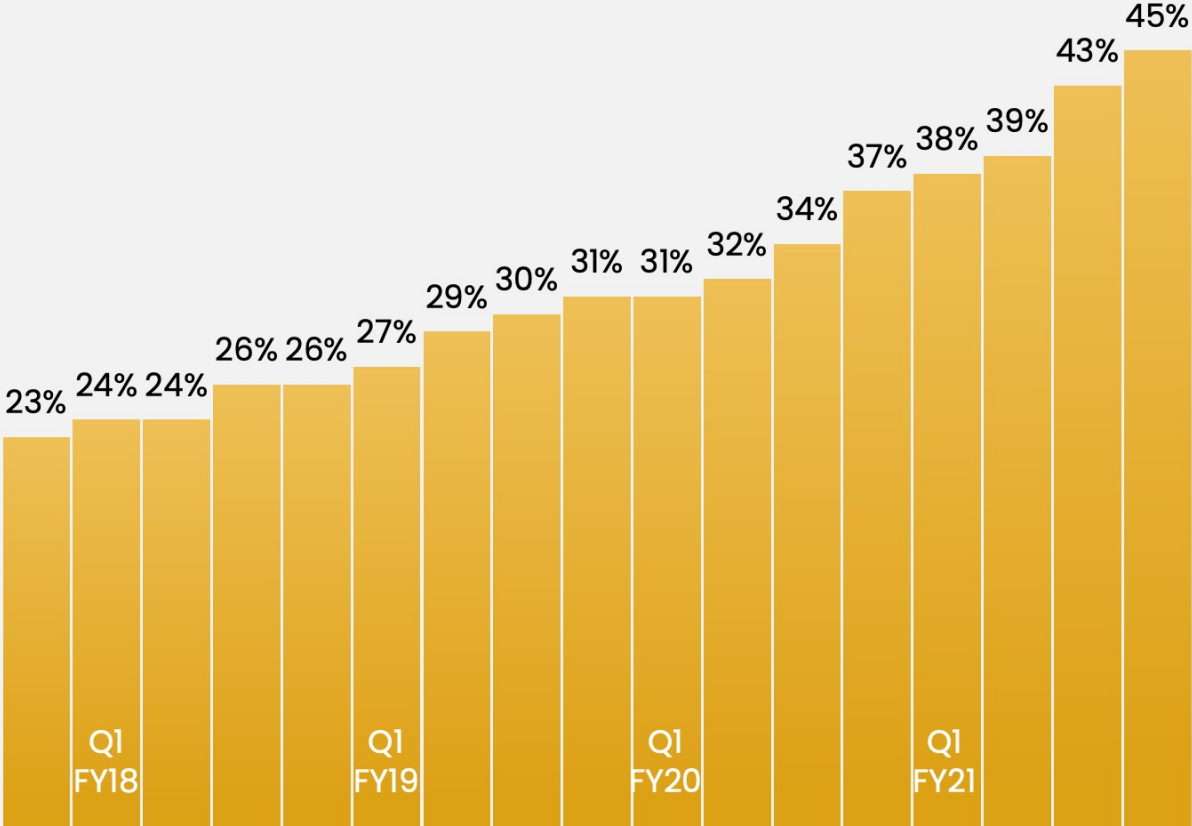
Europe Customers



Diverse Solutions Enabled By Our Search Platform



Steady Growth In Multi-Product Deals

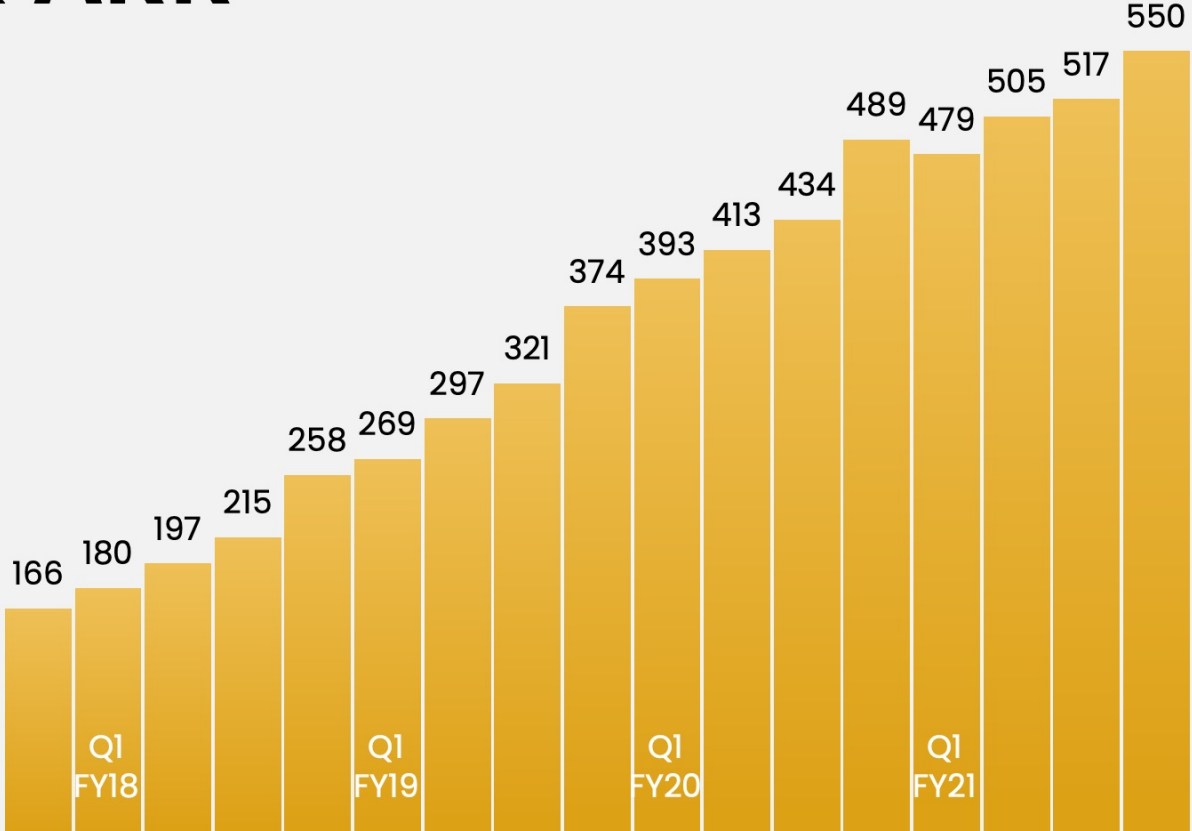


% of ARR From Customers with 2+ Products

See Appendix for information regarding ARR.



