

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

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

For the quarterly period ended April 30, 2019
OR

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

For the transition period from _____ to _____
Commission File Number: 001-38056

YEXT, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

20-8059722
(I.R.S. Employer
Identification No.)

1 Madison Ave, 5th Floor
New York, NY 10010
(Address of principal executive offices, including zip code)
(212) 994-3900
(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

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

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

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

As of May 20, 2019, the registrant had 111,111,216 shares of common stock, \$0.001 par value per share outstanding.

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SIGNATURES

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

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

- our future revenue, cost of revenue, operating expenses and cash flows;
- anticipated trends, growth rates and challenges in our business and in the markets in which we operate;
- our beliefs, objectives and strategies for future operations, including plans to invest in international expansion, research and development, and our sales and marketing teams, and the impact of such investments on our operations;
- our ability to increase sales of our products;
- maintaining and expanding our end-customer base and our relationships with our Knowledge Network; and
- sufficiency of cash to meet cash needs for at least the next 12 months.

We have based these forward-looking statements largely on our current expectations and projections about future events and trends that we believe may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives and financial needs. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in Part II, Item 1A. "Risk Factors" in this Quarterly Report on Form 10-Q. Moreover, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for us to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks, uncertainties and assumptions, the forward-looking events and trends discussed in this Quarterly Report on Form 10-Q may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

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

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

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	April 30, 2019	January 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 257,663	\$ 91,755
Marketable securities	26,442	51,021
Accounts receivable, net of allowances of \$236 and \$256, respectively	32,841	55,341
Prepaid expenses and other current assets	14,057	14,135
Costs to obtain revenue contracts, current	18,637	17,817
Total current assets	349,640	230,069
Restricted cash	12,100	—
Property and equipment, net	11,093	11,077
Operating lease right-of-use assets	33,424	—
Costs to obtain revenue contracts, non-current	17,852	18,366
Goodwill	4,583	4,660
Intangible assets, net	1,788	1,960
Other long term assets	2,818	996
Total assets	\$ 433,298	\$ 267,128
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable, accrued expenses and other current liabilities	\$ 35,671	\$ 44,236
Unearned revenue, current	125,370	135,544
Operating lease liabilities, current	2,005	—
Total current liabilities	163,046	179,780
Operating lease liabilities, non-current	34,582	—
Other long term liabilities	1,510	2,799
Total liabilities	199,138	182,579
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Preferred stock, \$0.001 par value per share; 50,000,000 shares authorized at April 30, 2019 and January 31, 2019; zero shares issued and outstanding at April 30, 2019 and January 31, 2019	—	—
Common stock, \$0.001 par value per share; 500,000,000 shares authorized at April 30, 2019 and January 31, 2019; 117,505,451 and 108,678,234 shares issued at April 30, 2019 and January 31, 2019, respectively; 111,000,117 and 102,172,900 shares outstanding at April 30, 2019 and January 31, 2019, respectively	117	109
Additional paid-in capital	567,095	398,882
Accumulated other comprehensive loss	(1,079)	(1,428)
Accumulated deficit	(320,068)	(301,109)
Treasury stock, at cost	(11,905)	(11,905)
Total stockholders' equity	234,160	84,549
Total liabilities and stockholders' equity	\$ 433,298	\$ 267,128

See the accompanying notes to the condensed consolidated financial statements.

YEXT, INC.

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

	Three months ended April 30,	
	2019	2018
Revenue	\$ 68,708	\$ 50,988
Cost of revenue	16,473	12,800
Gross profit	52,235	38,188
Operating expenses:		
Sales and marketing	46,398	35,827
Research and development	9,906	7,729
General and administrative	15,191	11,538
Total operating expenses	71,495	55,094
Loss from operations	(19,260)	(16,906)
Interest income	906	357
Interest expense	(53)	(37)
Other expense, net	(206)	(170)
Loss from operations before income taxes	(18,613)	(16,756)
(Provision for) benefit from income taxes	(346)	(285)
Net loss	\$ (18,959)	\$ (17,041)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.18)	\$ (0.18)
Weighted-average number of shares used in computing net loss per share attributable to common stockholders, basic and diluted	106,453,558	94,942,773
Other comprehensive income (loss):		
Foreign currency translation adjustment	\$ 314	\$ (93)
Unrealized gain (loss) on marketable securities	35	(2)
Total comprehensive loss	\$ (18,610)	\$ (17,136)

See the accompanying notes to the condensed consolidated financial statements.

