

May 27, 2021



Yext, Inc. Announces First Quarter Fiscal 2022 Results

- Total Customer Count Increased 22% Year-over-Year to Over 2,500**
- First Quarter Revenue Increased 8% Year-over-Year to \$92.0 Million**
- Unearned Revenue Increased 22% Year-over-Year to \$187 Million**
- ARR Increased 14% Year-over-Year to \$370 Million**
- Cash and Cash Equivalents Increased to \$272 Million**
- Issues Guidance for Second Quarter Fiscal 2022**
- Raises Guidance for Full Year Fiscal 2022**

NEW YORK, May 27, 2021 /PRNewswire/ -- Yext, Inc. (NYSE: YEXT), today announced its results for the three months ended April 30, 2021, or the Company's first quarter of fiscal 2022.



"We are kicking off this year with a very strong first quarter," said Howard Lerman, Founder and CEO of Yext. "We continue to grow revenue while increasing our business efficiencies and cash position. We are now expanding our search platform to include support search, and have an incredible roadmap that will allow us to deliver AI search everywhere across the enterprise. Our team is energized, and we're in a great position as the world begins to reopen."

First Quarter Fiscal 2022 Highlights:

- **Revenue** of \$92.0 million, an 8% increase, compared to \$85.4 million reported in the first quarter fiscal 2021.
- **Gross Profit** of \$70.1 million, a 9% increase, compared to \$64.2 million reported in the first quarter fiscal 2021. Gross margin of 76.2%, compared to 75.2% reported in first quarter fiscal 2021.
- **Net Loss and Non-GAAP Net Loss:**
 - Net loss of \$17.6 million, compared to the net loss of \$29.2 million in the first quarter fiscal 2021.
 - Non-GAAP net loss of \$3.0 million, compared to the non-GAAP net loss of \$11.9 million in the first quarter fiscal 2021.
- **Net Loss Per Share and Non-GAAP Net Loss Per Share:**
 - Net loss per share of \$0.14 in the first quarter fiscal 2022, compared to net loss per share of \$0.25 in the first quarter fiscal 2021.
 - Non-GAAP net loss per share of \$0.02 in the first quarter fiscal 2022, compared to non-GAAP net loss per share of \$0.10 in the first quarter fiscal 2021, each on a basic and diluted basis.
 - Net loss per share and non-GAAP net loss per share were based on 125.4 million and 116.6 million weighted-average basic and diluted shares outstanding for the

first quarter fiscal 2022 and fiscal 2021, respectively.

- **Balance Sheet:** Cash and cash equivalents of \$272 million as of April 30, 2021. Unearned revenue of \$187 million as of April 30, 2021, compared to \$153 million as of April 30, 2020.
- **Remaining Performance Obligations ("RPO"):** RPO of \$361 million as of April 30, 2021. RPO expected to be recognized over the next 24 months of \$341 million with the remaining balance expected to be recognized thereafter. RPO does not include amounts under contract subject to certain accounting exclusions.
- **Cash Flow:** Net cash provided by operating activities was \$35.1 million for the three months ended April 30, 2021, compared to net cash used in operating activities of \$0.7 million for the three months ended April 30, 2020.

Readers are encouraged to review the tables labeled "Reconciliation of GAAP to Non-GAAP Financial Measures" at the end of this release.

Recent Business Highlights:

- Launched Support Answers, a suite of enterprise search solutions built for customer support teams.
- Announced a joint digital event with Adobe to share best practices to optimize businesses websites to take place on June 16, 2021.
- Announced its inclusion in Forrester's "Now Tech: Cognitive Search, Q2 2021" research report.
- Announced general availability of Spring '21 Release highlighted by features such as extractive QA, a website crawler, and developer tools for Answers.
- Announced its designation as a leader on the Spring 2021 G2 Grid® from G2.com, Inc. and earned the top distinction in five categories.
- Announced its #Back2Biz campaign, which aims to put businesses at an advantage as COVID restrictions loosen and reopening ramps up.
- Customer count, which excludes our small business and third-party reseller customers, increased 22% year-over-year to over 2,500 as of April 30, 2021.
- Annual recurring revenue, or ARR, increased 14% year-over-year to \$370 million as of April 30, 2021, compared to \$326 million as of April 30, 2020.

Financial Outlook:

Yext is also providing the following guidance for its second fiscal quarter ending July 31, 2021 and the fiscal year ending January 31, 2022.