Steady Increase Of Customers With >\$100K ARR

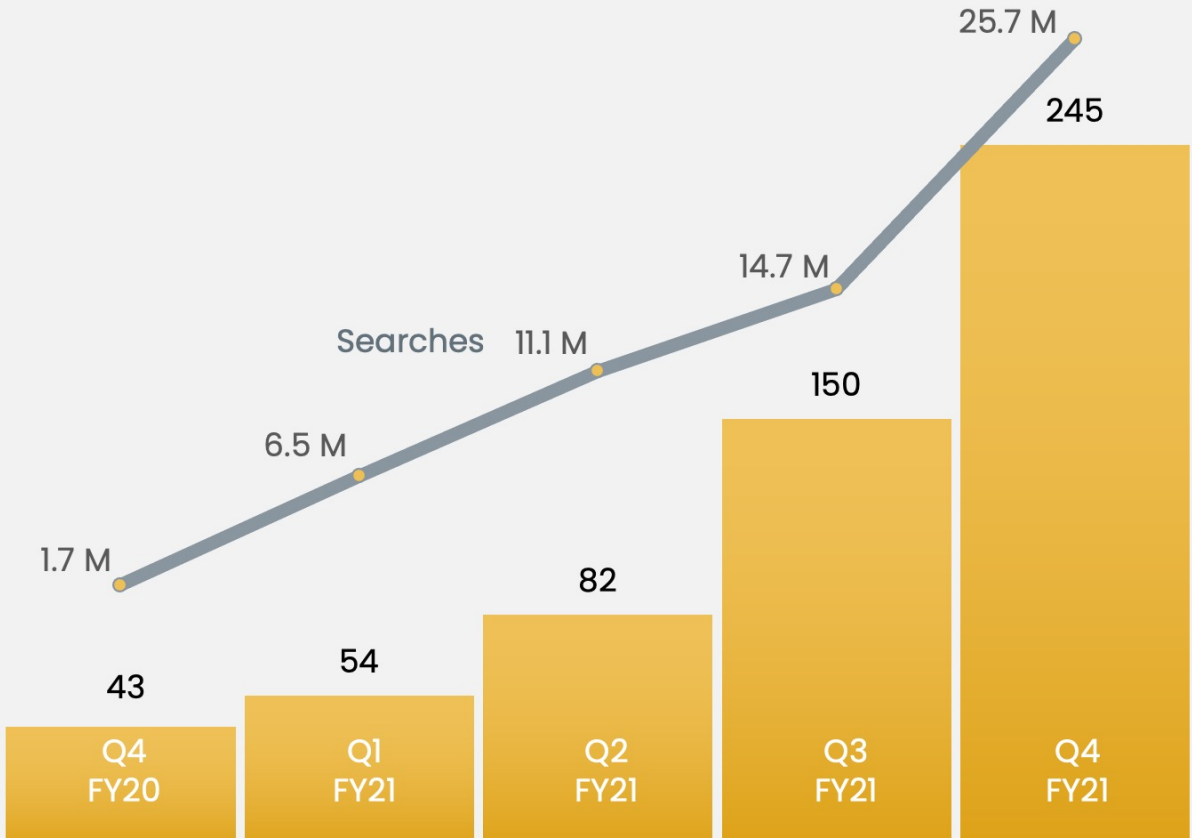


Direct Channel Customers



See Appendix for information regarding customers and ARR

Q4 Answers Momentum Growing



Direct Answers Customers



Deals With Answers Almost 3x Larger

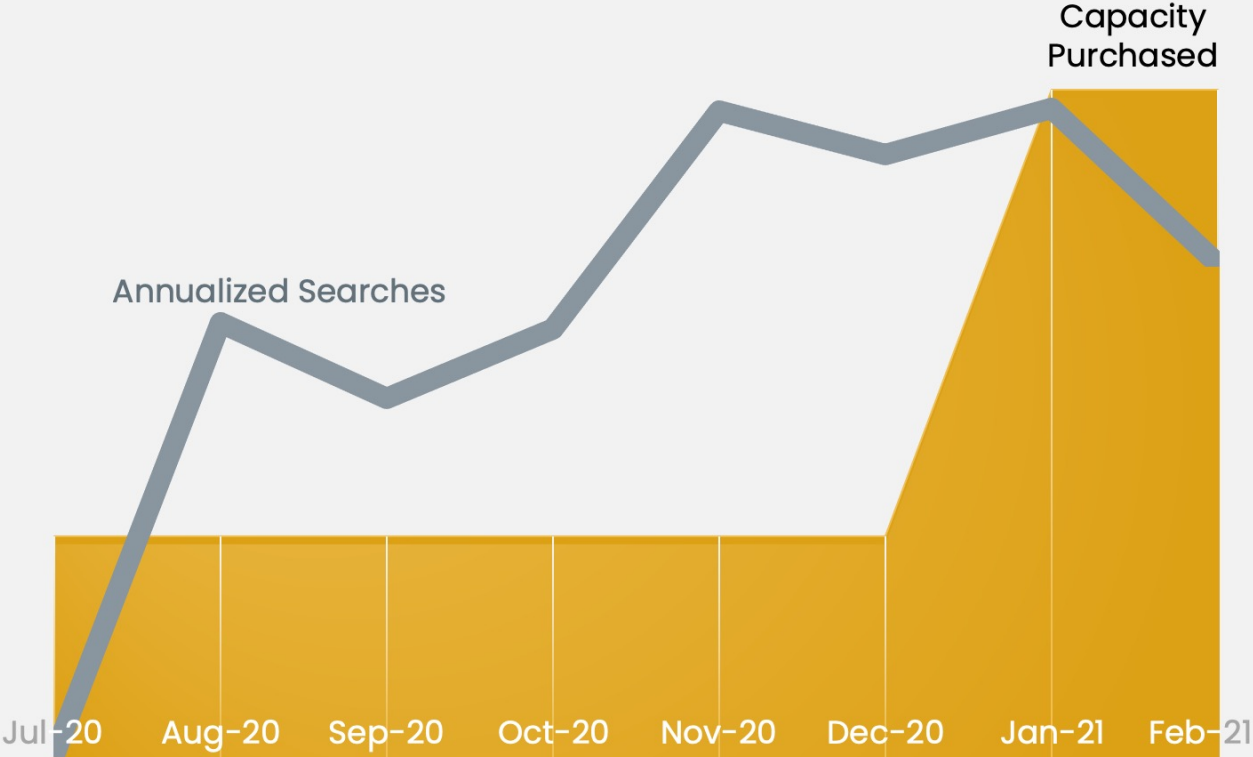


FY21 New Logo Average ACV Deal Size

Without Answers

With Answers

Answers Capacity Upsell



Large CPG Company



Answers Opens Up More Vertical Opportunities

Retail Food Services Hospitality Financial Services Healthcare Comm's InfoTech CPG Gov't Higher-Education Digitally Native

answers



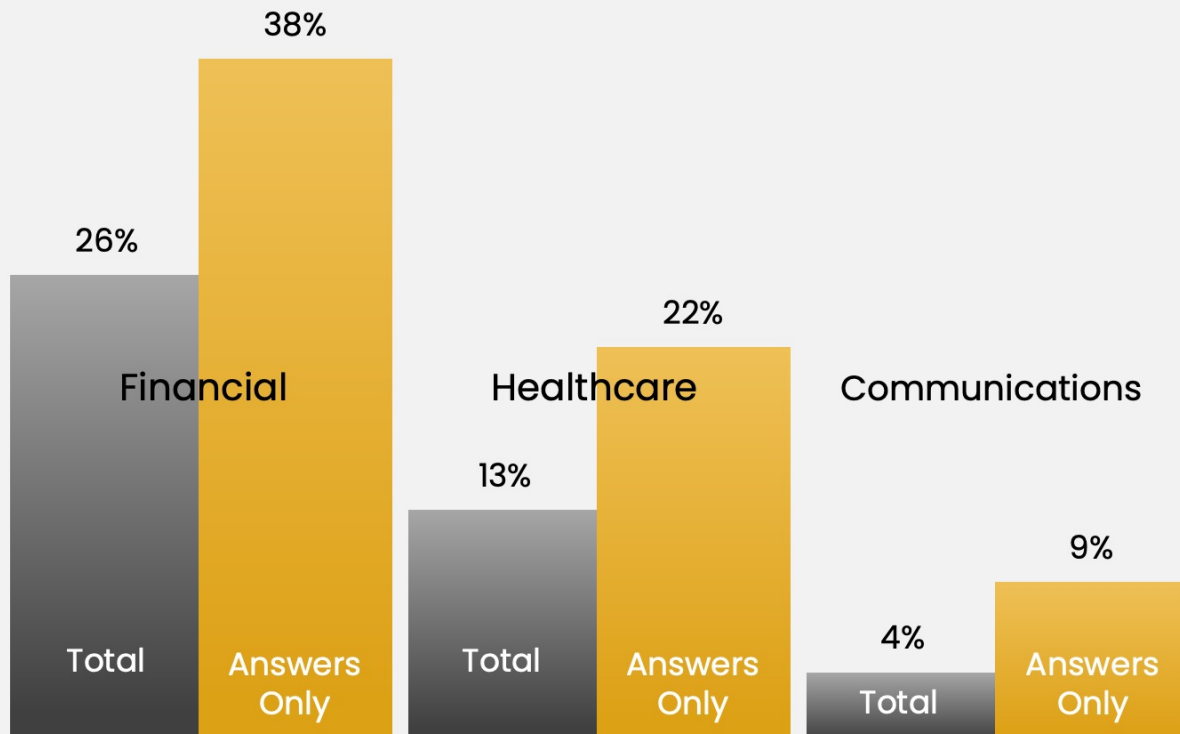
pages



listings



Answers Enhances Key Verticals

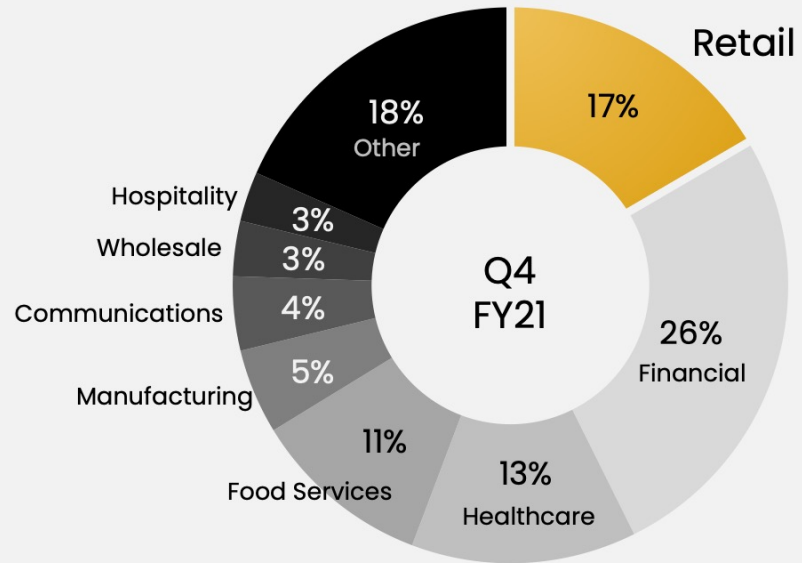
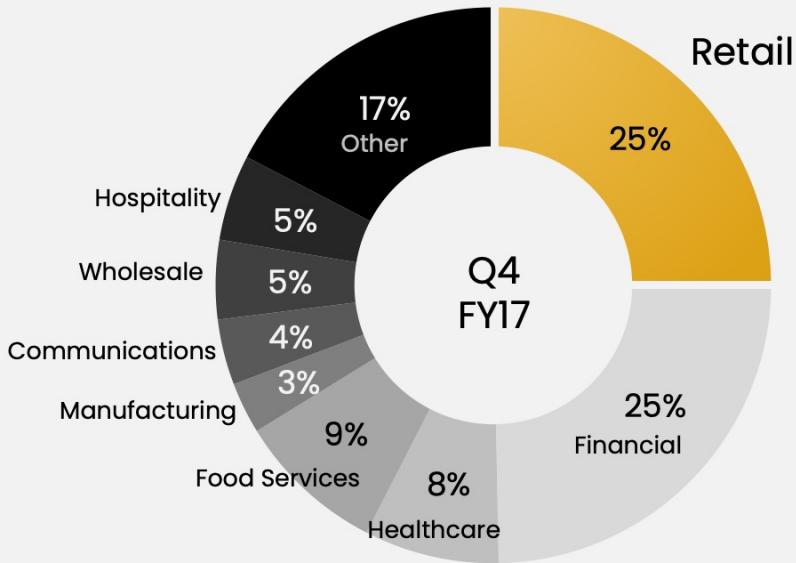


% of Direct ARR ex SMB
4QFY21



Vertical Mix Shifting

Retail declined 8 pts in four years



See Appendix for information regarding ARR.