YEXT, INC.

Condensed Consolidated Statements of Stockholders' Equity
(In thousands)
(unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Treasury Stock	Total Stockholders' Equity
	Shares	Amount					
Balance, January 31, 2018	93,977	\$ 100	\$ 328,344	\$ (1,636)	\$ (233,450)	\$ (11,905)	\$ 81,453
Cumulative effect adjustment in connection with the adoption of ASU 2014-09	—	—	—	3	7,178	—	7,181
Exercise of stock options	5,901	5	18,857	—	—	—	18,862
Vested restricted stock units converted to common shares	1,585	3	(3)	—	—	—	—
Issuance of restricted stock	16	—	—	—	—	—	—
Issuance of common stock under employee stock purchase plan	694	1	6,777	—	—	—	6,778
Stock-based compensation	—	—	44,907	—	—	—	44,907
Other comprehensive income	—	—	—	205	—	—	205
Net loss	—	—	—	—	(74,837)	—	(74,837)
Balance, January 31, 2019	102,173	109	398,882	(1,428)	(301,109)	(11,905)	84,549
Common stock offering, net of issuance costs of \$530	7,000	7	146,463	—	—	—	146,470
Exercise of stock options	1,096	1	4,995	—	—	—	4,996
Vested restricted stock units converted to common shares	557	—	—	—	—	—	—
Issuance of restricted stock	4	—	—	—	—	—	—
Issuance of common stock under employee stock purchase plan	170	—	3,283	—	—	—	3,283
Stock-based compensation	—	—	13,472	—	—	—	13,472
Other comprehensive income	—	—	—	349	—	—	349
Net loss	—	—	—	—	(18,959)	—	(18,959)
Balance, April 30, 2019	111,000	\$ 117	\$ 567,095	\$ (1,079)	\$ (320,068)	\$ (11,905)	\$ 234,160

See the accompanying notes to the condensed consolidated financial statements.

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

	Three months ended April 30,	
	2019	2018
Operating activities:		
Net loss	\$ (18,959)	\$ (17,041)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	1,941	1,576
Provision for bad debts	40	76
Stock-based compensation expense	13,216	7,993
Deferred income taxes	3	(22)
Amortization of deferred financing costs	47	34
Amortization of (discount) premium on marketable securities	(82)	39
Amortization of operating lease right-of-use assets	1,578	—
Changes in operating assets and liabilities:		
Accounts receivable	22,195	20,293
Prepaid expenses and other current assets	60	(379)
Costs to obtain revenue contracts	(365)	(836)
Other long term assets	(1,913)	(79)
Accounts payable, accrued expenses and other current liabilities	(6,338)	(3,074)
Unearned revenue	(9,708)	(6,908)
Operating lease liabilities	(1,242)	—
Other long term liabilities	346	(263)
Net cash provided by operating activities	819	1,409
Investing activities:		
Maturities of marketable securities	24,697	13,223
Capital expenditures	(831)	(1,572)
Net cash provided by investing activities	23,866	11,651
Financing activities:		
Proceeds from common stock offering, net of underwriting discounts and commissions	147,000	—
Payments of deferred offering costs	(208)	—
Proceeds from exercise of stock options	5,000	4,948
Payments of deferred financing costs	(163)	—
Proceeds, net from employee stock purchase plan withholdings	1,868	1,221
Net cash provided by financing activities	153,497	6,169
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(174)	(193)
Net increase in cash, cash equivalents and restricted cash	178,008	19,036
Cash, cash equivalents and restricted cash at beginning of period	91,755	34,367
Cash, cash equivalents and restricted cash at end of period	\$ 269,763	\$ 53,403

Supplemental reconciliation of cash, cash equivalents and restricted cash reported within the condensed consolidated balance sheets:

(in thousands)	April 30, 2019	April 30, 2018
Cash and cash equivalents	\$ 257,663	\$ 53,403
Restricted cash	12,100	—
Total cash, cash equivalents and restricted cash	\$ 269,763	\$ 53,403

See the accompanying notes to the condensed consolidated financial statements.

