



Investor Presentation

March 2023

Legal Disclosures

This presentation includes forward-looking statements including, but not limited to, statements regarding our revenue, non-GAAP net income (loss), shares outstanding and Adjusted EBITDA for our first quarter and full year fiscal 2024 on the "Fiscal Year 2024 Outlook" slide below, and statements regarding our expectations regarding the growth of our company, our market opportunity, product roadmap, 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.

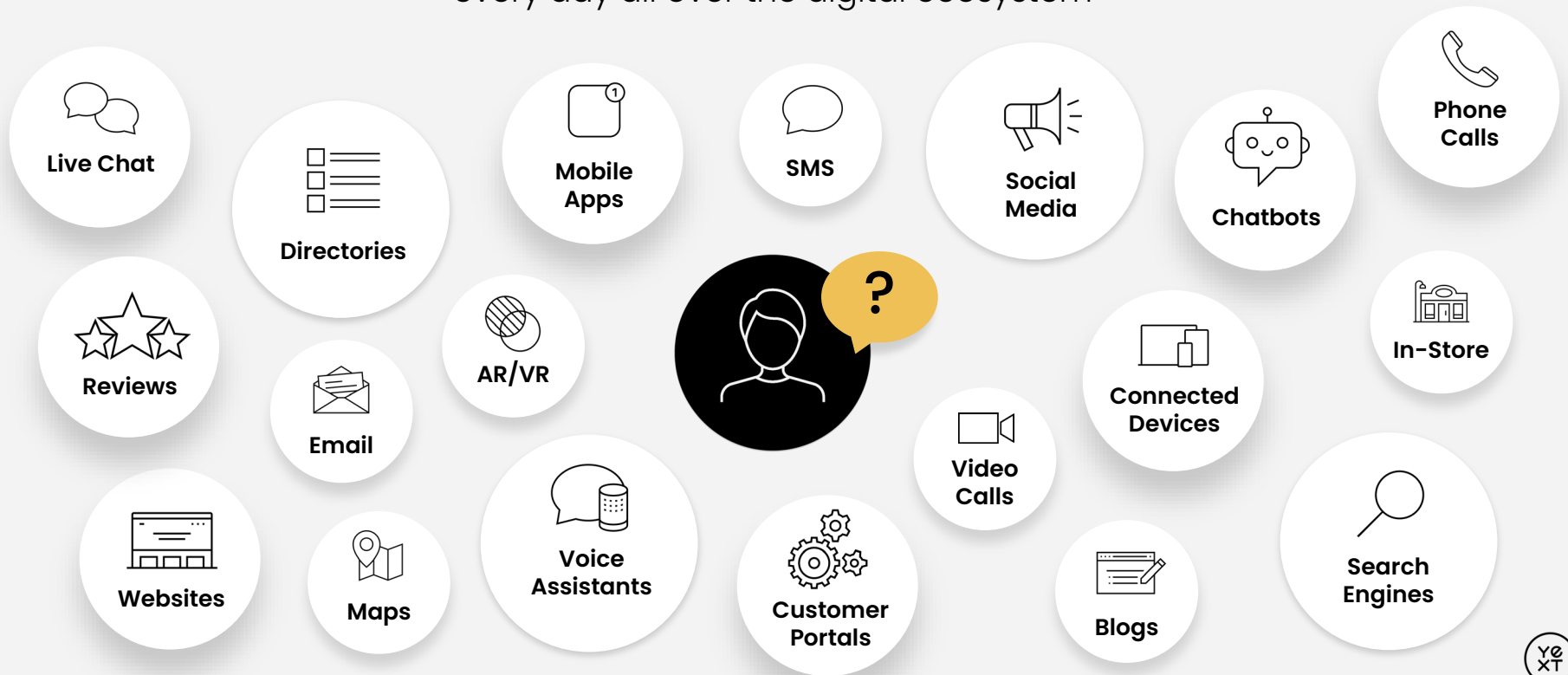
We have based the forward-looking statements contained in this presentation primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations, strategy, short- and long-term business operations, prospects, 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, 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 expand 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, our ability to release new products and updates that are adopted by our customers; our ability to manage our growth effectively; 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 our filings with the Securities and Exchange Commission, including, without limitation, our most recent Quarterly Report on Form 10-Q and 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 we make with the SEC from time to time. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this presentation. We 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.

The forward-looking statements made in this presentation relate only to events as of the date on which such statements are made. We undertake no obligation to update any forward-looking statements after the date hereof or to conform such statements to actual results or revised expectations, except as required by law.

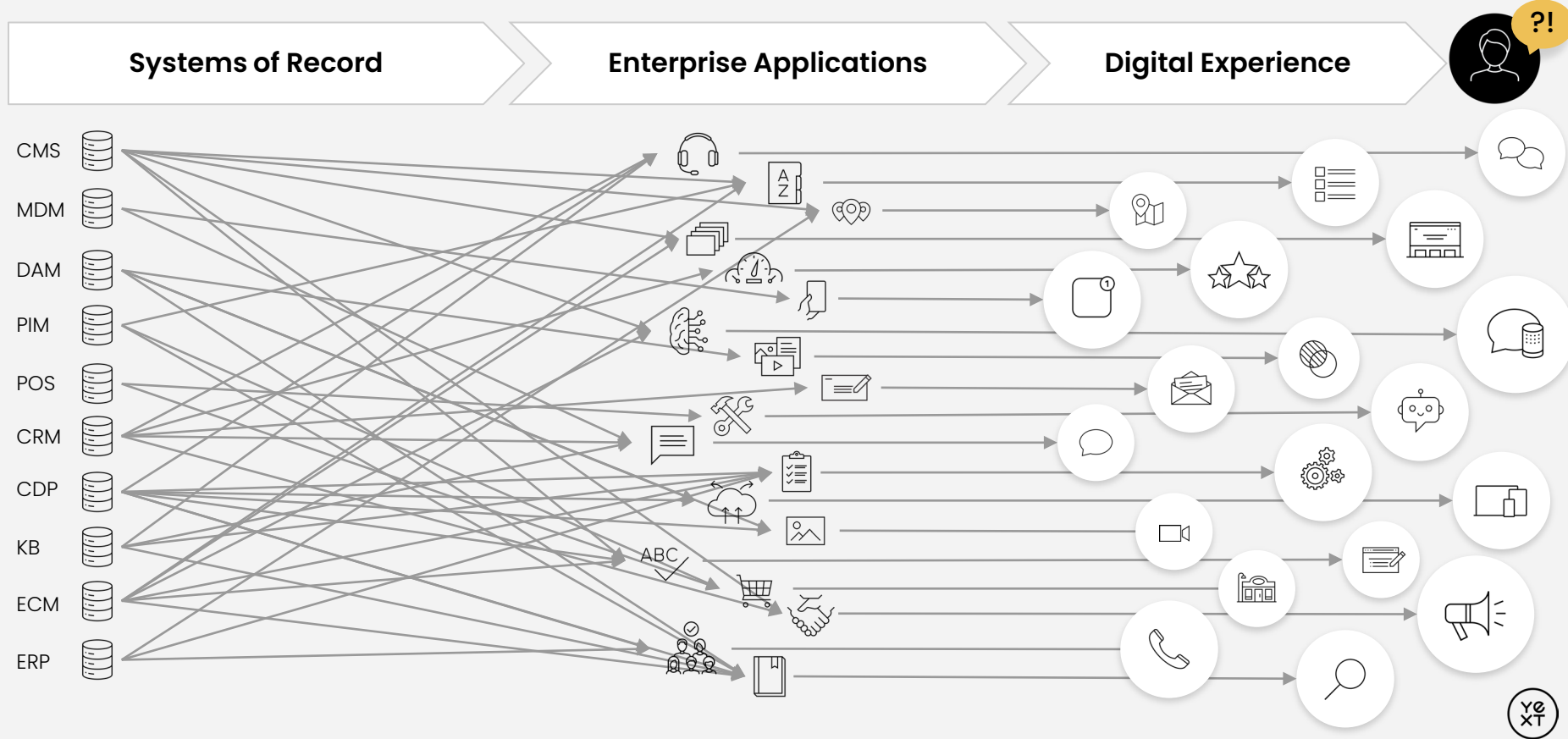


The Answers Problem

Customers, employees, and partners are asking questions about your business every day all over the digital ecosystem