% of ARR by Vertical, Direct ex SMB

Top Global Brands Use The Yext Search Platform

Financial Services



Restaurants



Hospitality



MSOs



Grocery



Healthcare



Telecom



CPG/DTC



Public Sector/Higher Education

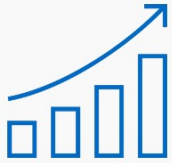




Steve Cakebread

Chief Financial Officer

Strong Growth



Strong Growth

SaaS Business Model



Key Business Drivers

Growth & Productivity

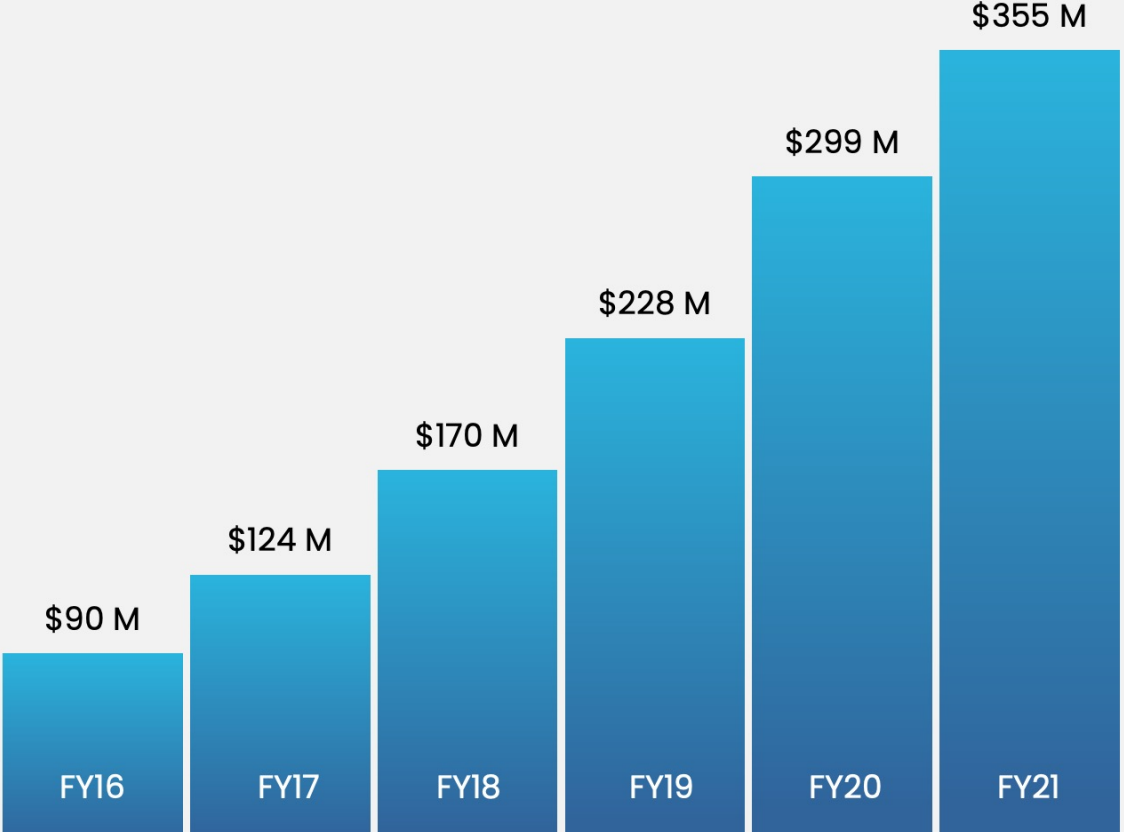


Attractive Outlook

Long-Term Financial Profile

Strong Revenue Growth

FY16-20 CAGR: 35%
FY16-21 CAGR: 32%

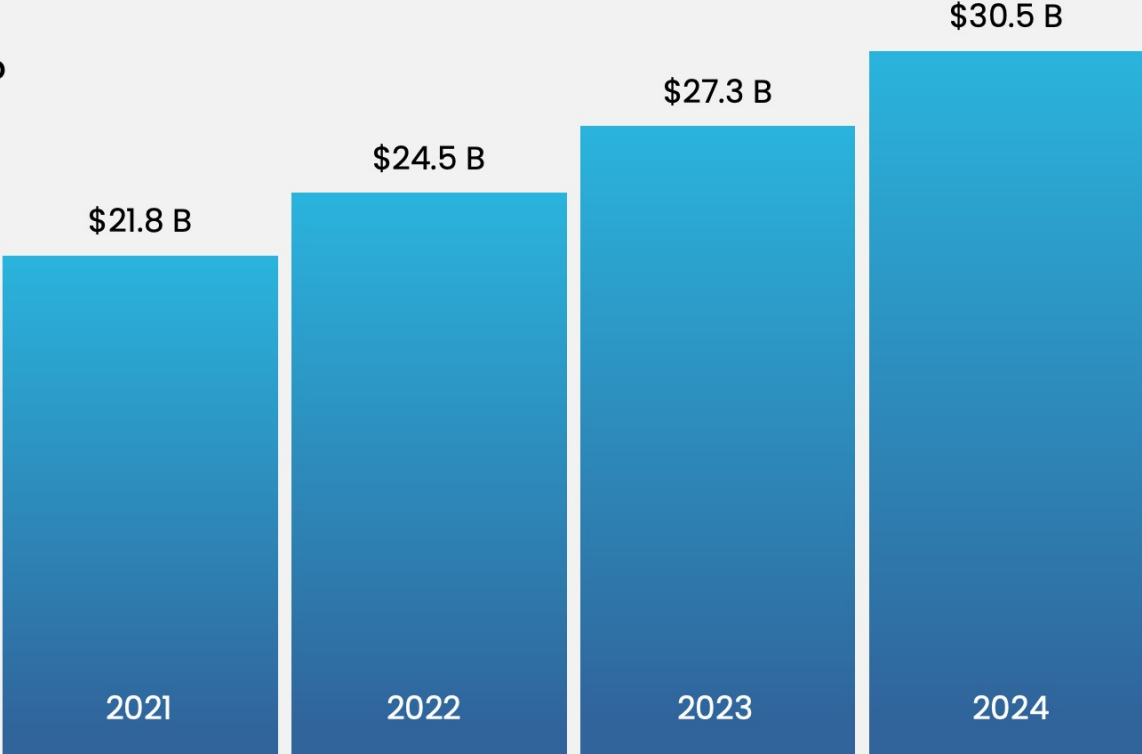


ASC 605 FY16, FY17, FY18

Answers Search Platform TAM

2024 TAM: ~\$30B

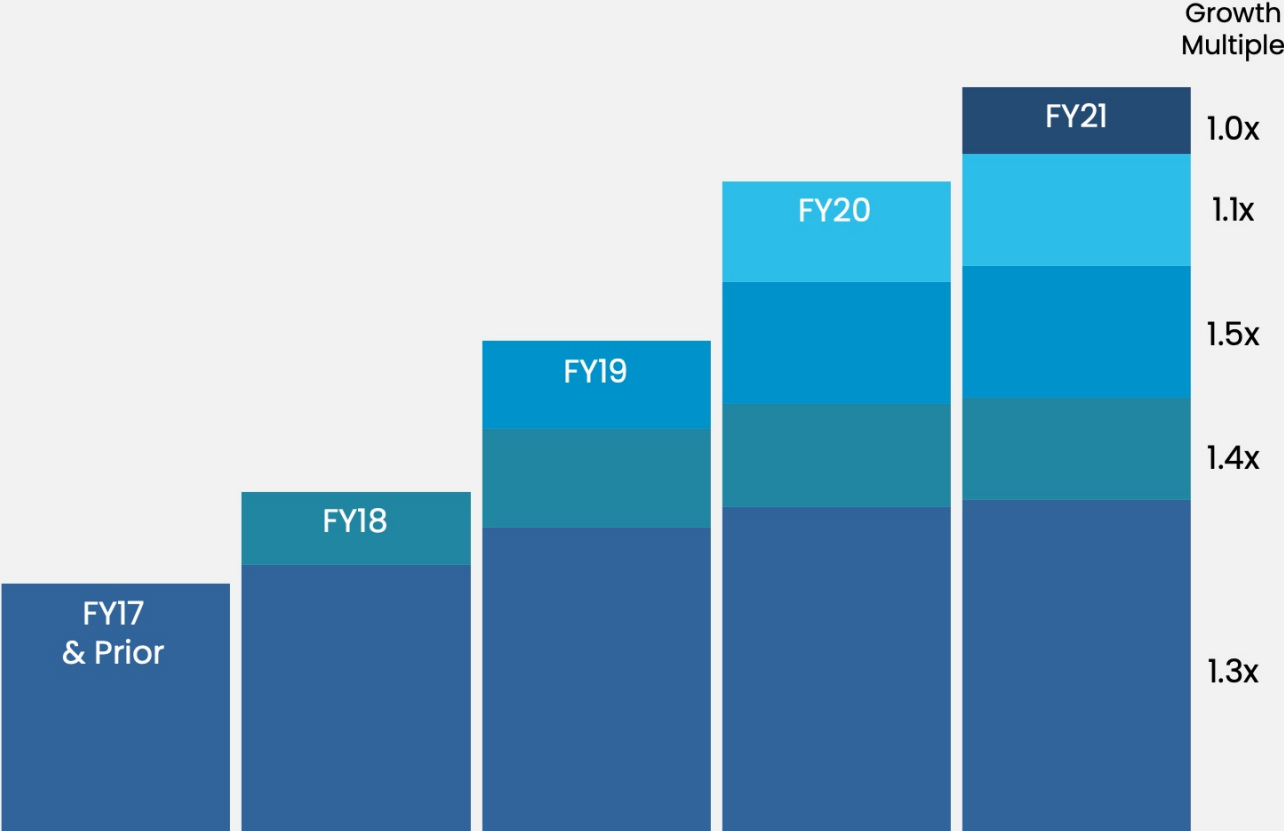
2021-2024 CAGR: 12%



Calculation and graphics by Yext based on third party sources. TAM estimated based on Master Data Management, Digital Experience Platform, and Insight Engines from Gartner; Product Feeds from Markets and Markets; and Enterprise Search from Grandview Research. 2021-2024 CAGR is forward looking. See Legal Disclosures.