- Second Quarter Fiscal 2022 Outlook:
 - Revenue is projected to be in the range of \$94 million to \$96 million.
 - Non-GAAP net loss per share is projected to be \$0.09 to \$0.07 which assumes 127.0 million weighted-average basic shares outstanding.
- Full Year Fiscal 2022 Outlook:
 - Revenue is projected to be in the range of \$381 million to \$386 million.
 - Non-GAAP net loss per share is projected to be \$0.22 to \$0.17 which assumes 128.2 million weighted-average basic shares outstanding.

Conference Call Information

Yext will host a conference call today at 4:30 P.M. Eastern Time (1:30 P.M. Pacific Time) to

discuss its financial results with the investment community. A live webcast of the call will be available on the Yext Investor Relations website at <http://investors.yext.com>. A live dial-in is available domestically at (877) 883-0383 and internationally at (412) 902-6506, passcode 2319909.

A replay will be available domestically at (877) 344-7529 or internationally at (412) 317-0088, passcode 10156235, until midnight (ET) June 3, 2021.

About Yext

Yext (NYSE: YEXT) is the AI Search Company and is on a mission to transform the enterprise with AI search. With the explosion of information and data online, search has never been more important. However, while the world of consumer search has innovated over time, enterprise search has not. In fact, the majority of enterprise search is powered by outdated keyword search technology that only scans for keywords and delivers a list of hyperlinks rather than actually answering questions.

Yext, the AI Search Company, offers a modern, AI-powered Answers Platform that understands natural language so that when people ask questions about a business online they get direct answers – not links. Brands like Verizon, Vanguard, Subway and Marriott — as well as organizations like the U.S. State Department and World Health Organization — trust Yext to radically improve their business with answers-led AI search.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

This release includes forward-looking statements including, but not limited to, statements regarding our revenue, non-GAAP net loss and shares outstanding for our second quarter and full year fiscal 2022 in the paragraphs under "Financial Outlook" above, statements regarding 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, 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 release 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, 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 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, including with Yext Answers; 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 release. 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 release 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.

Non-GAAP Measurements

In addition to disclosing financial measures prepared in accordance with U.S. generally accepted accounting principles (GAAP), this press release and the accompanying tables include non-GAAP cost of revenue, non-GAAP gross profit, non-GAAP gross margin, non-GAAP operating expenses (sales and marketing, research and development, general and administrative), non-GAAP operating expenses (sales and marketing, research and development, general and administrative) as a percentage of revenue, non-GAAP loss from operations, non-GAAP operating margin, non-GAAP net income (loss), non-GAAP net income (loss) per share, non-GAAP net income (loss) as a percentage of revenue, 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, non-GAAP operating margin, and non-GAAP net income (loss) as a percentage of revenue are calculated by dividing the applicable non-GAAP financial measure by revenue. Non-GAAP net income (loss) per share is defined as non-GAAP net income (loss) on a per share basis. See "Reconciliation of GAAP to Non-GAAP Financial Measures" 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. 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, non-GAAP operating margin and non-GAAP net loss as a percentage of revenue, 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 non-GAAP guidance measures disclosed under "Financial Outlook" 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 net loss and non-GAAP net loss per share in conjunction with net loss and net loss per share.

Operating Metrics

This press release also includes 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.

For Further Information Contact:

Investor Relations:

Dominic Paschel

IR@yext.com

Public Relations:

Amanda Kontor

PR@yext.com

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

	<u>April 30, 2021</u>	<u>January 31, 2021</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 272,099	\$ 230,411
Accounts receivable, net of allowances of \$2,246 and \$2,528, respectively	55,512	97,455
Prepaid expenses and other current assets	16,454	17,993
Costs to obtain revenue contracts, current	32,145	30,325
Total current assets	376,210	376,184
Property and equipment, net	81,810	80,344
Operating lease right-of-use assets	102,456	104,844
Costs to obtain revenue contracts, non-current	26,380	22,692
Goodwill	4,828	4,842
Intangible assets, net	616	767
Other long term assets	6,373	6,316
Total assets	<u>\$ 598,673</u>	<u>\$ 595,989</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable, accrued expenses and other current liabilities	\$ 50,885	\$ 54,186
Unearned revenue, current	186,614	191,810
Operating lease liabilities, current	14,285	14,165
Total current liabilities	251,784	260,161
Operating lease liabilities, non-current	120,583	123,584
Other long term liabilities	5,131	5,009
Total liabilities	377,498	388,754
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value per share; 50,000,000 shares authorized at April 30, 2021 and January 31, 2021; zero shares issued and outstanding at April 30, 2021 and January 31, 2021	—	—
Common stock, \$0.001 par value per share; 500,000,000 shares authorized at April 30, 2021 and January 31, 2021; 132,719,885 and 130,494,513 shares issued at April 30, 2021 and January 31, 2021, respectively; 126,214,551 and 123,989,179 shares outstanding at April 30, 2021 and January 31, 2021, respectively	132	130
Additional paid-in capital	765,147	733,933
Accumulated other comprehensive income	2,777	2,422
Accumulated deficit	(534,976)	(517,345)
Treasury stock, at cost	(11,905)	(11,905)
Total stockholders' equity	221,175	207,235
Total liabilities and stockholders' equity	<u>\$ 598,673</u>	<u>\$ 595,989</u>