YEXT, INC.
Notes to Condensed Consolidated Financial Statements

1. Organization and Description of Business

Yext, Inc. (the "Company") provides a cloud-based platform, the Yext Knowledge Engine, that lets businesses control their digital knowledge in the cloud and sync it to the Company's Knowledge Network of more than 150 service and application providers, including Amazon Alexa, Apple Maps, Bing, Cortana, Facebook, Google, Google Assistant, Google Maps, Siri and Yelp. The Yext Knowledge Engine is used by end consumers around the globe to discover new businesses, read reviews, and find accurate answers to their queries. The Yext Knowledge Engine powers all of the Company's key features, including Listings, Pages and Reviews, along with its other features.

Fiscal Year

The Company's fiscal year ends on January 31st. References to fiscal 2020, for example, are to the fiscal year ending January 31, 2020.

2. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The accompanying condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and applicable rules and regulations of the Securities and Exchange Commission ("SEC") regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. Therefore, these condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2019, filed with the SEC on March 15, 2019 (the "Form 10-K"). The condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

The condensed consolidated balance sheet as of January 31, 2019, included herein, was derived from the audited financial statements as of that date, but does not include all disclosures including certain notes required by GAAP on an annual reporting basis.

In the opinion of management, the accompanying condensed consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the financial position, results of operations, comprehensive loss and cash flows for the interim periods. The results for the three months ended April 30, 2019 are not necessarily indicative of the results to be expected for any subsequent quarter, the fiscal year ending January 31, 2020, or any other period.

Except as described elsewhere in this Note 2 under the heading "Recent Accounting Pronouncements - Adoption of New Accounting Standards", there have been no material changes to the Company's significant accounting policies as described in the Form 10-K.

Certain prior period amounts have been reclassified to conform to the current period presentation. All periods presented in this Form 10-Q are accounted for under "Revenue from Contracts with Customers" Accounting Standard Codification ("ASC") 606, which the Company adopted in its Form 10-K for the fiscal year ended January 31, 2019, the effects of which were recognized effective February 1, 2018. The statement of cash flows for the three months ended April 30, 2018 reflects this adoption, which did not result in any changes to the classification among the total operating, investing or financing activity line items. Amounts classified as deferred rent, current and deferred rent, non-current in the Form 10-K as of January 31, 2019, are now included in accounts payable, accrued expenses and other current liabilities and other long term liabilities, respectively, on the Company's condensed consolidated balance sheet.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the condensed consolidated financial statements and the reported amounts of revenue and expense during the reporting period. Management bases its estimates on historical experience and on various other market-specific and relevant assumptions that it believes to be reasonable under the circumstances. Actual results could differ from those estimates and such differences could be material to the financial position and results of operations.

Segment Information

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

Revenue Recognition

The Company derives its revenue primarily from its subscription and associated support to its cloud-based Knowledge Engine platform. The Company's subscriptions do not provide customers with the right to take possession of the software supporting the applications and, as a result, are accounted for as service contracts. The Company recognizes revenue upon transfer of control of services to its customers, including third-party resellers, in an amount that reflects the consideration it expects to receive in exchange for those services. The recognition of revenue is determined through application of the following five-step model:

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

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

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

Costs Capitalized to Obtain Revenue Contracts

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

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

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

During the three months ended April 30, 2019, the Company capitalized \$5.2 million of costs to obtain revenue contracts and amortized \$4.9 million to sales and marketing expense. Costs capitalized to obtain revenue contracts on the Company's consolidated balance sheet totaled \$36.5 million at April 30, 2019.

Concentration of Credit Risk

The Company's financial instruments that are exposed to a concentration of credit risk consist primarily of cash and cash equivalents, marketable securities and accounts receivable. The Company deposits its cash with financial institutions, and such deposits, at times, may exceed federally insured limits. The Company has not experienced any losses on its deposits of cash and cash equivalents to date. Collateral is not required for accounts receivable. At April 30, 2019 and January 31, 2019, no single customer accounted for more than 10% of the Company's accounts receivable. No single customer accounted for more than 10% of the Company's revenue for the three months ended April 30, 2019 and 2018, respectively.

Recent Accounting Pronouncements

Adoption of New Accounting Standards - ASU 2016-02

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, "Leases" ("ASU 2016-02"), which introduced and codified new lease accounting guidance under ASC 842. This standard requires lessees to record a lease liability, initially measured at the present value of future lease payments, and a right-of-use asset, associated with operating leases, on its balance sheet. The standard also requires a single lease expense to be recognized within the statement of operations on a straight-line basis over the lease term.