Growth Over Time



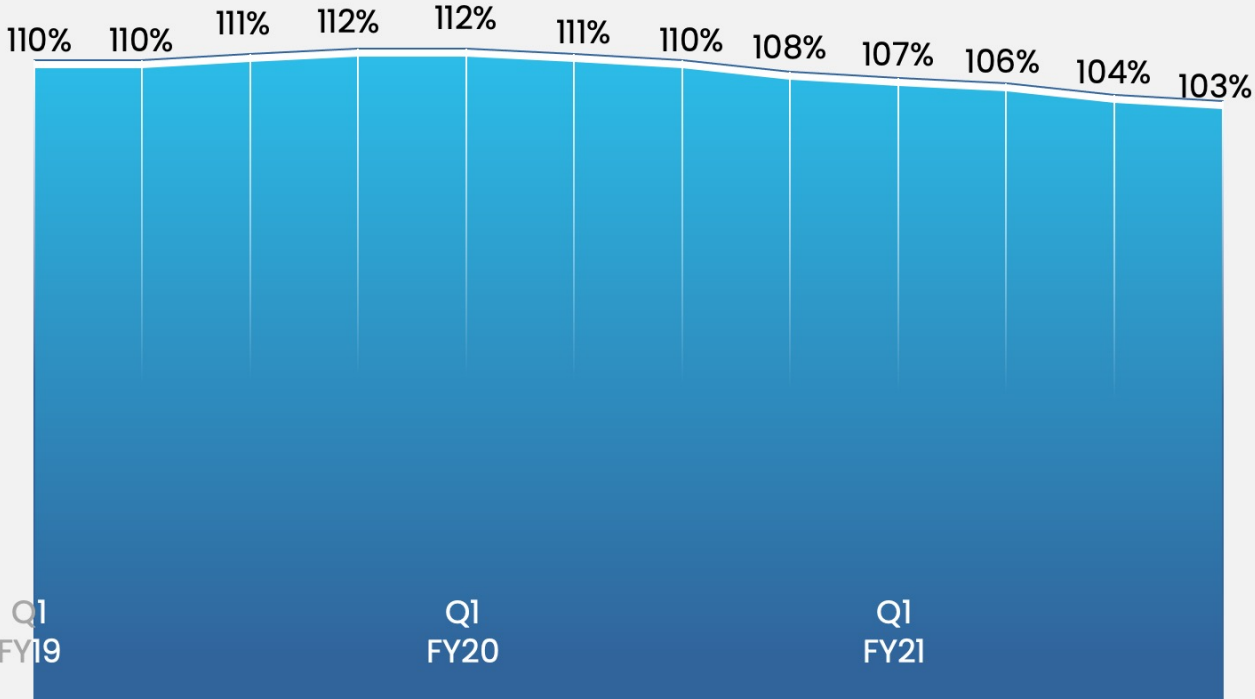
Cohort ARR, Total ex SMB

See Appendix for information regarding ARR



New Products Expected To Shore Up Net Revenue Retention

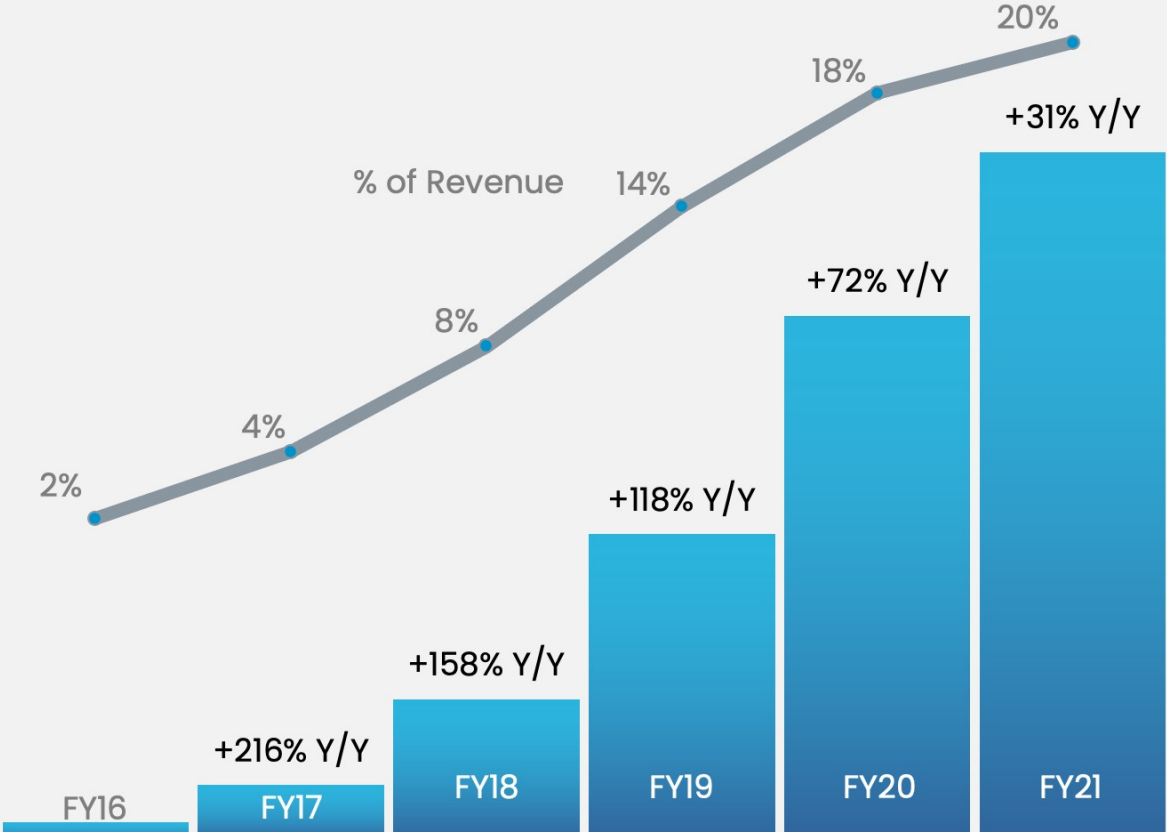
Targeting 110% long-term



TTM, Direct ex SMB

Target long-term net revenue retention is forward-looking; see Legal Disclosures. Also see Appendix for information regarding net revenue retention.

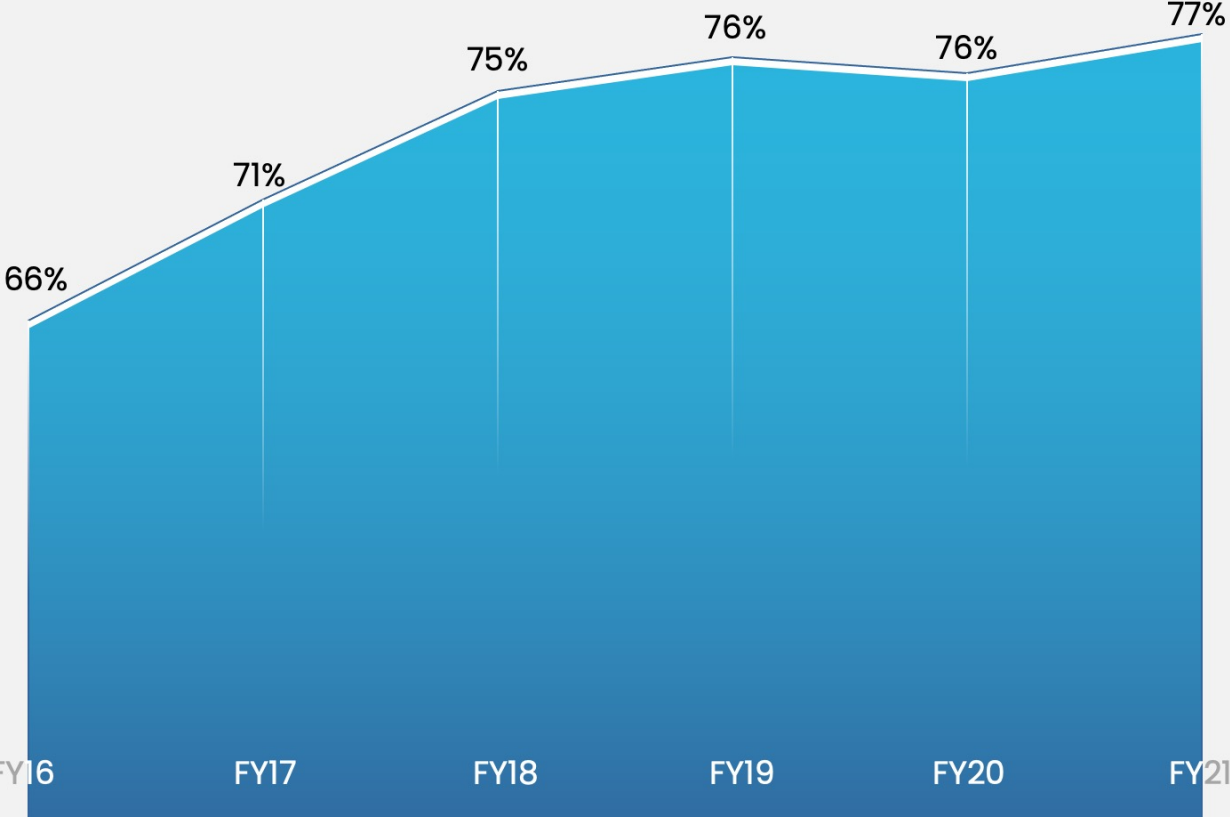
Executing On International Expansion



International Revenue



Margin Improvement With Scale

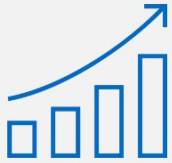


Non-GAAP Gross Margin



See Appendix for a reconciliation to the most comparable GAAP measure. ASC 605 FY16, FY17, FY18