Answering these questions is hard for any business



Yext collects and organizes your content, then leverages the Answers Platform to create a seamless digital experience

Collect

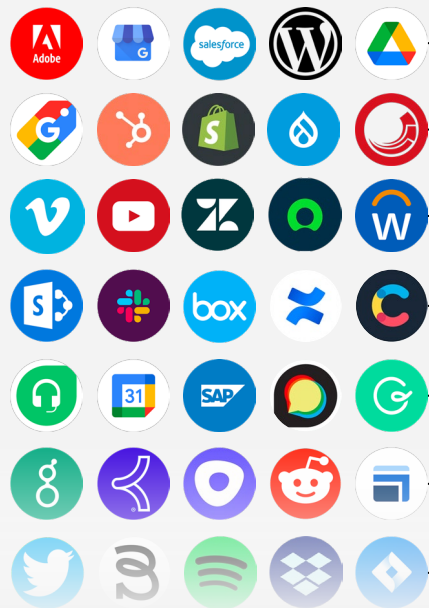
Information from across the enterprise

Organize

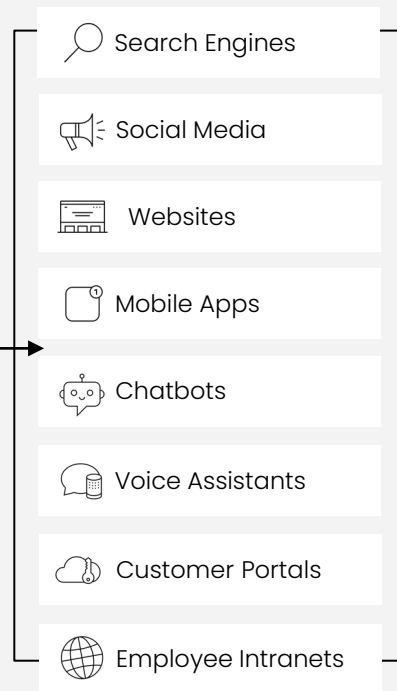
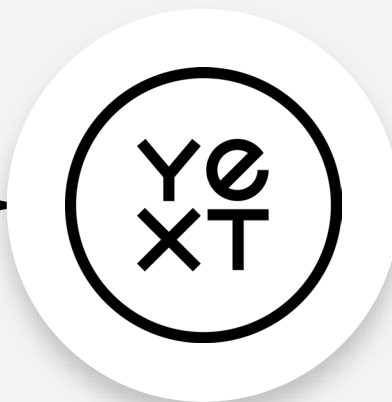
Content into a knowledge graph

Deliver

Relevant, actionable answers — everywhere



and more



Trusted by thousands of businesses for over 15 years

Food & Hospitality



Telecommunications



Retail & CPG/DTC



Public Sector



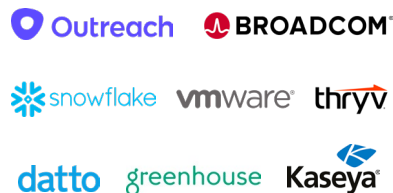
Healthcare



Financial Services



High Tech



Alliances



Top brands see incredible results with Yext

SAMSUNG

45%

Increase in Net Promoter Score (NPS)

COX

51%

Increase in Conversion Rate

FedEx
Express

97%

Increase in 5-star Reviews

CASIO

3x

Higher Conversion Rate

Häagen-Dazs

75%

Growth in Website Clicks

 **OhioHealth**

78%

Increase in Click-Through Rate

People's United Bank

70%

Reduction in Unnecessary Support Call Volume

FAZOLI'S

3.6x

Growth in Online Sales

 **Cherry Creek**
MORTGAGE

262%

Increase in Website Clicks

VRG

VILLA RESTAURANT GROUP

186%

Increase in Website Clicks

 **The Prisoner**
WINE CO.

107%

Increase in Online Transactions

cicis

75%

Increase in Organic Mobile Traffic

3

42%

Reduction in Online Support Contacts

FIRST first financial bank

27%

Clickthrough Rate in Search Results

 **Steward**

51%

Increase in Listings Clicks

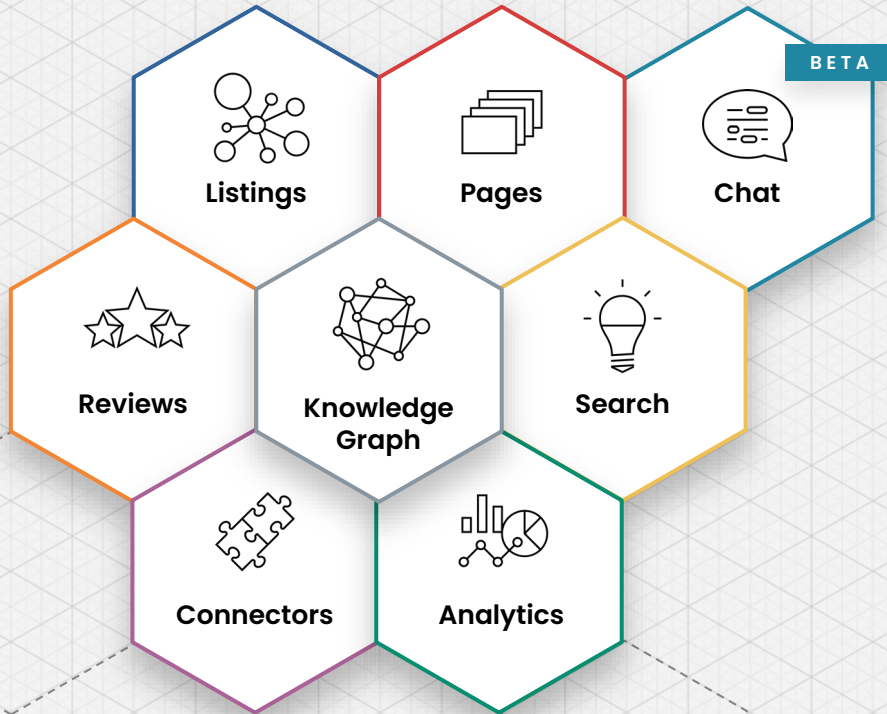
Our Platform & Solutions

The Answers Platform

An API-first, composable approach to building digital experiences

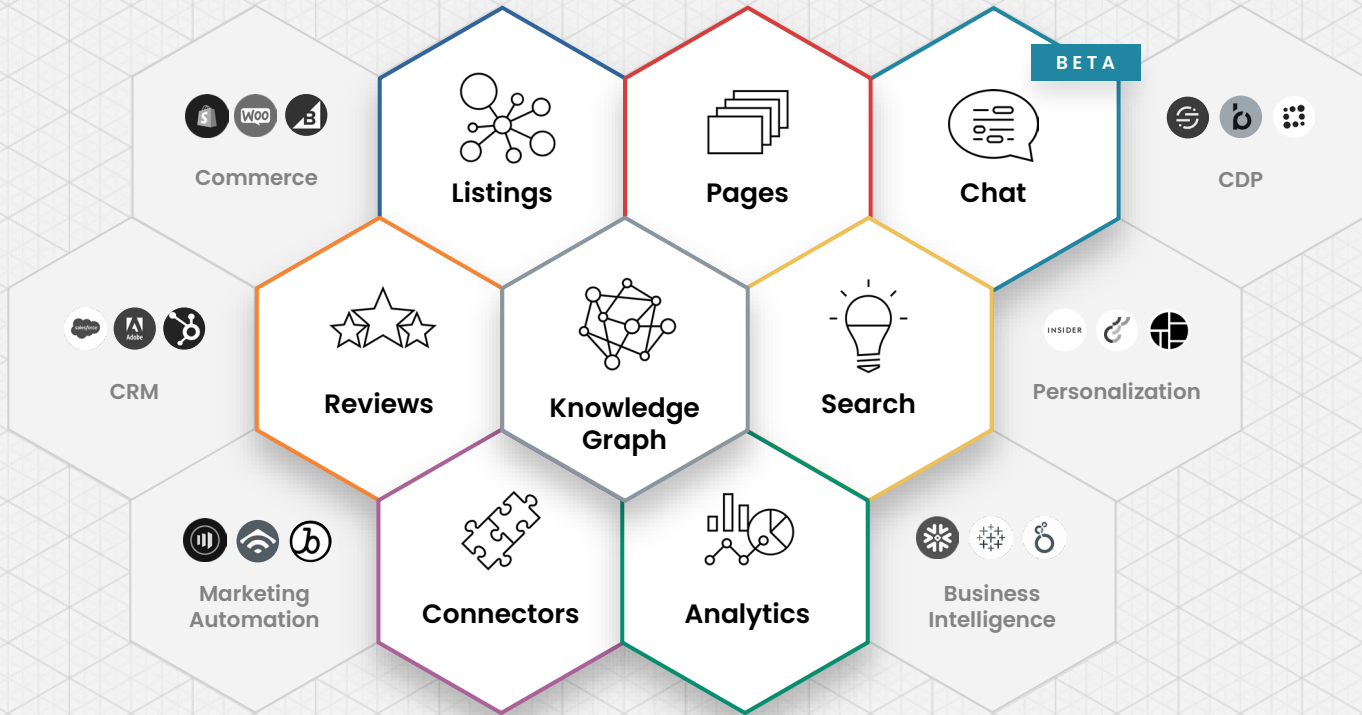
PLATFORM INFRASTRUCTURE:

AI & Machine Learning
App Directory
Users, Roles, & Permissions
Global Serving Regions & CDN
Cloud Security & Compliance

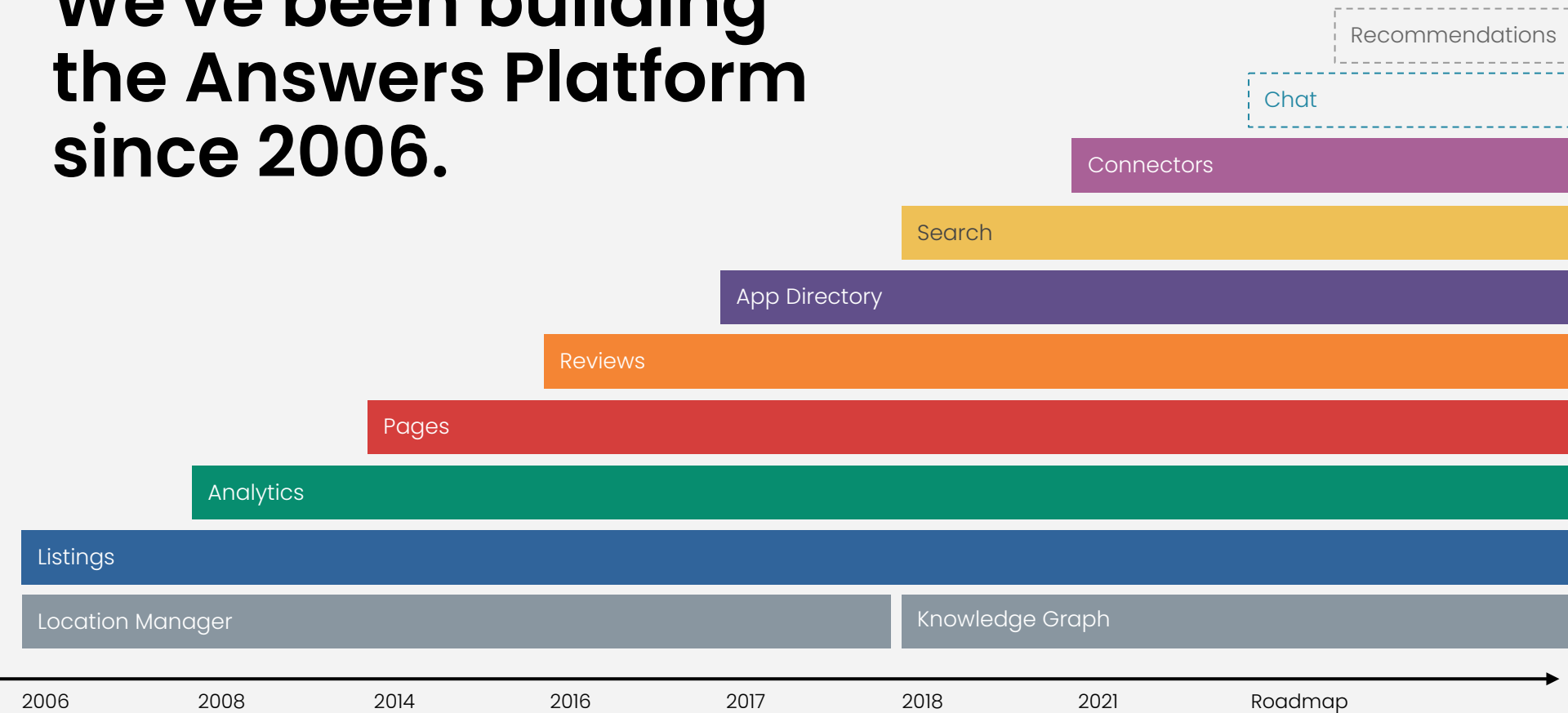


Build on Yext — your way

Choose any combination of products and iterate as your needs change



We've been building the Answers Platform since 2006.

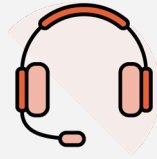


Flexible, pre-packaged solutions for every business need



Marketing Solutions

Delight customers and drive revenue



Support Solutions

Empower customers and agents to self-serve



Commerce Solutions

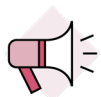
Supercharge discovery and conversion



Workplace Solutions

Boost employee productivity and satisfaction

Deliver value across your organization



Marketing

More Conversions

70% of consumers are willing to spend more with a brand that delivers a great digital experience across channels*



Support

Lower Costs

64% of consumers prefer to resolve their issues independently without having to contact support*



Commerce

Higher CLTV

75% of consumers are more likely to stay loyal to a brand that provides a consistent digital experience across channels*



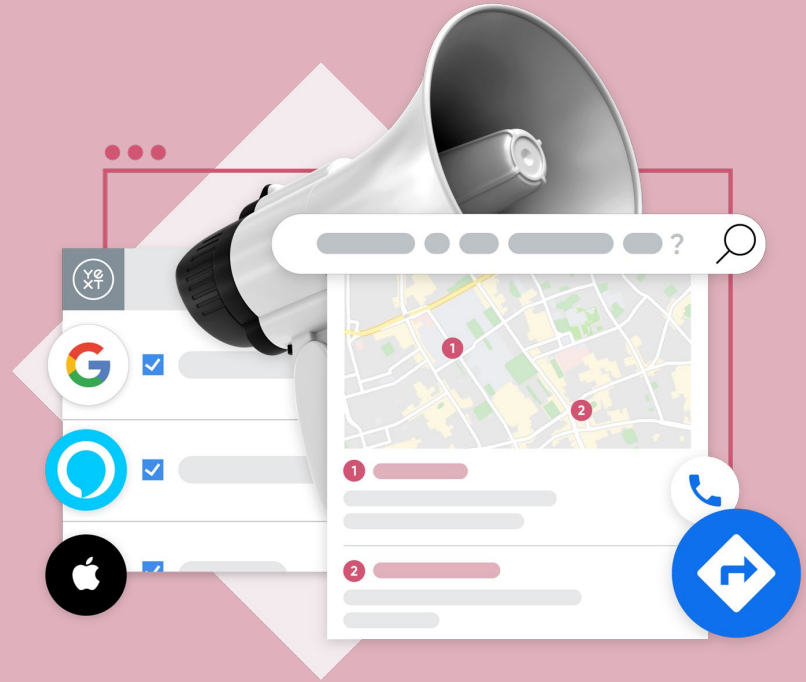
Workplace

Increased Efficiency

82% of employees feel more satisfied and productive when they have fast, reliable access to relevant information*

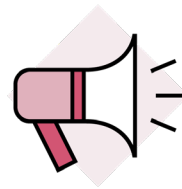
Marketing Solutions

Answer questions at every stage of the customer journey



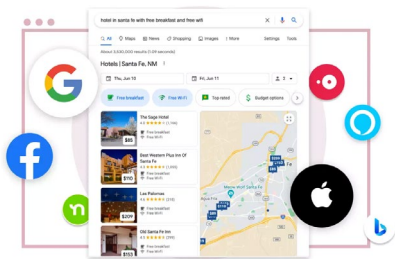
Marketing Solutions

Answer questions at every stage of the customer journey.