The Company adopted the new standard on February 1, 2019, which resulted in the Company recording lease liabilities and right-of-use assets associated with its operating leases on its balance sheet, and did not have a material effect on the statement of operations and comprehensive loss. The Company utilized the modified retrospective adoption approach, whereby all prior periods continue to be reported under previous lease accounting guidance. The Company elected the package of practical expedients to not reassess prior conclusions related to lease identification, classification and initial direct costs, and did not elect the hindsight practical expedient which would have permitted the use of hindsight in determining the lease term and assessing impairment. See Note 13 "Leases" for further discussion on the Company's accounting for leases under ASC 842.

Adoption of New Accounting Standards - ASU 2018-07

The Company prospectively adopted ASU 2018-07, "Compensation - Stock Compensation (Topic 718): Improvements to Non-employee Share-Based Payment Accounting" on February 1, 2019. The Company will not apply a forfeiture rate assumption to value stock-based awards issued to non-employees, given the nature of the services provided. The adoption of this standard did not have a material effect on the Company's condensed consolidated financial statements.

Adoption of New Accounting Standards - ASU 2018-15

The Company prospectively adopted ASU 2018-15, "Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract" on February 1, 2019. As a result, eligible implementation costs incurred in a cloud computing arrangement that is a service contract are capitalized as prepaid expenses and other current assets on the balance sheet, recognized on a straight-line basis over its life in the statement of operations and comprehensive loss in the same line item as the fees for the associated arrangement, and the related activity is generally classified as an operating activity in the statement of cash flows. The adoption of this standard did not have a material effect on the Company's condensed consolidated financial statements as of and for the three months ended April 30, 2019.

3. Revenue

Disaggregation of Revenue

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

(in thousands)	Three months ended April 30,	
	2019	2018
North America	\$ 56,512	\$ 44,867
International	12,196	6,121
Total revenue	\$ 68,708	\$ 50,988

Significant Judgments

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

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

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

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

The Company's revenue is predominantly related to its subscription and associated support. Professional services revenue accounted for less than 5%, and 2%, of the Company's total revenue for the three months ended April 30, 2019 and 2018, respectively.

Contract Liabilities

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

As of April 30, 2019, unearned revenue, current was \$125.4 million and unearned revenue, non-current was \$0.1 million and included within other long term liabilities on the Company's condensed consolidated balance sheet. Unearned revenue represents amounts billed, or payments received, in advance of revenue recognition for which the Company has an unconditional obligation to transfer goods or services associated with a non-cancelable contract. Unearned revenue is subsequently recognized as revenue when transfer of control to a customer has occurred. \$53.6 million of revenue recognized during the three months ended April 30, 2019 was included in unearned revenue at the beginning of the period. The unearned revenue balance is influenced by several factors, including seasonality, the compounding effects of renewals, and invoice duration, timing and size. The portion of unearned revenue expected to be recognized during the succeeding twelve-month period is classified as unearned revenue, current, and the remaining portion is classified within other long term liabilities in the Company's condensed consolidated balance sheet.

Customer deposits represent payments received in advance in instances where a revenue contract is cancelable in nature, and therefore the Company does not have an unconditional obligation to transfer control to a customer. As of April 30, 2019 and January 31, 2019, customer deposits of \$1.3 million and \$1.1 million were included in accounts payable, accrued expenses and other current liabilities on the Company's condensed consolidated balance sheet, respectively.

Remaining Performance Obligations

The transaction price allocated to remaining performance obligations represents contracted revenue which is expected to be recognized as revenue in future periods, and includes unearned revenue and non-cancelable unbilled amounts. As of April 30, 2019, the Company has approximately \$256.3 million of remaining performance obligations from revenue contracts, of which \$240.2 million is expected to be recognized as revenue over the next twenty-four months, with the balance recognized thereafter.

4. Investments in Marketable Securities

The following tables summarize the Company's investments in marketable securities:

(in thousands)	April 30, 2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate bonds	\$ 3,000	\$ —	\$ (1)	\$ 2,999
U.S. treasury securities ⁽¹⁾	23,445	1	(3)	23,443
Total marketable securities	\$ 26,445	\$ 1	\$ (4)	\$ 26,442

(in thousands)	January 31, 2019			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate bonds	\$ 16,949	\$ —	\$ (28)	\$ 16,921
U.S. treasury securities ⁽¹⁾	34,112	—	(12)	34,100
Total marketable securities	\$ 51,061	\$ —	\$ (40)	\$ 51,021

(1) The Company's U.S. treasury securities purchased with an original maturity of less than three months from the purchase date are classified as cash and cash equivalents, and those purchased with an original maturity of three months or more are classified as marketable securities, respectively, on its condensed consolidated balance sheet.