Key Business Drivers



Strong Growth

SaaS Business Model



Key Business Drivers

Growth & Productivity



Attractive Outlook

Long-Term Financial Profile

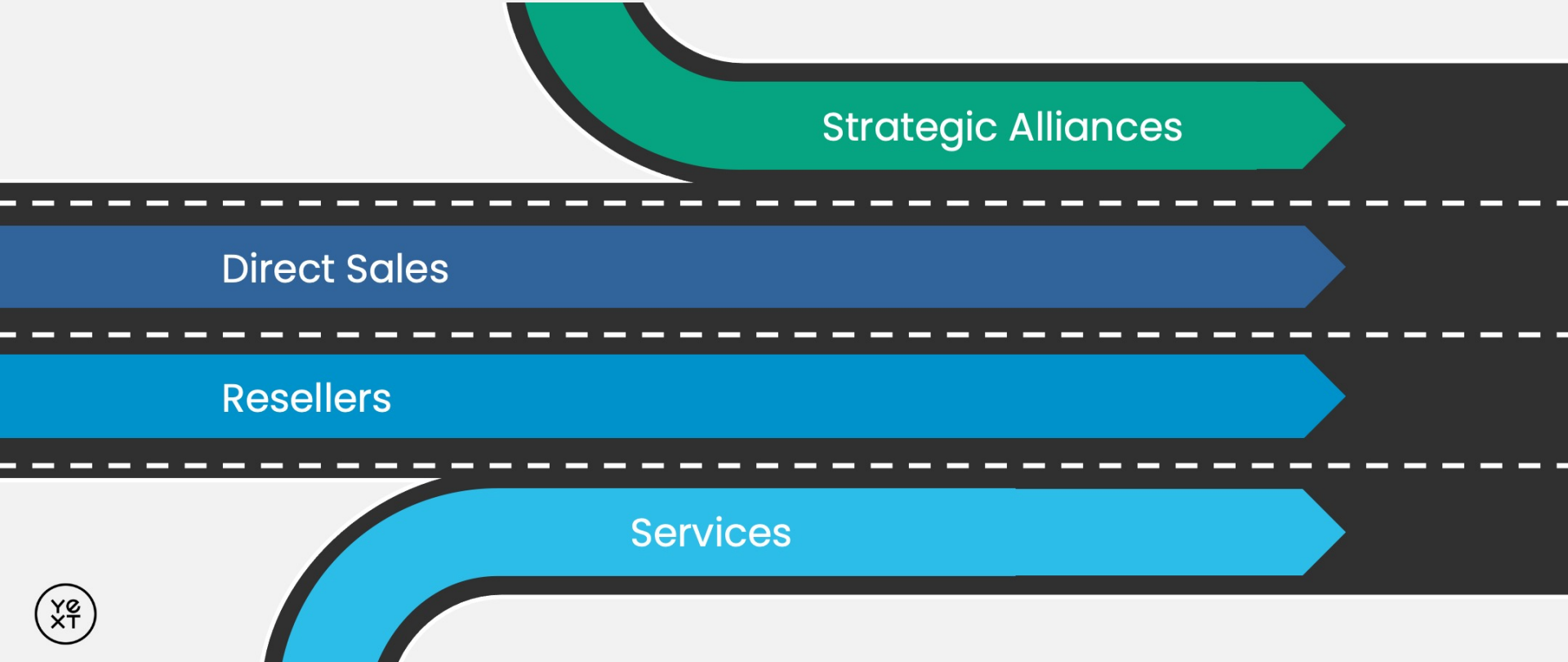
Multiple Business Drivers



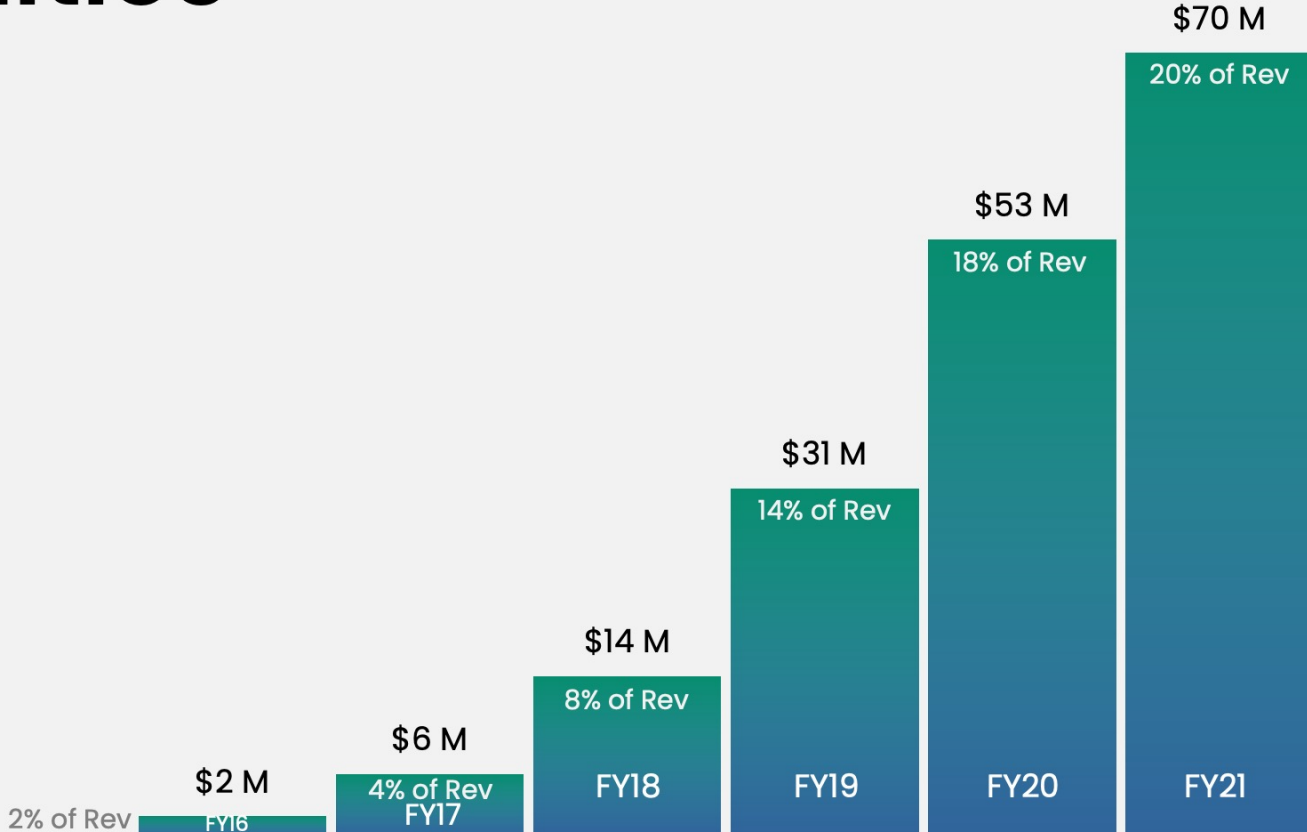
Over A Decade Of Innovation



More Lanes Deliver Faster Growth



Further International Expansion Opportunities



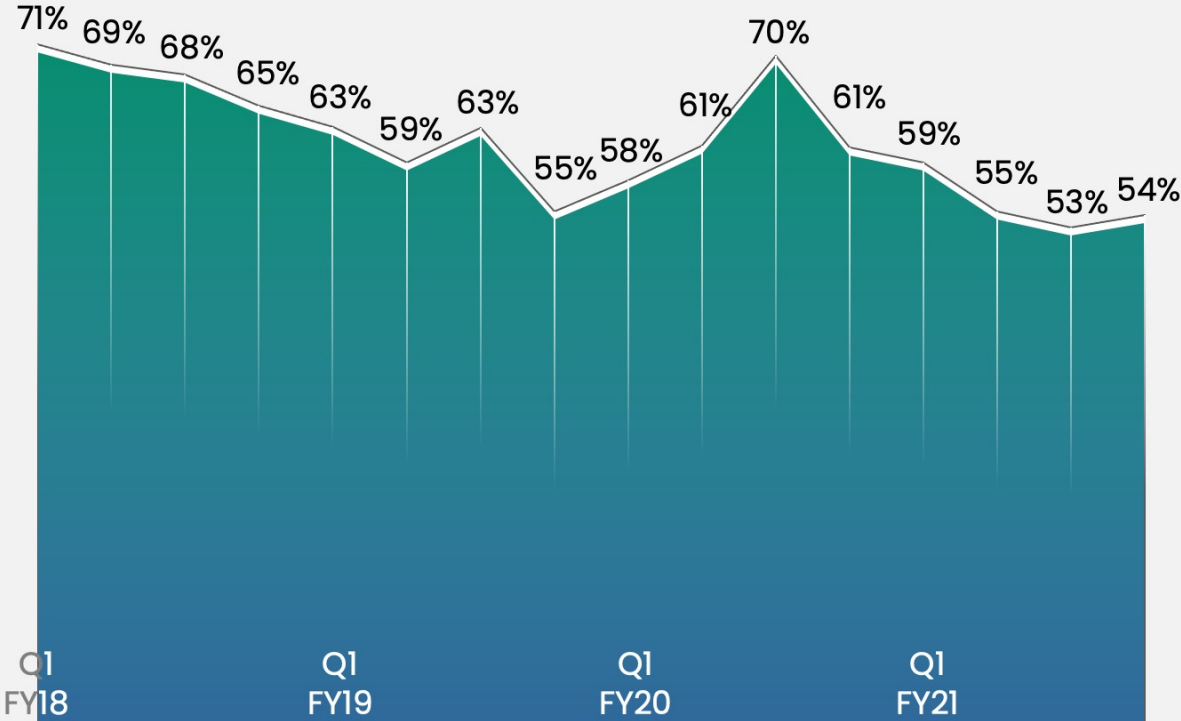
International Revenue

ASC 605 FY16, FY17, FY18



Sales Productivity Improving

Targeting 30-35% long-term



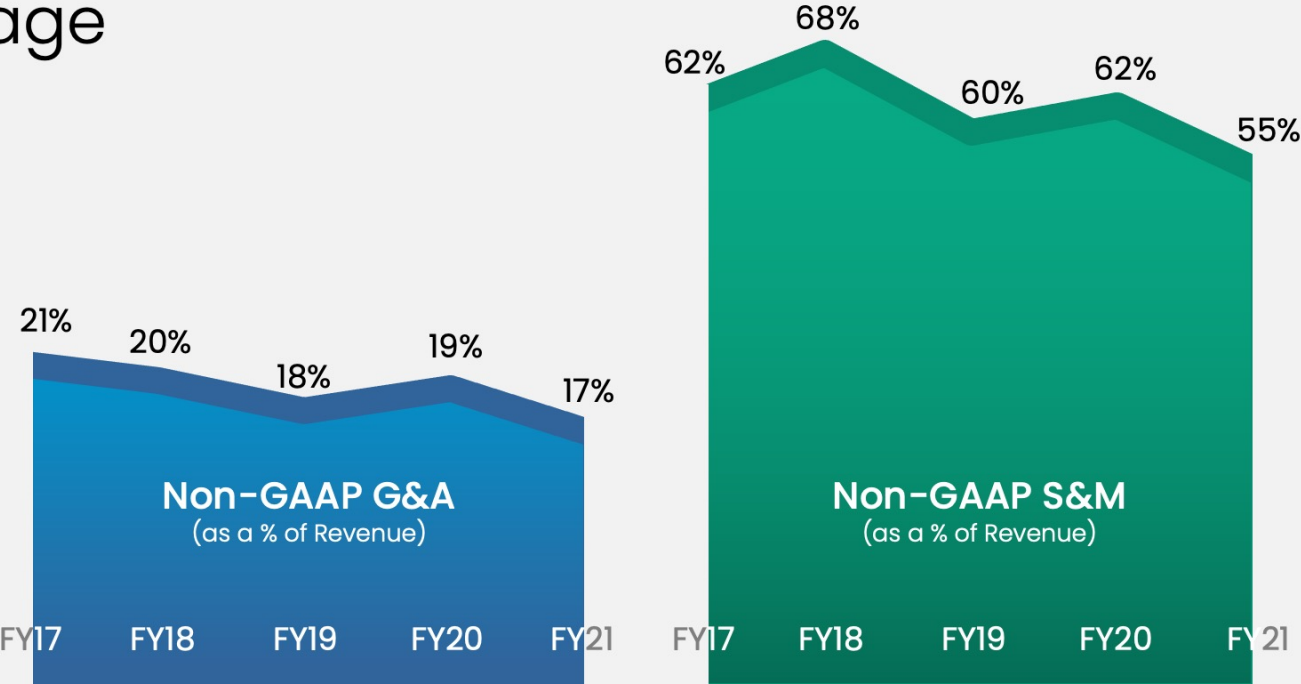
Non-GAAP S&M as % of Revenue

Target long-term S&M as a % of Sales is forward-looking; see Legal Disclosures. Also see Appendix for a reconciliation to the most comparable GAAP measure.



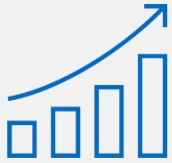