YEXT, INC.

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

	Three months ended April 30,	
	2021	2020
Revenue	\$ 91,992	\$ 85,351
Cost of revenue	21,854	21,184
Gross profit	70,138	64,167
Operating expenses:		
Sales and marketing	55,166	58,520
Research and development	13,857	14,378
General and administrative	18,347	20,458
Total operating expenses	87,370	93,356
Loss from operations	(17,232)	(29,189)
Interest income	6	468
Interest expense	(132)	(137)
Other expense, net	(86)	(84)
Loss from operations before income taxes	(17,444)	(28,942)
(Provision for) benefit from income taxes	(187)	(282)
Net loss	\$ (17,631)	\$ (29,224)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.14)	\$ (0.25)
Weighted-average number of shares used in computing net loss per share attributable to common stockholders, basic and diluted	125,372,839	116,606,835
Other comprehensive income (loss):		
Foreign currency translation adjustment	\$ 355	\$ (1,333)
Total comprehensive loss	\$ (17,276)	\$ (30,557)

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

	Three months ended April 30,	
	2021	2020
Operating activities:		
Net loss	\$ (17,631)	\$ (29,224)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	3,717	2,045
Bad debt expense	181	759
Stock-based compensation expense	14,598	17,372
Amortization of operating lease right-of-use assets	2,278	3,457
Other, net	161	190
Changes in operating assets and liabilities:		
Accounts receivable	41,914	32,395
Prepaid expenses and other current assets	1,221	(5,064)
Costs to obtain revenue contracts	(5,534)	3,465
Other long term assets	(156)	(479)
Accounts payable, accrued expenses and other current liabilities	1,945	(4,650)
Unearned revenue	(5,186)	(24,161)
Operating lease liabilities	(2,786)	2,679
Other long term liabilities	341	559
Net cash provided by (used in) operating activities	<u>35,063</u>	<u>(657)</u>
Investing activities:		
Capital expenditures	<u>(7,457)</u>	<u>(21,275)</u>
Net cash used in investing activities	<u>(7,457)</u>	<u>(21,275)</u>
Financing activities:		
Proceeds from exercise of stock options	12,168	1,879
Payments of deferred financing costs	(44)	(394)
Proceeds, net from employee stock purchase plan withholdings	1,483	1,483
Net cash provided by financing activities	<u>13,607</u>	<u>2,968</u>
Effect of exchange rate changes on cash and cash equivalents	<u>475</u>	<u>(416)</u>
Net increase (decrease) in cash and cash equivalents	<u>41,688</u>	<u>(19,380)</u>
Cash and cash equivalents at beginning of period	230,411	268,176
Cash and cash equivalents at end of period	<u>\$ 272,099</u>	<u>\$ 248,796</u>

YEXT, INC.
Reconciliation of GAAP to Non-GAAP Financial Measures
(In thousands)
(Unaudited)

	Three months ended April 30, 2021		
		Stock-Based Compensation Expense	
Costs and expenses	GAAP		Non-GAAP
Cost of revenue	\$ 21,854	\$ (1,445)	\$ 20,409
Sales and marketing	\$ 55,166	\$ (5,501)	\$ 49,665
Research and development	\$ 13,857	\$ (3,988)	\$ 9,869
General and administrative	\$ 18,347	\$ (3,664)	\$ 14,683

Three months ended April 30, 2021			
<u>Costs and expenses as a percentage of revenue</u>	<u>GAAP</u>	<u>Stock-Based Compensation</u>	<u>Non-GAAP</u>
		<u>Expense⁽¹⁾</u>	
Cost of revenue	24%	(2)%	22%
Sales and marketing	60%	(6)%	54%
Research and development	15%	(4)%	11%
General and administrative	20%	(4)%	16%