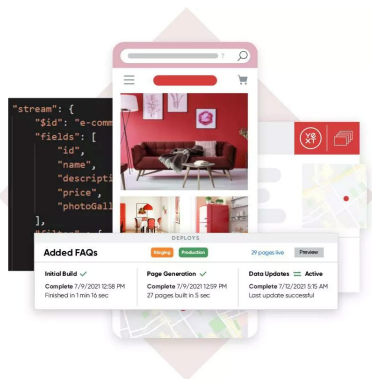
Location Listings

3rd-party listings on over 250 global publishers



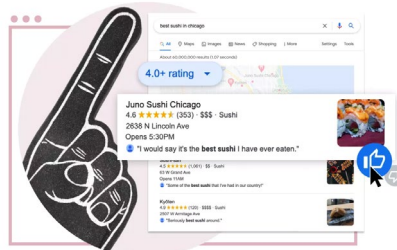
Location Pages

Landing pages built for conversion and scale



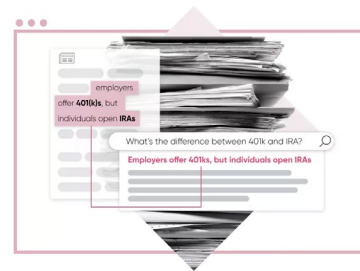
Reputation Management

A centralized dashboard for customer feedback



Site Search

AI-powered search for your website or apps



Support Solutions

Answer every customer and agent question



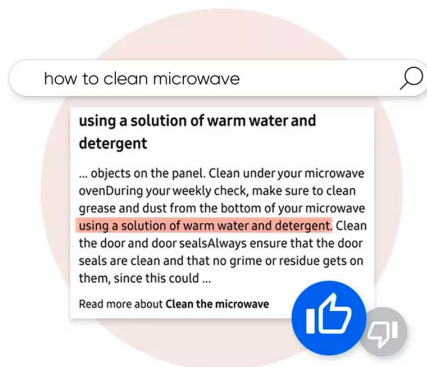
Support Solutions

Answer every customer and agent question.



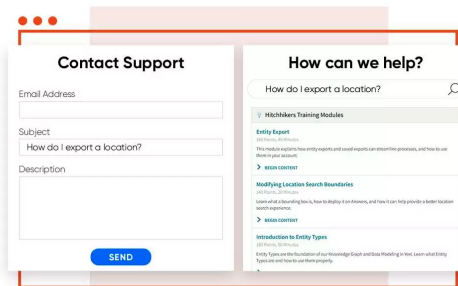
Help Site Search

AI-powered search for your public help site



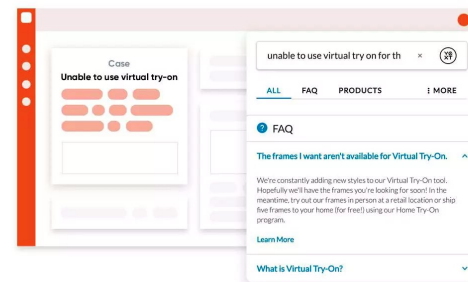
Case Form Deflection

Recommended content to prevent case submissions



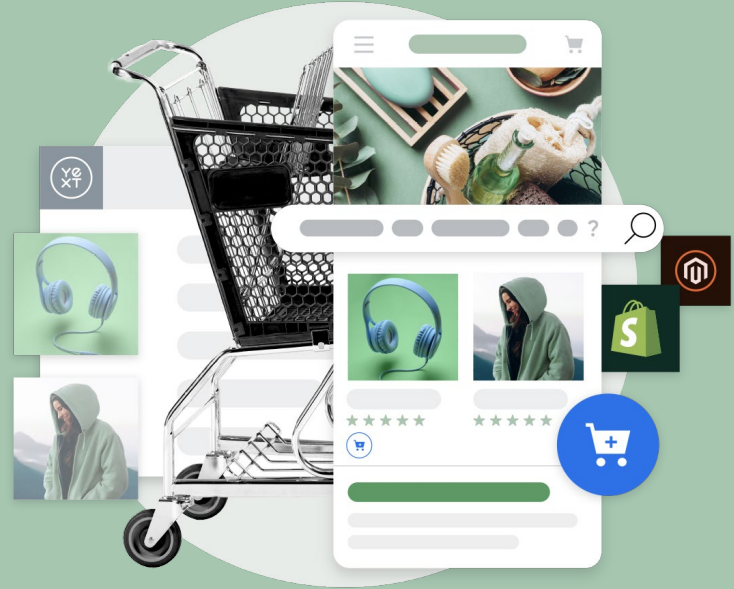
Agent Desktop Search

AI-powered search for your internal agent portal



Commerce Solutions

Answer questions at every stage of the customer journey



Commerce Solutions

Answer questions at every stage of the customer journey



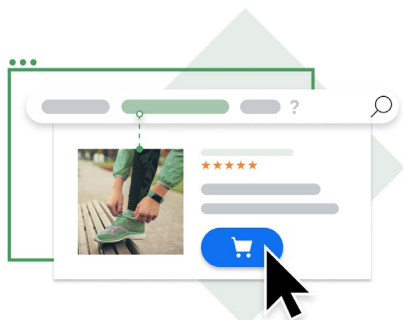
Landing Pages

Landing pages built for conversion and scale



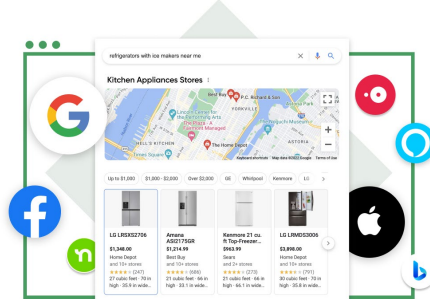
eCommerce Search

AI-powered product discovery suite for your eCommerce store



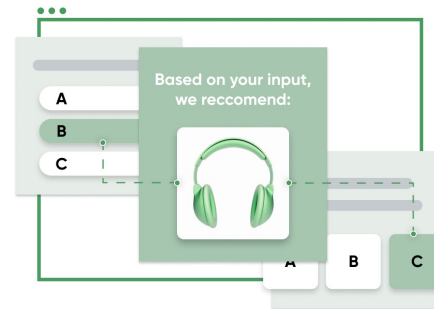
Where to Buy

Product locator that helps customers find products in-store and online



Guided Buying Flow

AI-powered Product Finder Quizzes that recommend products and drive sales



The Yext Knowledge Graph

PURPOSE-BUILT FOR:



Websites



Search Engines



Social Media



Mobile Apps



Chatbots



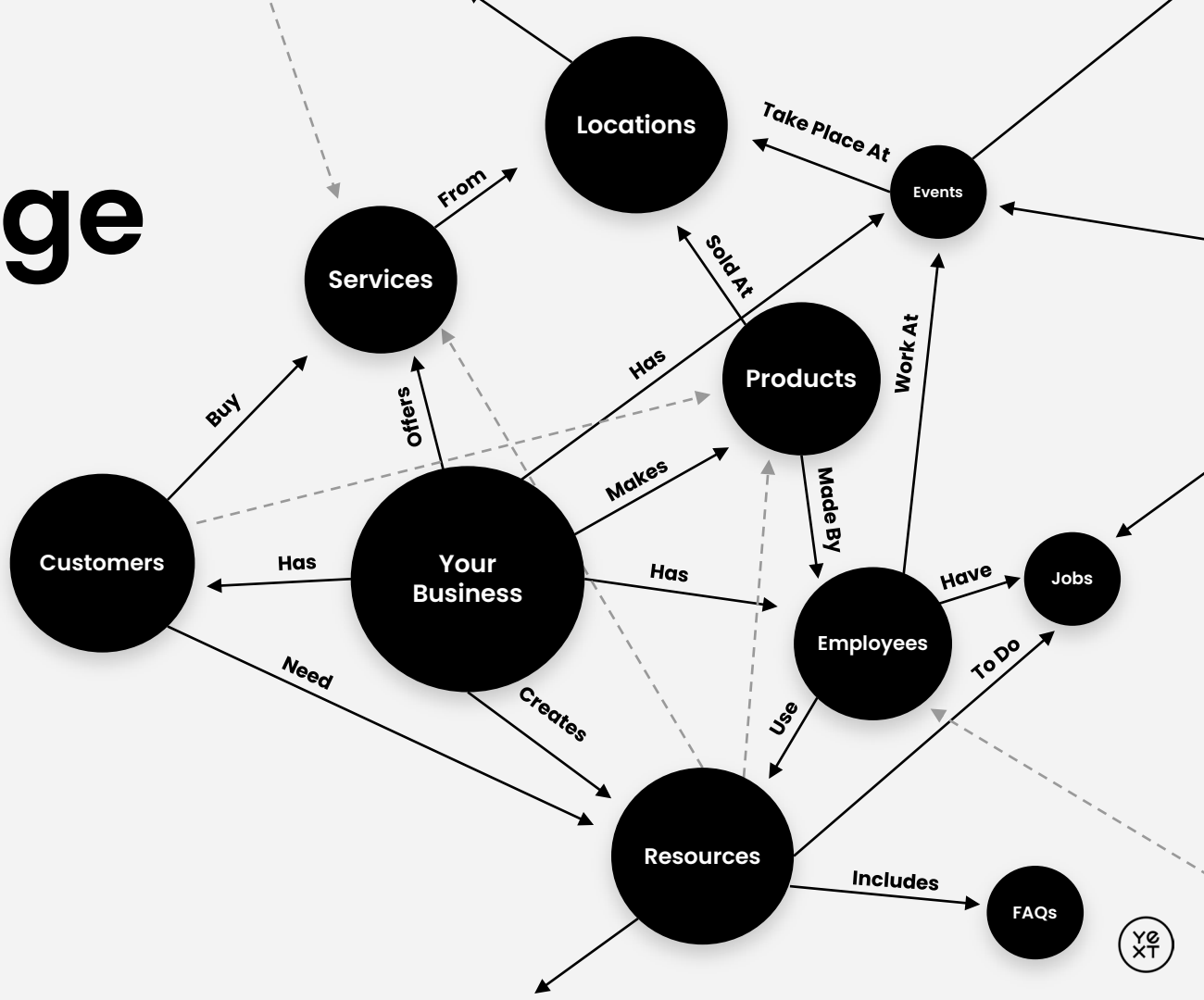
Voice Assistants



Customer Portals



Employee Intranets



Easily Add Your Data to the Knowledge Graph

Yext has a number of options to index data. Choose the option(s) that best fit your business*

Pre-Built Integrations



Pre-built third party partnerships make it easy to input your data

Site Crawler



Scan your website to digest content and make it searchable

Bulk Upload



Govern your data management process with file uploads

REST APIs



Control development by building to our APIs with your resources

Custom Sources



Define your own FTP, API, or function-based data automations

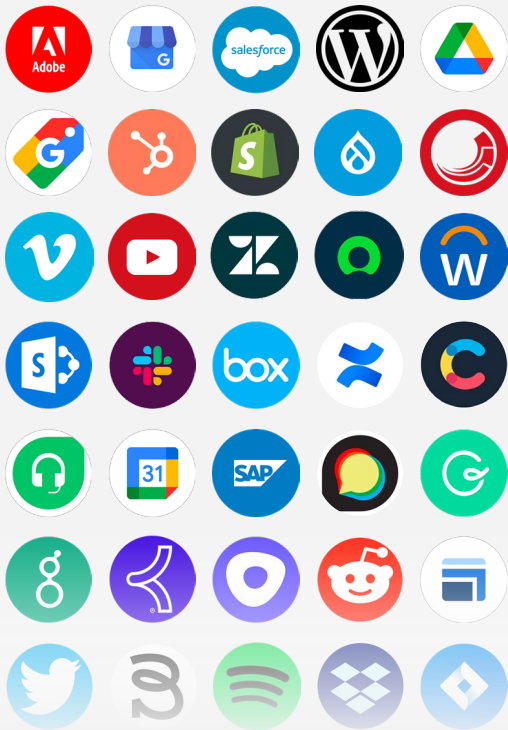
*Integration options may vary depending on package. See the [Feature Description](#) for details.



The industry's largest network of direct integrations

Connectors

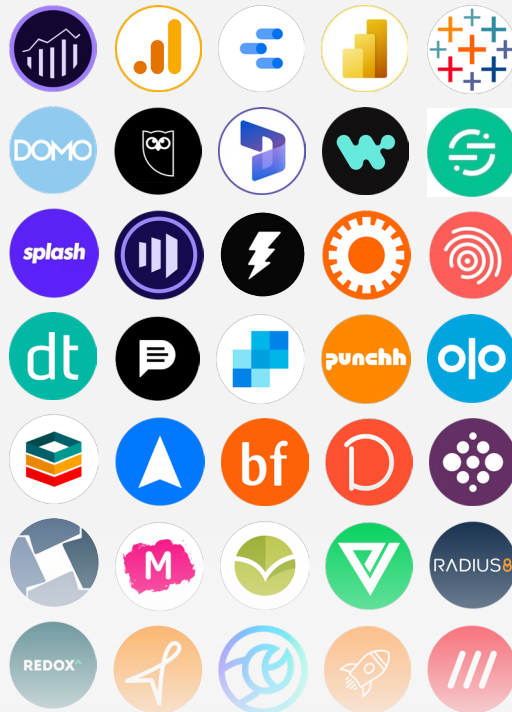
Quickly add content to your knowledge graph



and more

Apps

Seamlessly integrate with your existing tech stack



and more

Publishers

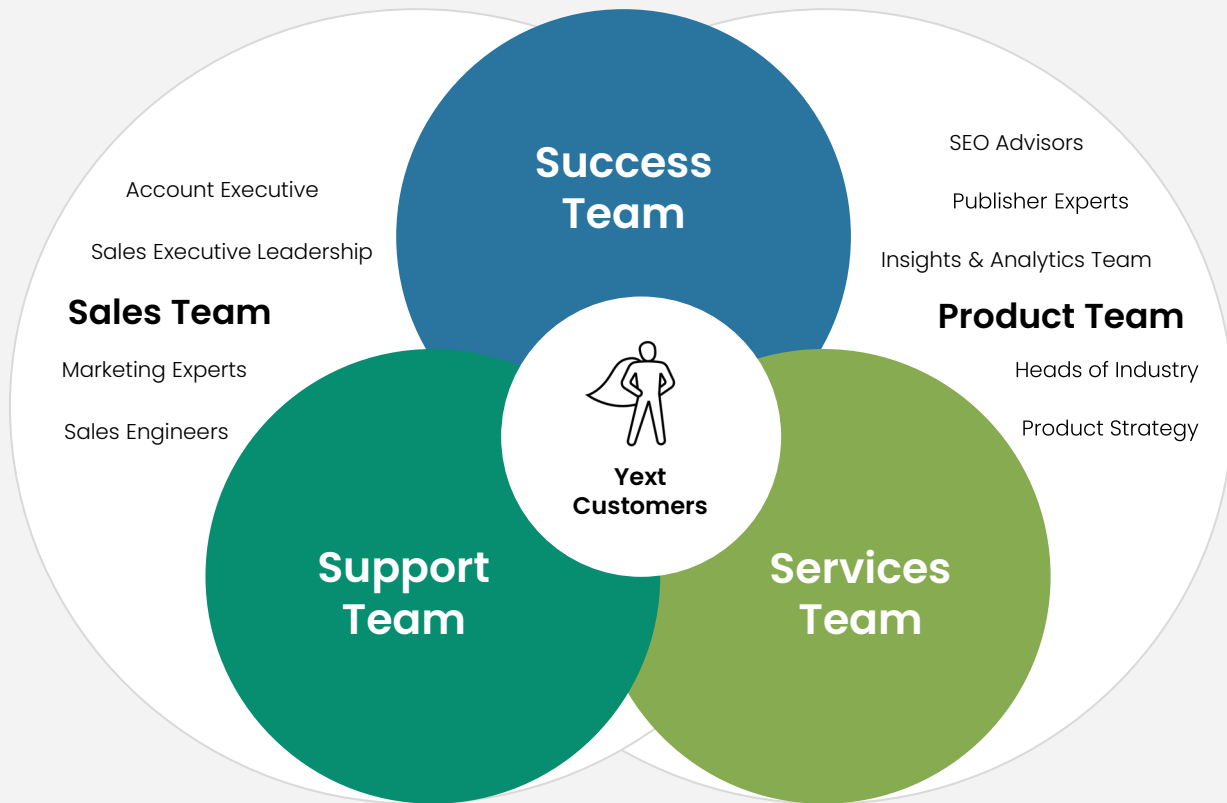
Sync data to a global network of 250+ publishers