As of April 30, 2019 and January 31, 2019, the Company had gross unrealized losses of less than \$0.1 million, associated with an aggregate fair value of marketable securities of \$3.0 million and \$18.9 million, respectively, which were in a continuous unrealized loss position for more than 12 months as of their respective balance sheet dates. The Company does not believe the unrealized losses represent other-than-temporary impairments based on its evaluation of available evidence.

As of April 30, 2019, the Company's marketable securities have an original contractual maturity of two years or less, and a remaining contractual maturity of one year or less.

Interest income on investments in marketable securities, amortization of premiums and discounts, realized gains and losses and other-than-temporary declines in fair value on securities available for sale are the potential components within interest income in the statement of operations and comprehensive loss.

The Company had no material reclassification adjustments out of accumulated other comprehensive loss into net loss in any of the periods presented.

5. Fair Value of Financial Instruments

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

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

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

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

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

All of the Company's cash equivalents and marketable securities are classified within Level 1 or Level 2 because the Company's cash equivalents and marketable securities are valued using quoted market prices or alternative pricing sources and models utilizing observable market inputs.

The following tables summarize the Company's assets that are measured at fair value on a recurring basis, by level, within the fair value hierarchy:

(in thousands)	<u>April 30, 2019</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash equivalents:				
Money market funds ⁽¹⁾	\$ 43,788	\$ —	\$ —	\$ 43,788
U.S. treasury securities ⁽¹⁾⁽²⁾	—	166,541	—	166,541
Marketable securities:				
Corporate bonds	—	2,999	—	2,999
U.S. treasury securities ⁽²⁾	—	23,443	—	23,443
Restricted cash:				
Money market funds	12,100	—	—	12,100
Total assets	\$ 55,888	\$ 192,983	\$ —	\$ 248,871

January 31, 2019

(in thousands)	Level 1	Level 2	Level 3	Total
Cash equivalents:				
Money market funds ⁽¹⁾	\$ 42,021	\$ —	\$ —	\$ 42,021
Marketable securities:				
Corporate bonds	—	16,921	—	16,921
U.S. treasury securities ⁽²⁾	—	34,100	—	34,100
Total assets	\$ 42,021	\$ 51,021	\$ —	\$ 93,042

(1) Included in cash and cash equivalents on the condensed consolidated balance sheets.

(2) The Company's U.S. treasury securities purchased with an original maturity of less than three months from the purchase date are classified as cash and cash equivalents, and those purchased with an original maturity of three months or more are classified as marketable securities, respectively, on its condensed consolidated balance sheet.

6. Goodwill and Intangible Assets

Goodwill

As of April 30, 2019 and January 31, 2019, the Company had goodwill of \$4.6 million and \$4.7 million, respectively. Goodwill represents the excess of cost over the fair value of the net tangible and identifiable intangible assets acquired in a business combination.

Goodwill is not amortized but is subject to periodic testing for impairment at the reporting unit level, which is at or one level below the operating segment level. The Company operates as one operating segment, which represents its one reporting unit. The test for impairment is conducted annually each November 1st, or more frequently if events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

The Company determined that no events occurred or circumstances changed during the three months ended April 30, 2019 and 2018 that would more likely than not reduce the fair value of the Company's reporting unit below its carrying amount. However, if certain events occur or circumstances change, it may be necessary to record impairment charges in the future.

Intangible Assets

As of April 30, 2019 and January 31, 2019, the Company had intangible assets, net of \$1.8 million and \$2.0 million, respectively. The Company's intangible assets are amortized on a straight-line basis over their estimated useful lives. Intangible assets with finite lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The Company has no indefinite-lived intangible assets.

The Company determined that no events occurred or circumstances changed during the three months ended April 30, 2019 and 2018 that would indicate that its intangible assets with finite lives may not be recoverable. However, if certain events occur or circumstances change, it may be necessary to record impairment charges in the future.

Amortization expense related to intangible assets totaled \$0.1 million and \$0.2 million for the three months ended April 30, 2019 and 2018, respectively.