Three months ended April 30, 2020			
<u>Costs and expenses</u>	<u>GAAP</u>	<u>Stock-Based Compensation</u>	<u>Non-GAAP</u>
		<u>Expense</u>	
Cost of revenue	\$ 21,184	\$ (1,233)	\$ 19,951
Sales and marketing	\$ 58,520	\$ (7,781)	\$ 50,739
Research and development	\$ 14,378	\$ (3,943)	\$ 10,435
General and administrative	\$ 20,458	\$ (4,415)	\$ 16,043

Three months ended April 30, 2020			
<u>Costs and expenses as a percentage of revenue</u>	<u>GAAP</u>	<u>Stock-Based Compensation</u>	<u>Non-GAAP</u>
		<u>Expense⁽¹⁾</u>	
Cost of revenue	25%	(2)%	23%
Sales and marketing	68%	(9)%	59%
Research and development	17%	(5)%	12%
General and administrative	24%	(5)%	19%

(1) - Includes adjustments for rounding, as needed.

YEXT, INC.
Reconciliation of GAAP to Non-GAAP Financial Measures
(In thousands)
(Unaudited)

	Three months ended April 30,	
	2021	2020
<u>Gross profit</u>		
GAAP gross profit	\$ 70,138	\$ 64,167
Plus: Stock-based compensation expense	1,445	1,233
Non-GAAP gross profit	<u>\$ 71,583</u>	<u>\$ 65,400</u>
<u>Gross margin</u>		
GAAP gross margin	76.2%	75.2%
Plus: Stock-based compensation expense ⁽¹⁾	1.6%	1.4%
Non-GAAP gross margin	<u>77.8%</u>	<u>76.6%</u>
<u>Operating expenses</u>		
GAAP operating expenses	\$ 87,370	\$ 93,356
Less: Stock-based compensation expense	(13,153)	(16,139)
Non-GAAP operating expenses	<u>\$ 74,217</u>	<u>\$ 77,217</u>
<u>Operating expenses as a percentage of revenue</u>		
GAAP operating expenses as a percentage of revenue	95%	109%
Less: Stock-based compensation expense ⁽¹⁾	(14)%	(19)%
Non-GAAP operating expenses as a percentage of revenue	<u>81%</u>	<u>90%</u>
<u>Loss from operations</u>		
GAAP loss from operations	\$ (17,232)	\$ (29,189)
Plus: Stock-based compensation expense	14,598	17,372
Non-GAAP loss from operations	<u>\$ (2,634)</u>	<u>\$ (11,817)</u>
<u>Operating margin (Loss from operations as a percentage of revenue)</u>		
GAAP operating margin	(18.7)%	(34.2)%
Plus: Stock-based compensation expense ⁽¹⁾	15.8%	20.4%
Non-GAAP operating margin	<u>(2.9)%</u>	<u>(13.8)%</u>

(1) - Includes adjustments for rounding, as needed.

YEXT, INC.
Reconciliation of GAAP to Non-GAAP Financial Measures
(In thousands, except share and per share data)
(Unaudited)

	Three months ended April 30,	
	2021	2020
GAAP net loss	\$ (17,631)	\$ (29,224)
Plus: Stock-based compensation expense	14,598	17,372
Non-GAAP net loss	<u>\$ (3,033)</u>	<u>\$ (11,852)</u>
GAAP net loss per share attributable to common stockholders, basic and diluted	\$ (0.14)	\$ (0.25)
Stock-based compensation expense per share	0.12	0.15
Non-GAAP net loss per share attributable to common stockholders, basic and diluted	<u>\$ (0.02)</u>	<u>\$ (0.10)</u>
Weighted-average number of shares used in computing GAAP net loss and non-GAAP net loss per share attributable to common stockholders, basic and diluted	<u>125,372,839</u>	<u>116,606,835</u>

	Three months ended April 30,	
	2021	2020
GAAP net loss as a percentage of revenue	(19.2)%	(34.2)%
Plus: Stock-based compensation expense ⁽¹⁾	15.9%	20.3%
Non-GAAP net loss as a percentage of revenue	(3.3)%	(13.9)%

(1) - Includes adjustments for rounding, as needed.

 View original content to download multimedia <http://www.prnewswire.com/news-releases/yext-inc-announces-first-quarter-fiscal-2022-results-301301256.html>

SOURCE Yext, Inc.