and more

Yext Teams

Our customers have access to resources & experts across Yext



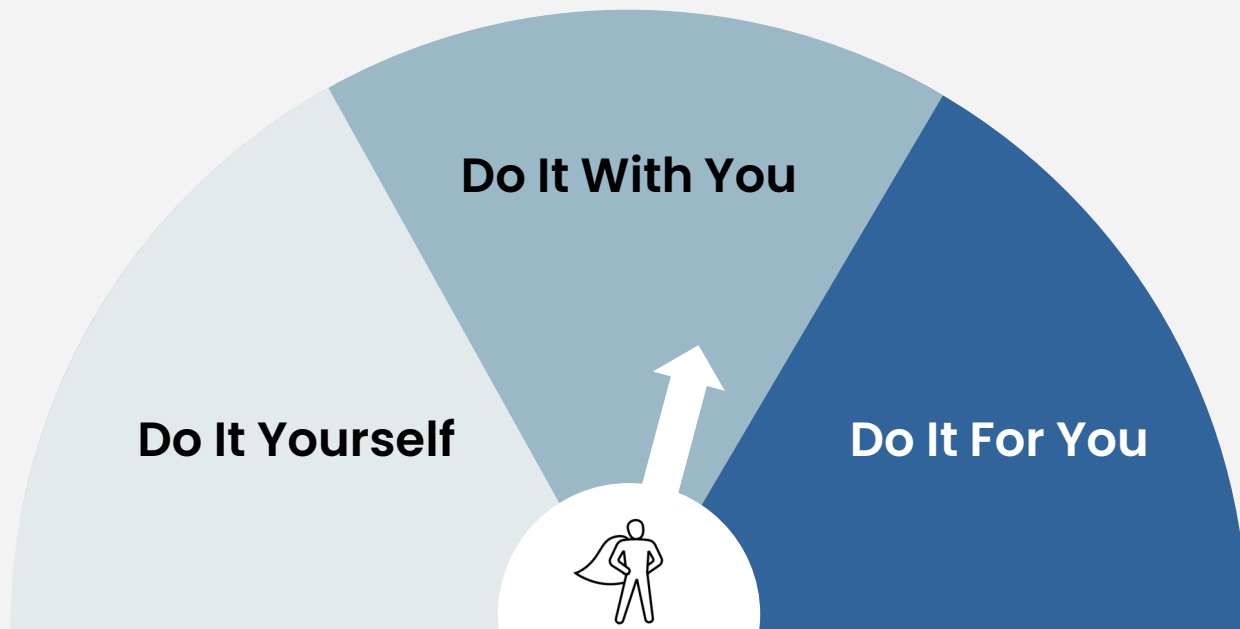
Customer Success Model

Our model is flexible to deliver the right service at the right time

Leverage **Hitchhikers**  training, documentation, and community support

Advice and guidance, troubleshooting, and enhanced support

Full implementation, maintenance, and optimization





Hitchhikers

Training Platform + Community

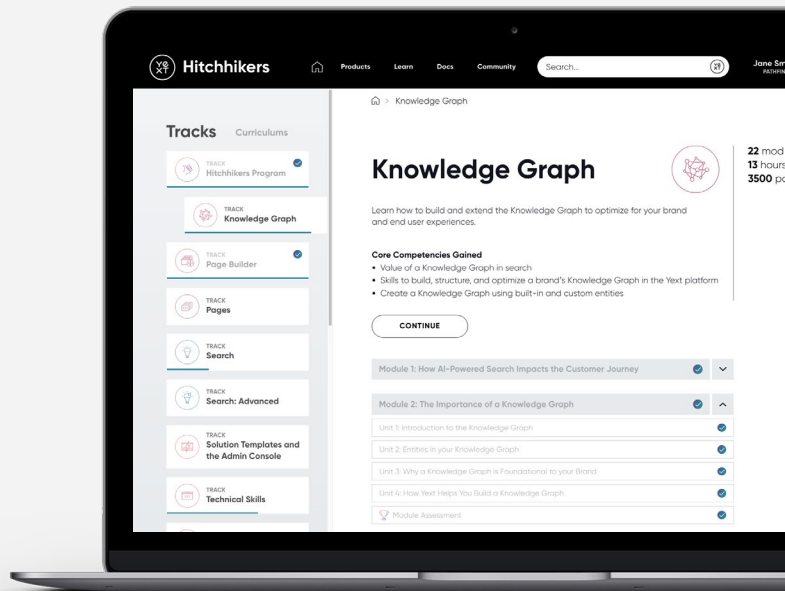


- Self-serve training
- Hands-on challenges & quizzes
- Badges to promote your expertise

+



- Network of peers around the globe
- Ask questions & learn best practices
- Exclusive events, blogs, and resources



Yext has delivered answers around the globe since 2006

More than
500

Million Facts

Managed Worldwide

Founded in 2006

192 Countries

With Active Licenses

17

Issued
US Patents

YEXT
LISTED
NYSE



- 1  New York (HQ)
- 2  Berlin
- 3  Chicago
- 4  DC Metro
- 5  Hyderabad
- 6  London
- 7  Milan
- 8  Munich
- 9  Paris
- 10  Tokyo

Thousands of happy customers



"Best in Class"



"Powerful and Easy to Use"



"Yext is AMAZING!"



"Yext - Truly a Gamechanger"

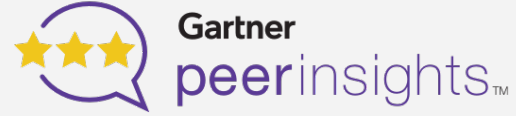


"A Partner, Not Just a Vendor"



"Outstanding Customer Service"







Appendix



Fiscal Year 2024 Outlook

	Projected Q1 FY24*	Projected FY24*
Revenue Range (\$ millions)	\$98.0 to \$99.0	\$402.0 to \$406.0
Adjusted EBITDA (\$ millions)	\$10.5 to \$11.5	\$44.0 to \$46.0
Non-GAAP Net Income Per Share	\$0.05 to \$0.06	\$0.22 to \$0.23
Weighted-average basic shares outstanding (millions)	122.9	124.5

*As of March 7, 2023



Balance Sheet

	January 31, 2023	January 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 190,214	\$ 261,210
Accounts receivable, net of allowances of \$868 and \$2,042, respectively	109,727	101,607
Prepaid expenses and other current assets	15,629	13,538
Costs to obtain revenue contracts, current	31,023	33,998
Total current assets	346,593	410,353
Property and equipment, net	62,071	74,604
Operating lease right-of-use assets	85,463	97,124
Costs to obtain revenue contracts, non-current	21,037	27,286
Goodwill	4,477	4,572
Intangible assets, net	193	217
Other long term assets	3,927	6,179
Total assets	\$ 523,761	\$ 620,335