7. Property and Equipment, net

Property and equipment, net consisted of the following:

(in thousands)	April 30, 2019	January 31, 2019
Furniture and fixtures	\$ 716	\$ 719
Office equipment	8,063	7,662
Leasehold improvements	13,085	13,090
Computer software	7,084	6,461
Construction in progress	1,620	841
Total property and equipment	30,568	28,773
Less: accumulated depreciation	(19,475)	(17,696)
Total property and equipment, net	<u>\$ 11,093</u>	<u>\$ 11,077</u>

Capital expenditures included in accounts payable, accrued expenses and other current liabilities was \$1.1 million and \$0.2 million as of April 30, 2019 and 2018, respectively. Depreciation expense was \$1.8 million and \$1.4 million for the three months ended April 30, 2019 and 2018, respectively.

8. Accounts Payable, Accrued Expenses and Other Current Liabilities

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

(in thousands)	April 30, 2019	January 31, 2019
Accounts payable	\$ 8,671	\$ 8,025
Accrued employee compensation	9,274	19,029
Accrued Knowledge Network application provider fees	4,255	2,508
Accrued professional services and associated costs	2,733	2,198
Accrued sales and use tax	1,798	2,206
Accrued employee stock purchase plan withholdings liability	1,220	2,635
Customer deposits	1,256	1,144
Other current liabilities	6,464	6,491
Total accounts payable, accrued expenses and other current liabilities	\$ 35,671	\$ 44,236

Deferred offering costs included in accounts payable, accrued expenses and other current liabilities was \$0.3 million as of April 30, 2019.

9. Stock-Based Compensation

2008 Equity Incentive Plan

The Company's 2008 Equity Incentive Plan (the "2008 Plan"), as amended on March 10, 2016, allowed for the issuance of up to 5,912,531 shares of common stock. Awards granted under the 2008 Plan may be incentive stock options ("ISOs"), nonqualified stock options ("NQSOs"), restricted stock and restricted stock units. The 2008 Plan is administered by the Company's Board of Directors, which determines the terms of the options granted, the exercise price, the number of shares subject to option and the option vesting period. No ISO or NQSO is exercisable after 10 years from the date of grant, and option awards will typically vest over a four-year period.

The 2008 Plan was terminated in connection with the adoption of the Company's 2016 Equity Incentive Plan (the "2016 Plan") in December 2016, and the Company will not grant any additional awards under the 2008 Plan. However, the 2008 Plan will continue to govern the terms and conditions of the outstanding awards previously granted thereunder.

2016 Equity Incentive Plan

In December 2016, the Company's Board of Directors adopted, and its stockholders approved, the 2016 Plan. The number of shares reserved for issuance under the 2016 Plan will increase on the first day of each fiscal year during the term of the 2016 Plan by the lesser of: (i) 10,000,000 shares, (ii) 4% of the outstanding shares of common stock as of the last day of the immediately preceding fiscal year; or (iii) such other amount as the Company's Board of Directors may determine. On February 1, 2019, the number of shares of common stock available for issuance under the 2016 Plan was automatically increased according to its terms by 4,086,916 shares. In addition, the shares reserved for issuance under the 2016 Plan also include shares returned to the 2008 Plan as the result of expiration or termination of options or other awards. As of April 30, 2019, the number of shares available for future award under the 2016 Plan is 4,840,549.

Stock Options

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

	Options Outstanding			
	Outstanding Stock Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value (in thousands)
Balance, January 31, 2019	15,977,235	\$ 6.54	6.40	\$ 144,934
Granted	—	\$ —		
Exercised	(1,096,258)	\$ 4.56		
Forfeited or canceled	(121,442)	\$ 8.02		
Balance, April 30, 2019	14,759,535	\$ 6.67	6.20	\$ 224,926
Vested and expected to vest	14,728,295	\$ 6.67	6.20	\$ 224,460
Exercisable at April 30, 2019	10,567,236	\$ 6.01	5.61	\$ 167,998

The aggregate intrinsic value of options vested and expected to vest and exercisable is calculated based on the difference between the exercise price and the fair value of the Company's common stock as of April 30, 2019. The fair value of the common stock is the Company's closing stock price as reported on the New York Stock Exchange.

The aggregate intrinsic value of exercised options was \$18.8 million and \$16.2 million for the three months ended April 30, 2019 and 2018, respectively, and is calculated based on the difference between the exercise price and the fair value of the Company's common stock as of the exercise date.

No options were granted during the three months ended April 30, 2019 and 2018.