Many FY21 Opex Efficiencies Are Sustainable

Continued leverage going forward



See Appendix for a reconciliation to the most comparable GAAP measure. ASC 605 FY17, FY18

Attractive Outlook



Strong Growth

SaaS Business Model



Key Business Drivers

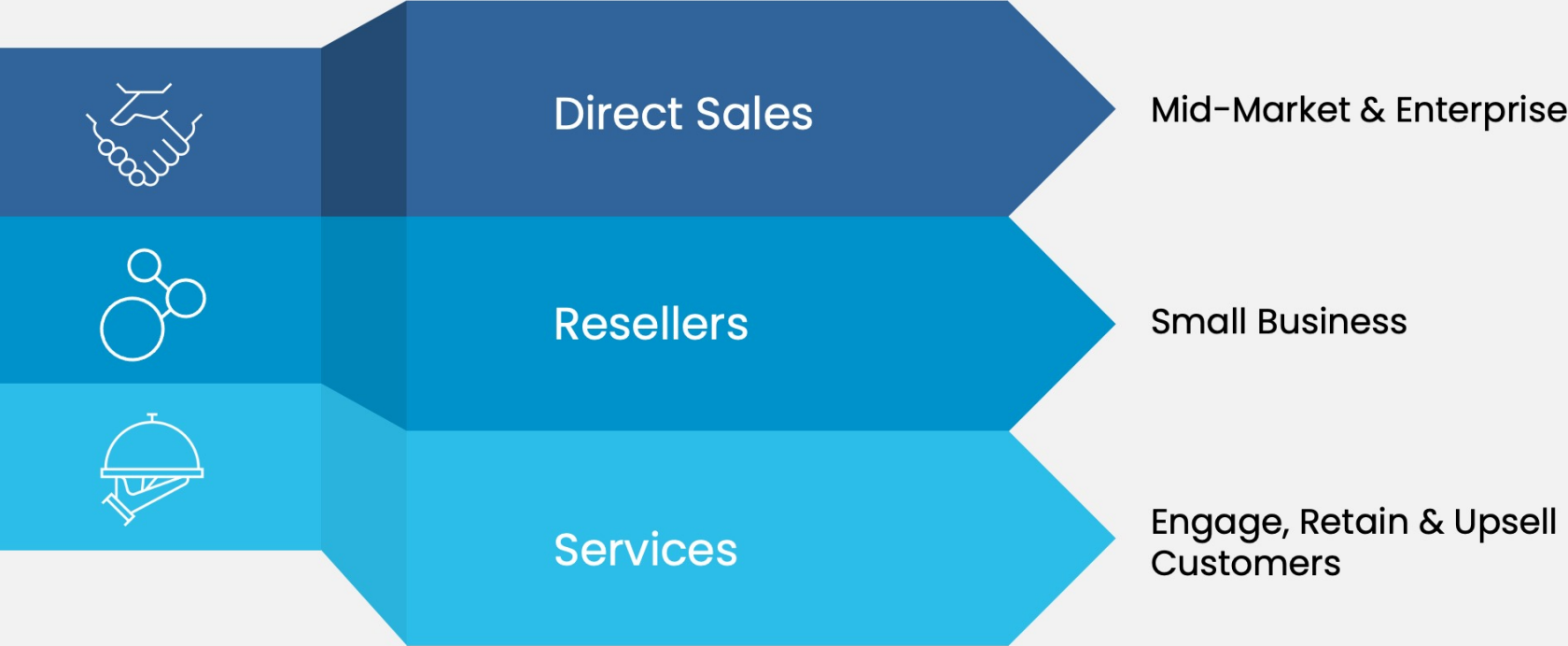
Growth & Productivity



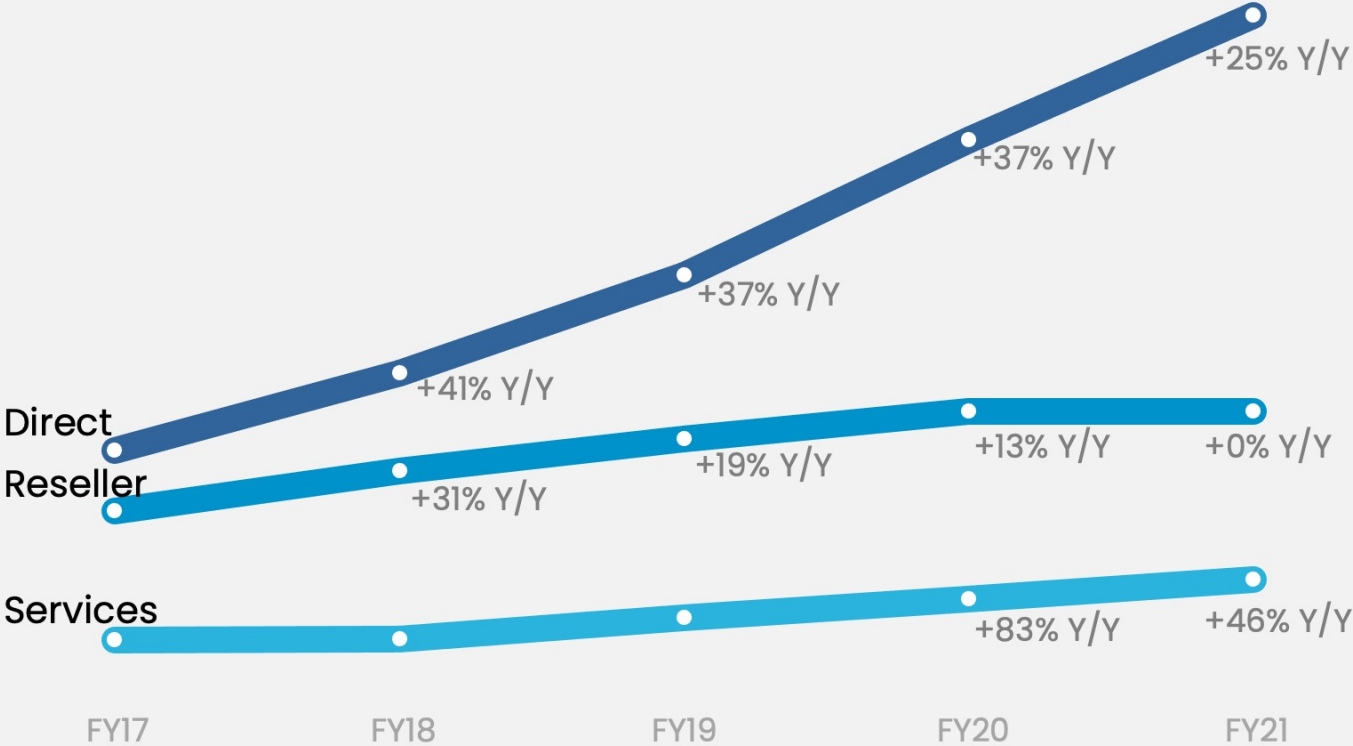
Attractive Outlook

Long-Term Financial Profile

Revenue Channels



Executing Shift To Strategic Areas



Revenue by Channel

ASC 605 FY17, FY18



Expect Strong Growth In Strategic Areas

Targeting 20%+ medium-term revenue growth

	FY17 % of Rev	FY21 % of Rev	FY17-21 CAGR	Medium-Term Growth Target
Direct	59%	68%	35%	25%+
Reseller	40%	25%	15%	5%+
Services	<1%	7%	196%	30%+
		Total	30%	20%+



Medium-term growth targets are forward-looking. See Legal Disclosures.