In thousands; unaudited



Balance Sheet

	January 31, 2023	January 31, 2022
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable, accrued expenses and other current liabilities	\$ 49,017	\$ 48,432
Unearned revenue, current	223,706	223,427
Operating lease liabilities, current	18,155	18,845
Total current liabilities	290,878	290,704
Operating lease liabilities, non-current	100,534	113,776
Other long term liabilities	4,326	3,985
Total liabilities	395,738	408,465
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value per share; 50,000,000 shares authorized at January 31, 2023 and January 31, 2022; zero shares issued and outstanding at January 31, 2023 and January 31, 2022	—	—
Common stock, \$0.001 par value per share; 500,000,000 shares authorized at January 31, 2023 and January 31, 2022; 142,684,128 and 137,662,320 shares issued at January 31, 2023 and January 31, 2022, respectively; 122,334,515 and 131,156,986 shares outstanding at January 31, 2023 and January 31, 2022, respectively	142	137
Additional paid-in capital	897,368	834,429
Accumulated other comprehensive loss	(3,617)	(187)
Accumulated deficit	(676,542)	(610,604)
Treasury stock, at cost	(89,328)	(11,905)
Total stockholders' equity	128,023	211,870
Total liabilities and stockholders' equity	\$ 523,761	\$ 620,335

In thousands, except share and per share data; unaudited



Income Statement

	Three months ended January 31,		Fiscal year ended January 31,	
	2023	2022	2023	2022
Revenue	\$ 101,899	\$ 100,932	\$ 400,850	\$ 390,577
Cost of revenue	26,487	24,575	103,960	98,299
Gross profit	75,412	76,357	296,890	292,278
Operating expenses:				
Sales and marketing	47,235	58,175	211,479	230,467
Research and development	17,133	18,007	70,903	68,350
General and administrative	18,717	22,136	79,336	83,420
Total operating expenses	83,085	98,318	361,718	382,237
Loss from operations	(7,673)	(21,961)	(64,828)	(89,959)
Interest income	887	7	1,684	22
Interest expense	(106)	(141)	(589)	(544)
Other expense, net	(236)	(483)	(125)	(1,501)
Loss from operations before income taxes	(7,128)	(22,578)	(63,858)	(91,982)
Provision for income taxes	(670)	(532)	(2,080)	(1,277)
Net loss	\$ (7,798)	\$ (23,110)	\$ (65,938)	\$ (93,259)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.06)	\$ (0.18)	\$ (0.53)	\$ (0.73)
Weighted-average number of shares used in computing net loss per share attributable to common stockholders, basic and diluted	122,315,825	130,328,155	125,250,723	127,814,447
Other comprehensive (loss) income:				
Foreign currency translation adjustment	\$ 3,127	\$ (1,370)	\$ (3,421)	\$ (2,609)
Unrealized gain (loss) on marketable securities, net	7	—	(9)	—
Total comprehensive loss	\$ (4,664)	\$ (24,480)	\$ (69,368)	\$ (95,868)

In thousands, except share and per share data; unaudited



Cash Flow Statement

	Fiscal year ended January 31,	
	2023	2022
Operating activities:		
Net loss	\$ (65,938)	\$ (93,259)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization expense	17,583	16,783
Bad debt expense	182	1,253
Stock-based compensation expense	63,078	73,480
Amortization of operating lease right-of-use assets	8,799	9,296
Other, net	1,195	582
Changes in operating assets and liabilities:		
Accounts receivable	(10,056)	(6,106)
Prepaid expenses and other current assets	(2,303)	4,238
Costs to obtain revenue contracts	8,034	(9,113)
Other long term assets	1,140	(231)
Accounts payable, accrued expenses and other current liabilities	2,714	(494)
Unearned revenue	3,538	33,262
Operating lease liabilities	(10,986)	(6,644)
Other long term liabilities	873	(1,198)
Net cash provided by operating activities	17,853	21,849

In thousands; unaudited



Cash Flow Statement

	Fiscal year ended January 31,	
	2023	2022
Investing activities:		
Capital expenditures	(6,193)	(13,418)
Net cash used in investing activities	(6,193)	(13,418)
Financing activities:		
Proceeds from exercise of stock options	714	19,228
Repurchase of common stock	(77,250)	—
Payments for taxes related to net share settlement of stock-based compensation awards	(5,129)	—
Payments of deferred financing costs	(509)	(263)
Proceeds, net from employee stock purchase plan withholdings	3,153	5,652
Net cash (used in) provided by financing activities	(79,021)	24,617
Effect of exchange rate changes on cash and cash equivalents	(3,635)	(2,249)
Net (decrease) increase in cash and cash equivalents	(70,996)	30,799
Cash and cash equivalents at beginning of period	261,210	230,411
Cash and cash equivalents at end of period	\$ 190,214	\$ 261,210

In thousands; unaudited



Supplemental Information

Annual Recurring Revenue

Direct Customers

Third-Party Reseller Customers

Total Annual Recurring Revenue

January 31,		Variance	
2023	2022	Dollars	Percent
\$ 327,017	\$ 312,132	\$ 14,885	5 %
73,343	78,353	(5,010)	(6)%
\$ 400,360	\$ 390,485	\$ 9,875	3 %

Annual Recurring Revenue Trend

Direct Customers

Third-Party Reseller Customers

Total Annual Recurring Revenue

Jan. 31, 2023	Oct. 31, 2022	Jul. 31, 2022	Apr. 30, 2022	Jan. 31, 2022
\$ 327,017	\$ 317,280	\$ 312,129	\$ 310,312	\$ 312,132
73,343	72,258	74,857	76,671	78,353
\$ 400,360	\$ 389,538	\$ 386,986	\$ 386,983	\$ 390,485

Dollar-Based Net Retention Rate

Direct Customers

Third-Party Reseller Customers

Total Customers

Jan. 31, 2023	Oct. 31, 2022	Jul. 31, 2022	Apr. 30, 2022	Jan. 31, 2022	Oct. 31, 2021	Jul. 31, 2021	Apr. 30, 2021
97%	96%	98%	98%	101%	101%	100%	103%
92%	89%	90%	94%	101%	103%	98%	97%
96%	94%	96%	97%	101%	101%	100%	101%

In thousands; unaudited
Note: Numbers rounded for presentation purposes and may not sum.



Non-GAAP Reconciliation

	Three months ended January 31,		Fiscal year ended January 31,	
	2023	2022	2023	2022
GAAP net loss to Adjusted EBITDA:				
GAAP net loss	\$ (7,798)	\$ (23,110)	\$ (65,938)	\$ (93,259)
Interest (income) expense	(781)	134	(1,095)	522
Provision for income taxes	670	532	2,080	1,277
Depreciation and amortization	4,486	4,292	17,583	16,783
Other expense (income)	236	483	125	1,501
Stock-based compensation expense	14,088	19,025	63,078	73,480
Adjusted EBITDA	<u>\$ 10,901</u>	<u>\$ 1,356</u>	<u>\$ 15,833</u>	<u>\$ 304</u>

In thousands; unaudited
Note: Numbers rounded for presentation purposes and may not sum.



Non-GAAP Reconciliation

Three months ended January 31, 2023			
<u>Costs and expenses</u>	GAAP	Stock-Based Compensation Expense	Non-GAAP
Cost of revenue	\$ 26,487	\$ (1,143)	\$ 25,344
Sales and marketing	\$ 47,235	\$ (5,004)	\$ 42,231
Research and development	\$ 17,133	\$ (3,733)	\$ 13,400
General and administrative	\$ 18,717	\$ (4,208)	\$ 14,509

Three months ended January 31, 2022			
<u>Costs and expenses</u>	GAAP	Stock-Based Compensation Expense	Non-GAAP
Cost of revenue	\$ 24,575	\$ (1,502)	\$ 23,073
Sales and marketing	\$ 58,175	\$ (6,861)	\$ 51,314
Research and development	\$ 18,007	\$ (5,369)	\$ 12,638
General and administrative	\$ 22,136	\$ (5,293)	\$ 16,843

In thousands; unaudited
Note: Numbers rounded for presentation purposes and may not sum.