Restricted Stock and Restricted Stock Units

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

	Outstanding	Weighted-Average Grant Date Fair Value
Balance as of January 31, 2019	7,703,705	\$ 16.07
Granted	936,550	\$ 22.43
Vested and converted to shares	(561,883)	\$ 14.60
Forfeited or canceled	(348,169)	\$ 18.58
Balance as of April 30, 2019	<u>7,730,203</u>	<u>\$ 16.83</u>

Employee Stock Purchase Plan

In March 2017, the Company's Board of Directors adopted, and its stockholders approved, the 2017 Employee Stock Purchase Plan ("ESPP"), which became effective on the date it was adopted. The number of shares of the Company's common stock that will be available for sale to employees under the ESPP increases annually on the first day of each fiscal year in an amount equal to the lesser of: (i) 2,500,000 shares; (ii) 1% of the outstanding shares of the Company's common stock as of the last day of the immediately preceding fiscal year; or (iii) such other amount as the administrator may determine. On February 1, 2019, the number of shares of common stock available for issuance under the ESPP was automatically increased according to its terms by 1,021,729 shares. As of April 30, 2019, a total of 2,597,364 shares of the Company's common stock are available for sale to employees under the ESPP.

In connection with the offering period which ended on March 15, 2019, 170,450 shares of common stock were purchased under the ESPP at a purchase price of \$19.26 per share for total proceeds of \$3.3 million. A new offering period began on March 15, 2019 and will end on September 16, 2019. As of April 30, 2019, 193,111 shares are estimated to be purchased at the end of the offering period and \$1.2 million has been withheld on behalf of employees for these future purchases under the ESPP and is included in accounts payable, accrued expenses and other current liabilities.

The Black-Scholes option-pricing model assumptions used to calculate the fair value of shares estimated to be purchased under the respective ESPP offering periods were as follows:

	Three months ended April 30,	
	2019	2018
Expected life (years)	0.50	0.50
Expected volatility	60.86%	34.41%
Dividend yield	—	—
Risk-free rate	2.52%	1.95%

The expected life assumptions were based on each offering period's respective purchase date. The Company estimated the expected volatility assumptions based on the average of the historical volatility for a sample of comparable companies for the offering periods during the three months ended April 30, 2018. Effective with the offering period beginning September 17, 2018, the Company determined it had sufficient historical information and estimated the expected volatility assumption based on the historical volatility of its stock price. The risk-free rate assumptions were based on the U.S. treasury yield curve in effect at the time of grants. The dividend yield assumption was zero as the Company has not historically paid any dividends and does not expect to declare or pay any dividends in the foreseeable future.

During the three months ended April 30, 2019 and 2018, the Company recorded \$0.7 million and \$0.5 million, respectively, of stock-based compensation expense associated with the ESPP. As of April 30, 2019, total unrecognized compensation cost related to ESPP was \$1.1 million, net of estimated forfeitures, which will be amortized over a weighted-average remaining period of 0.38 years.

A new offering period commences on the first trading day on or after March 15th and September 15th each year, or on such other date as the administrator will determine, and will end on the first trading day, approximately six months later, on or after September 15th and March 15th, respectively. Participants may purchase the Company's common stock through payroll deductions, up

to a maximum of 15% of their eligible compensation. Unless changed by the administrator, the purchase price for each share of common stock purchased under the ESPP will be 85% of the lower of the fair market value per share on the first trading day of the applicable offering period or the fair market value per share on the last trading day of the applicable offering period.

Stock-Based Compensation Expense

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

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

The Company's stock-based compensation expense was as follows:

(in thousands)	Three months ended April 30,	
	2019	2018
Cost of revenue	\$ 818	\$ 566
Sales and marketing	6,840	3,770
Research and development	2,572	1,556
General and administrative	2,986	2,101
Total stock-based compensation expense	\$ 13,216	\$ 7,993

As of April 30, 2019, there was approximately \$133.8 million of total unrecognized compensation cost related to unvested stock-based awards. This unrecognized compensation cost is expected to be recognized over an estimated weighted-average vesting period of approximately 3.0 years. During the three months ended April 30, 2019 and 2018, the Company capitalized \$0.3 million and \$0.1 million, respectively, of stock-based compensation related to development of additional functionality to its cloud-based platform.

10. Equity

Common Stock Offering

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

The following table summarizes the changes in stockholders' equity during the three months ended April 30, 2019.