Long-Term Non-GAAP Margin Targets

	FY17	FY18	FY19	FY20	FY21	Long-Term Target
Gross Margin	71%	75%	76%	76%	77%	75-80%
S&M as % of Revenue	62%	68%	60%	62%	55%	30-35%
R&D as % of Revenue	14%	13%	12%	12%	12%	10-15%
G&A as % of Revenue	21%	20%	18%	19%	17%	~10%
Operating Margin	-26%	-26%	-14%	-18%	-6%	20%+



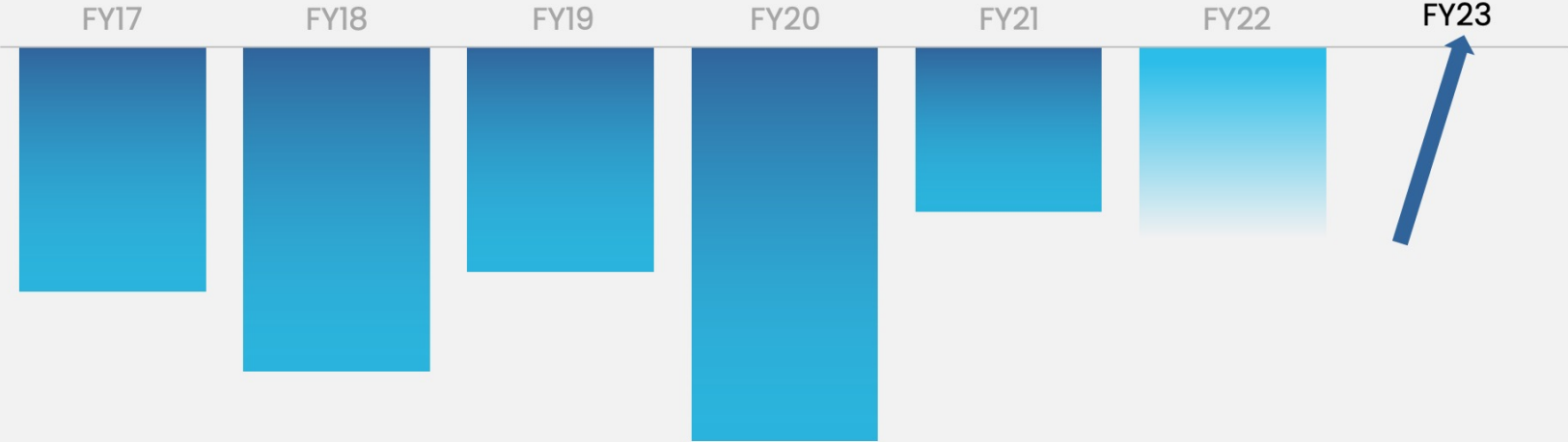
Long-term targets are forward-looking; see Legal Disclosures. Margins and % of Revenue are non-GAAP; see Appendix for reconciliation to the most comparable GAAP measure and additional information. ASC 605 FY17, FY18

Operating Cash Flow Breakeven FY22 And Beyond



FY22 and FY23 operating cash flow are forward-looking. See Legal Disclosures.

Non-GAAP Net Income Breakeven In FY23 And Beyond



FY22 non-GAAP net income based on guidance as of March 3, 2021. FY22 and FY23 non-GAAP net income are forward-looking; see Legal Disclosures. Also see Appendix for additional information on non-GAAP financial measures. ASC 605 FY17, FY18



Q&A:

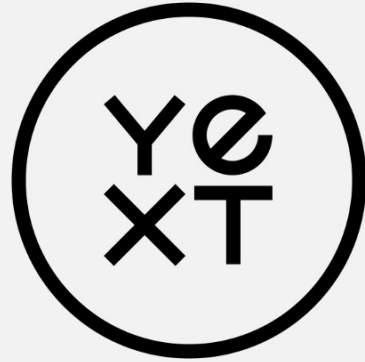
Howard Lerman, Founder & CEO

Marc Ferrentino, Chief Strategy Officer

David Rudnitsky, President & CRO

Steve Cakebread, CFO

Yuka Broderick, Head of Investor Relations





Appendix

YEXT, INC.

Reconciliation of GAAP to Non-GAAP Financial Measures
(In thousands)
(Unaudited)

	Fiscal year ended January 31,					
	2021	2020	2019	2018 ⁽¹⁾	2017 ⁽¹⁾	2016 ⁽¹⁾
Gross profit						
GAAP gross profit	\$ 268,257	\$ 221,799	\$ 170,870	\$ 126,106	\$ 87,311	\$ 58,691
Plus: Stock-based compensation expense	5,724	4,115	2,915	1,459	590	533
Non-GAAP gross profit	\$ 273,981	\$ 225,914	\$ 173,785	\$ 127,565	\$ 87,901	\$ 59,224

	Fiscal year ended January 31,					
	2021	2020	2019	2018 ⁽¹⁾	2017 ⁽¹⁾	2016 ⁽¹⁾
Gross margin						
GAAP gross margin	76 %	74 %	75 %	74 %	70 %	65 %
Plus: Stock-based compensation expense ⁽²⁾	1 %	2 %	1 %	1 %	1 %	1 %
Non-GAAP gross margin	77 %	76 %	76 %	75 %	71 %	66 %

(1) The Company adopted ASU 2014-09 (Topic 606) effective February 1, 2018. Results for the fiscal years ended January 31, 2018, 2017, and 2016, respectively, are reported in accordance with ASC 605.

(2) Includes adjustments for rounding, as needed



YEXT, INC.

Reconciliation of GAAP to Non-GAAP Financial Measures
(In thousands)
(Unaudited)

	Fiscal year ended January 31,				
	2021	2020	2019	2018 ⁽¹⁾	2017 ⁽¹⁾
<u>Sales and marketing expense</u>					
GAAP sales and marketing expense	\$ 228,417	\$ 218,076	\$ 158,845	\$ 126,980	\$ 81,529
Less: Stock-based compensation expense	(32,581)	(31,421)	(22,519)	(11,121)	(4,359)
Non-GAAP sales and marketing expense	\$ 195,836	\$ 186,655	\$ 136,326	\$ 115,859	\$ 77,170

	Fiscal year ended January 31,				
	2021	2020	2019	2018 ⁽¹⁾	2017 ⁽¹⁾
<u>Sales and marketing expense as a percentage of revenue</u>					
GAAP sales and marketing expense	64 %	73 %	70 %	75 %	66 %
Less: Stock-based compensation expense ⁽²⁾	(9)%	(11)%	(10)%	(7)%	(4)%
Non-GAAP sales and marketing expense	55 %	62 %	60 %	68 %	62 %

(1) The Company adopted ASU 2014-09 (Topic 606) effective February 1, 2018. Results for the fiscal years ended January 31, 2018 and 2017, respectively, are reported in accordance with ASC 605.

(2) Includes adjustments for rounding, as needed



YEXT, INC.

Reconciliation of GAAP to Non-GAAP Financial Measures
(In thousands)
(Unaudited)

	Fiscal year ended January 31,				
	2021	2020	2019	2018 ⁽¹⁾	2017 ⁽¹⁾
Research and development expense					
GAAP research and development expense	\$ 58,146	\$ 49,445	\$ 36,098	\$ 25,687	\$ 19,316
Less: Stock-based compensation expense	(17,071)	(13,212)	(8,475)	(3,756)	(1,954)
Non-GAAP research and development expense	\$ 41,075	\$ 36,233	\$ 27,623	\$ 21,931	\$ 17,362

	Fiscal year ended January 31,				
	2021	2020	2019	2018 ⁽¹⁾	2017 ⁽¹⁾
Research and development expense as a percentage of revenue					
GAAP research and development expense	16 %	17 %	16 %	15 %	16 %
Less: Stock-based compensation expense ⁽²⁾	(4)%	(5)%	(4)%	(2)%	(2)%
Non-GAAP research and development expense	12 %	12 %	12 %	13 %	14 %

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YEXT, INC.

Reconciliation of GAAP to Non-GAAP Financial Measures
(In thousands)
(Unaudited)

	Fiscal year ended January 31,				
	2021	2020	2019	2018 ⁽¹⁾	2017 ⁽¹⁾
<u>General and administrative expense</u>					
GAAP general and administrative expense	\$ 76,026	\$ 77,231	\$ 51,572	\$ 40,079	\$ 29,166
Less: Stock-based compensation expense	(16,918)	(19,022)	(10,324)	(6,024)	(2,948)
Non-GAAP general and administrative expense	\$ 59,108	\$ 58,209	\$ 41,248	\$ 34,055	\$ 26,218

	Fiscal year ended January 31,				
	2021	2020	2019	2018 ⁽¹⁾	2017 ⁽¹⁾
<u>General and administrative expense as a percentage of revenue</u>					
GAAP general and administrative expense	21 %	26 %	23 %	24 %	23 %
Less: Stock-based compensation expense ⁽²⁾	(4)%	(7)%	(5)%	(4)%	(2)%
Non-GAAP general and administrative expense	17 %	19 %	18 %	20 %	21 %

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(2) Includes adjustments for rounding, as needed



YEXT, INC.