Non-GAAP Reconciliation

Fiscal year ended January 31, 2023			
<u>Costs and expenses</u>	GAAP	Stock-Based Compensation Expense	Non-GAAP
Cost of revenue	\$ 103,960	\$ (5,042)	\$ 98,918
Sales and marketing	\$ 211,479	\$ (22,961)	\$ 188,518
Research and development	\$ 70,903	\$ (16,401)	\$ 54,502
General and administrative	\$ 79,336	\$ (18,674)	\$ 60,662

Fiscal year ended January 31, 2022			
<u>Costs and expenses</u>	GAAP	Stock-Based Compensation Expense	Non-GAAP
Cost of revenue	\$ 98,299	\$ (7,099)	\$ 91,200
Sales and marketing	\$ 230,467	\$ (26,496)	\$ 203,971
Research and development	\$ 68,350	\$ (20,654)	\$ 47,696
General and administrative	\$ 83,420	\$ (19,231)	\$ 64,189

In thousands; unaudited
Note: Numbers rounded for presentation purposes and may not sum.



Non-GAAP Reconciliation

	Three months ended January 31,		Fiscal year ended January 31,	
	2023	2022	2023	2022
<u>Gross profit</u>				
GAAP gross profit	\$ 75,412	\$ 76,357	\$ 296,890	\$ 292,278
Plus: Stock-based compensation expense	1,143	1,502	5,042	7,099
Non-GAAP gross profit	<u>\$ 76,555</u>	<u>\$ 77,859</u>	<u>\$ 301,932</u>	<u>\$ 299,377</u>
<u>Operating expenses</u>				
GAAP operating expenses	\$ 83,085	\$ 98,318	\$ 361,718	\$ 382,237
Less: Stock-based compensation expense	(12,945)	(17,523)	(58,036)	(66,381)
Non-GAAP operating expenses	<u>\$ 70,140</u>	<u>\$ 80,795</u>	<u>\$ 303,682</u>	<u>\$ 315,856</u>
<u>Loss from operations</u>				
GAAP loss from operations	\$ (7,673)	\$ (21,961)	\$ (64,828)	\$ (89,959)
Plus: Stock-based compensation expense	14,088	19,025	63,078	73,480
Non-GAAP income (loss) from operations	<u>\$ 6,415</u>	<u>\$ (2,936)</u>	<u>\$ (1,750)</u>	<u>\$ (16,479)</u>

In thousands; unaudited
Note: Numbers rounded for presentation purposes and may not sum.



Non-GAAP Reconciliation

	Three months ended January 31,	
	2023	2022
GAAP net loss	\$ (7,798)	\$ (23,110)
Plus: Stock-based compensation expense	14,088	19,025
Non-GAAP net income (loss)	\$ 6,290	\$ (4,085)
GAAP net loss per share attributable to common stockholders, basic and diluted	\$ (0.06)	\$ (0.18)
Stock-based compensation expense per share	0.11	0.15
Non-GAAP net income (loss) per share attributable to common stockholders, basic and diluted	\$ 0.05	\$ (0.03)
Weighted-average number of shares used in computing GAAP net loss per share attributable to common stockholders, basic and diluted	122,315,825	130,328,155
Weighted-average number of shares used in computing non-GAAP net income (loss) per share attributable to common stockholders		
Basic	122,315,825	130,328,155
Diluted	124,199,432	130,328,155

In thousands, except share and per share data; unaudited
Note: Numbers rounded for presentation purposes and may not sum.



Non-GAAP Reconciliation

	Fiscal year ended January 31,	
	2023	2022
GAAP net loss	\$ (65,938)	\$ (93,259)
Plus: Stock-based compensation expense	63,078	73,480
Non-GAAP net loss	<u>\$ (2,860)</u>	<u>\$ (19,779)</u>
GAAP net loss per share attributable to common stockholders, basic and diluted	\$ (0.53)	\$ (0.73)
Stock-based compensation expense per share	0.51	0.58
Non-GAAP net loss per share attributable to common stockholders, basic and diluted	<u>\$ (0.02)</u>	<u>\$ (0.15)</u>
Weighted-average number of shares used in computing net loss per share attributable to common stockholders, basic and diluted	<u>125,250,723</u>	<u>127,814,447</u>

In thousands, except share and per share data; unaudited
Note: Numbers rounded for presentation purposes and may not sum.



Non-GAAP Reconciliation

	Three months ended January 31,		Growth Rates
	2023	2022	
<u>Constant Currency Revenue</u>			
Revenue (GAAP)	\$ 101,899	\$ 100,932	1 %
Effects of foreign currency rate fluctuations	2,326		
Revenue on a constant currency basis (Non-GAAP)	<u>\$ 104,225</u>		3 %
	Fiscal year ended January 31,		Growth Rates
	2023	2022	
Revenue (GAAP)	\$ 400,850	\$ 390,577	3 %
Effects of foreign currency rate fluctuations	10,232		
Revenue on a constant currency basis (Non-GAAP)	<u>\$ 411,082</u>		5 %

In thousands; unaudited
Note: Numbers rounded for presentation purposes and may not sum.

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 tables include non-GAAP cost of revenue, non-GAAP gross profit, non-GAAP operating expenses (sales and marketing, research and development, general and administrative), non-GAAP income (loss) from operations, non-GAAP net income (loss), and non-GAAP net income (loss) per share, 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 net income (loss) per share is defined as non-GAAP net income (loss) on a per share basis. See "Non-GAAP Reconciliation" slides above for a discussion of the applicable weighted-average shares outstanding.

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. 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 also discuss Adjusted EBITDA, a non-GAAP financial measure that we believe offers a useful view of overall operations used to assess the performance of core business operations and for planning purposes. We define Adjusted EBITDA as net income(loss) before (1) interest income (expense), net, (2) provision for income taxes, (3) depreciation and amortization, (4) other income (expense), net, and (5) stock-based compensation expense. The most directly comparable GAAP financial measure to Adjusted EBITDA is net loss. Users should consider the limitations of using Adjusted EBITDA, including the fact that this measure does not provide a complete measure of our operating performance. Adjusted EBITDA is not intended to purport to be an alternative to net loss as a measure of operating performance.

In addition, we present non-GAAP constant currency measures of revenue. Constant currency as it relates to revenue provides a framework for assessing Company performance which exclude the effect of foreign currency rate fluctuations. Current period results for entities reporting in currencies other than U.S. Dollars ("USD") are converted into USD at the average monthly exchange rates in effect during the comparative period, as opposed to the average monthly exchange rates in effect during the current period.

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 these 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 non-GAAP guidance measures disclosed on the "Fiscal Year 2024 Outlook" slide above to their corresponding GAAP measures. Information on which these reconciliations would be based on is not available without unreasonable efforts due to the uncertainty and inherent difficulty of predicting within a reasonable range, the timing, occurrence and financial impact of when such items may be recognized. In particular, Adjusted EBITDA excludes certain items including interest income (expense), net, provision for income taxes, depreciation and amortization, other income (expense), net, and stock-based compensation expense, while non-GAAP income (loss) per share excludes stock-based compensation expense.



Operating Metrics

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

Annual recurring revenue, or ARR, for Direct customers is defined as the annualized recurring amount of all contracts in our enterprise, mid-market and small business customer base 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. Contracts include portions of professional services contracts that are recurring in nature.

ARR for Third-party Reseller customers is defined as the annualized recurring amount of all contracts with Third-party Reseller customers 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. The calculation includes the annualized contractual minimum commitment and excludes amounts related to overages above the contractual minimum commitment. Contracts include portions of professional services contracts that are recurring in nature.

Total 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 where relevant, includes the annualized contractual minimum commitment 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-based metrics provides insight into the performance of our recurring revenue business model while mitigating for fluctuations in billing and contract terms.

In addition, we present ARR on a constant currency basis. Constant currency as it relates to ARR provides a framework for assessing Company performance which exclude the effect of foreign currency rate fluctuations. Contracts included in the determination of ARR in the current period are converted into USD at the exchange rates in effect at the end of the comparative period, as opposed to the end of the period exchange rates in effect during the current period.

Dollar-based net retention rate is a metric we use to assess our ability to retain customers and expand the ARR they generate for us. We calculate dollar-based net retention rate by first determining the ARR generated 12 months prior to the end of the current period for a cohort of customers who had active contracts at that time. We then calculate ARR from the same cohort of customers at the end of the current period, which includes customer expansion, contraction and churn. The current period ARR is then divided by the prior period ARR to arrive at our dollar-based net retention rate. The cohorts of customers that we present dollar-based net retention rate for include direct, third-party reseller, and total customers. Direct customers include enterprise, mid-market and small business customers.