Reconciliation of GAAP to Non-GAAP Financial Measures
(In thousands)
(Unaudited)

	Fiscal year ended January 31,				
	2021	2020	2019	2018 ⁽¹⁾	2017 ⁽¹⁾
<u>Loss from operations</u>					
GAAP loss from operations	\$ (94,332)	\$ (122,953)	\$ (75,645)	\$ (66,640)	\$ (42,700)
Plus: Stock-based compensation expense	72,294	67,770	44,233	22,360	9,851
Non-GAAP loss from operations	\$ (22,038)	\$ (55,183)	\$ (31,412)	\$ (44,280)	\$ (32,849)

	Fiscal year ended January 31,				
	2021	2020	2019	2018 ⁽¹⁾	2017 ⁽¹⁾
<u>Operating margin</u>					
<u>(Loss from operations as a percentage of revenue)</u>					
GAAP operating margin	(27)%	(41)%	(33)%	(39)%	(34)%
Plus: Stock-based compensation expense ⁽²⁾	21 %	23 %	19 %	13 %	8 %
Non-GAAP operating margin	(6)%	(18)%	(14)%	(26)%	(26)%

(1) The Company adopted ASU 2014-09 (Topic 606) effective February 1, 2018. Results for the fiscal years ended January 31, 2018 and 2017, respectively, are reported in accordance with ASC 605.

(2) Includes adjustments for rounding, as needed



YEXT, INC.

Reconciliation of GAAP to Non-GAAP Financial Measures
(In thousands)
(Unaudited)

	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
<u>Sales and marketing expense</u>								
GAAP sales and marketing expense	\$ 57,202	\$ 56,646	\$ 56,049	\$ 58,520	\$ 57,338	\$ 61,969	\$ 52,371	\$ 46,398
Less: Stock-based compensation expense	(7,430)	(9,410)	(7,960)	(7,781)	(7,748)	(8,604)	(8,229)	(6,840)
Non-GAAP sales and marketing expense	\$ 49,772	\$ 47,236	\$ 48,089	\$ 50,739	\$ 49,590	\$ 53,365	\$ 44,142	\$ 39,558

	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
<u>Sales and marketing expense as a percentage of revenue</u>								
GAAP sales and marketing expense	62 %	64 %	64 %	69 %	70 %	81 %	72 %	68 %
Less: Stock-based compensation expense ⁽¹⁾	(8)%	(11)%	(9)%	(10)%	(9)%	(11)%	(11)%	(10)%
Non-GAAP sales and marketing expense	54 %	53 %	55 %	59 %	61 %	70 %	61 %	58 %

(1) Includes adjustments for rounding, as needed



YEXT, INC.

Reconciliation of GAAP to Non-GAAP Financial Measures
(In thousands)
(Unaudited)

Sales and marketing expense	Three months ended							
	Jan 31, 2019	Oct 31, 2018	Jul 31, 2018	Apr 30, 2018	Jan 31, 2018⁽¹⁾	Oct 31, 2017⁽¹⁾	Jul 31, 2017⁽¹⁾	Apr 30, 2017⁽¹⁾
GAAP sales and marketing expense	\$ 41,006	\$ 43,714	\$ 38,298	\$ 35,827	\$ 35,089	\$ 32,756	\$ 30,673	\$ 28,462
Less: Stock-based compensation expense	(6,189)	(6,891)	(5,669)	(3,770)	(3,644)	(2,741)	(2,477)	(2,259)
Non-GAAP sales and marketing expense	\$ 34,817	\$ 36,823	\$ 32,629	\$ 32,057	\$ 31,445	\$ 30,015	\$ 28,196	\$ 26,203

Sales and marketing expense as a percentage of revenue	Three months ended							
	Jan 31, 2019	Oct 31, 2018	Jul 31, 2018	Apr 30, 2018	Jan 31, 2018⁽¹⁾	Oct 31, 2017⁽¹⁾	Jul 31, 2017⁽¹⁾	Apr 30, 2017⁽¹⁾
GAAP sales and marketing expense	64 %	75 %	70 %	70 %	73 %	74 %	75 %	77 %
Less: Stock-based compensation expense ⁽²⁾	(9)%	(12)%	(11)%	(7)%	(8)%	(6)%	(6)%	(6)%
Non-GAAP sales and marketing expense	55 %	63 %	59 %	63 %	65 %	68 %	69 %	71 %

(1) The Company adopted ASU 2014-09 (Topic 606) effective February 1, 2018. Results for the quarters ended during the fiscal year ended January 31, 2018 are reported in accordance with ASC 605.

(2) Includes adjustments for rounding, as needed



YEXT, INC.

Reconciliation of GAAP to Non-GAAP Financial Measures
(In thousands)
(Unaudited)

Net Loss	Fiscal year ended January 31,				
	2021	2020	2019	2018⁽¹⁾	2017⁽¹⁾
GAAP net loss	\$ (94,692)	\$ (121,544)	\$ (74,837)	\$ (66,565)	\$ (43,150)
Plus: Stock-based compensation expense	72,294	67,770	44,233	22,360	9,851
Non-GAAP net loss	\$ (22,398)	\$ (53,774)	\$ (30,604)	\$ (44,205)	\$ (33,299)

(1) The Company adopted ASU 2014-09 (Topic 606) effective February 1, 2018. Results for the fiscal years ended January 31, 2018 and 2017, respectively, are reported in accordance with ASC 605.



Non-GAAP Measurements

In addition to disclosing financial measures prepared in accordance with U.S. generally accepted accounting principles (GAAP), this presentation and the accompanying oral presentation include non-GAAP gross margin, non-GAAP operating expenses (sales and marketing, research and development, general and administrative) as a percentage of revenue, non-GAAP operating margin and non-GAAP net income (loss), which are referred to as non-GAAP financial measures.

These non-GAAP financial measures are not calculated in accordance with GAAP as they have been adjusted to exclude the effects of stock-based compensation expenses. Non-GAAP gross margin, non-GAAP operating expenses (sales and marketing, research and development, general and administrative) as a percentage of revenue and non-GAAP operating margin are calculated by dividing the applicable non-GAAP financial measure by revenue.

We believe these non-GAAP financial measures provide investors and other users of our financial information consistency and comparability with our past financial performance and facilitate period-to-period comparisons of our results of operations. With respect to non-GAAP gross margin, non-GAAP operating expenses (sales and marketing, research and development, general and administrative) as a percentage of revenue and non-GAAP operating margin, we believe these non-GAAP financial measures are useful in evaluating our profitability relative to the amount of revenue generated, excluding the impact of stock-based compensation expense. We also believe non-GAAP financial measures are useful in evaluating our operating performance compared to that of other companies in our industry, as these metrics eliminate the effects of stock-based compensation, which may vary for reasons unrelated to overall operating performance.

We use these non-GAAP financial measures in conjunction with traditional GAAP measures 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 financial measures should be considered in addition to, not as a substitute for, nor superior to or in isolation from, measures prepared in accordance with GAAP.

These non-GAAP financial measures may be limited in their usefulness because they do not present the full economic effect of our use of stock-based compensation. We compensate for these limitations by providing investors and other users of our financial information a reconciliation of the non-GAAP financial measure to the most closely related GAAP financial measures. However, we have not reconciled the target long-term non-GAAP sales and marketing expense as a percentage of revenue on the slide entitled "Sales Productivity Improving," the long-term target margin and percentage of revenue on the slide entitled "Long-Term Non-GAAP Margin Targets" and the fiscal 2022 and fiscal 2023 non-GAAP net income on the slide entitled "Non-GAAP Net Income Break Even in FY23 And Beyond" to their corresponding GAAP measures because certain reconciling items such as stock-based compensation and the corresponding provision for income taxes depend on factors such as the stock price at the time of award of future grants and thus cannot be reasonably predicted. Accordingly, reconciliations to the non-GAAP guidance measures is not available without unreasonable effort. 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 financial measures in conjunction with measures prepared in accordance with GAAP.



Operating Metrics

This presentation and the accompanying oral presentation also include certain operating metrics that we believe are useful in providing additional information in assessing the overall performance of our business.

Customer count is defined as the total number of customers with contracts executed as of the last day of the reporting period and a unique administrative account identifier on the Yext platform. We believe that customer count provides insight into our ability to grow our enterprise and mid-market customer base. As such, customer count excludes third-party reseller customers and small businesses customers as well as customers only receiving free trials.

Annual recurring revenue, or ARR, is defined as the annualized recurring amount of all contracts executed as of the last day of the reporting period. The recurring amount of a contract is determined based upon the terms of a contract and is calculated by dividing the amount of a contract by the term of the contract and then annualizing such amount. The calculation assumes no subsequent changes to the existing subscription and excludes amounts related to overages above the contractual minimum commitment. Contracts include portions of professional services contracts that are recurring in nature. ARR is independent of historical revenue, unearned revenue, remaining performance obligations or any other GAAP financial measure over any period. It should be considered in addition to, not as a substitute for, nor superior to or in isolation from, these measures and other measures prepared in accordance with GAAP. We believe ARR provides insight into the performance of our recurring revenue business model while mitigating for fluctuations in billing and contract terms.

Net retention rate, Direct ex SMB is calculated for a particular period by first establishing a cohort of the enterprise and mid-size 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 and mid-size customers when calculating net retention rate, direct ex SMB. We believe this metric provides insight into the performance of our distribution channel that targets enterprise and mid-size customers while excluding small business customers that have limited licenses, experience inherently high turnover, and continue to decline as a percentage of total revenue, and also excludes third-party reseller customers.

Other Important Information

Direct refers to a distribution channel for our platform, whereby employees in our sales organization sell our products to enterprise and mid-size customers and to a significantly lesser extent small business customers. Our revenue from direct sales to small businesses represented less than 5% of our total revenue in the fiscal year ended January 31, 2021 and January 31, 2020, less than 10% of our total revenue in the fiscal year ended January 31, 2019 and less than 20% of our total revenue in the fiscal years ended January 31, 2018 and 2017. Because small business customers, by their nature have inherently high turnover, certain information about our direct distribution channel is presented excluding the impact of small business customers, or ex SMB. Both the terms Direct and Direct ex SMB exclude sales of our product to third-party reseller customers. In transactions with our third-party reseller customers, we are only a party to the transaction with the reseller and are not a party to the reseller's transaction with its customer.

Financial 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, 2017 and 2016, respectively, continue to be reported in accordance with historical accounting standards under ASC 605. Consequently, fluctuations in financial performance with respect to periods prior to the adoption of ASU 2014-09 relative to financial performance after the adoption of ASU 2014-09 may reflect changes in accounting standards as well as changes in operating results and business performance.