(in thousands)	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Treasury Stock	Total Stockholders' Equity
	Shares	Amount					
Balance, January 31, 2019	102,173	\$ 109	\$ 398,882	\$ (1,428)	\$ (301,109)	\$ (11,905)	\$ 84,549
Common stock offering, net of issuance costs of \$530	7,000	7	146,463	—	—	—	146,470
Exercise of stock options	1,096	1	4,995	—	—	—	4,996
Vested restricted stock units converted to common shares	557	—	—	—	—	—	—
Issuance of restricted stock	4	—	—	—	—	—	—
Issuance of common stock under employee stock purchase plan	170	—	3,283	—	—	—	3,283
Stock-based compensation	—	—	13,472	—	—	—	13,472
Other comprehensive income	—	—	—	349	—	—	349
Net loss	—	—	—	—	(18,959)	—	(18,959)
Balance, April 30, 2019	111,000	\$ 117	\$ 567,095	\$ (1,079)	\$ (320,068)	\$ (11,905)	\$ 234,160

The following table summarizes the changes in stockholders' equity during the three months ended April 30, 2018

(in thousands)	Common Stock		Additional	Accumulated	Accumulated	Treasury	Total
	Shares	Amount	Paid-In	Other	Deficit	Stock	Stockholders'
			Capital	Loss			Equity
Balance, January 31, 2018	93,977	\$ 100	\$ 328,344	\$ (1,636)	\$ (233,450)	\$ (11,905)	\$ 81,453
Cumulative effect adjustment in connection with the adoption of ASU 2014-09	—	—	—	3	7,178	—	7,181
Exercise of stock options	1,678	2	4,908	—	—	—	4,910
Vested restricted stock units converted to common shares	141	—	—	—	—	—	—
Issuance of restricted stock	4	—	—	—	—	—	—
Issuance of common stock under employee stock purchase plans	438	1	4,090	—	—	—	4,091
Stock-based compensation	—	—	8,066	—	—	—	8,066
Other comprehensive loss	—	—	—	(95)	—	—	(95)
Net loss	—	—	—	—	(17,041)	—	(17,041)
Balance, April 30, 2018	96,238	\$ 103	\$ 345,408	\$ (1,728)	\$ (243,313)	\$ (11,905)	\$ 88,565

Preferred Stock

Effective April 2017, the Company's Board of Directors is authorized to issue up to 50,000,000 shares of preferred stock, \$0.001 par value, in one or more series without stockholder approval. The Company's Board of Directors has the discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock. The issuance of preferred stock could have the effect of restricting dividends on the Company's common stock, diluting the voting power of its common stock, impairing the liquidation rights of its common stock, or delaying or preventing changes in control or management of the Company. As of April 30, 2019 and January 31, 2019, no shares of preferred stock were issued or outstanding.

Common Stock

As of April 30, 2019 and January 31, 2019, the Company had authorized 500,000,000 shares of voting \$0.001 par value common stock. Each holder of the Company's common stock is entitled to one vote for each share on all matters to be voted upon by the stockholders and there are no cumulative rights. Subject to any preferential rights of any outstanding preferred stock, holders of the Company's common stock are entitled to receive ratably the dividends, if any, as may be declared from time to time by the Company's Board of Directors out of legally available funds. If there is a liquidation, dissolution or winding up of the Company, holders of the Company's common stock would be entitled to share in the Company's assets remaining after the payment of liabilities and any preferential rights of any outstanding preferred stock.

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

Treasury Stock

As of April 30, 2019 and January 31, 2019, the Company had 6,505,334 shares of treasury stock which are carried at its cost basis of \$11.9 million on the Company's condensed consolidated balance sheets.

11. Debt

On March 16, 2016, the Company entered into a Loan and Security agreement with Silicon Valley Bank that provides for a \$15.0 million revolving credit line ("Revolving Line") and a \$7.0 million Letter of Credit facility (together with the Revolving Line, the "Credit Agreement"). In March 2018, the Credit Agreement was amended to extend the maturity date to March 16, 2020. No significant debt issuance costs were incurred in association with the amendment. The Company is obligated to pay ongoing commitment fees at a rate equal to 0.25% for the Revolving Line and 1.75% for any issued letters of credit.

Subject to certain terms of the Credit Agreement, the Company may borrow, prepay and reborrow amounts under the Revolving Line at any time during the agreement and amounts repaid or prepaid may be reborrowed. Interest rates on borrowings under the Revolving Line will be based on one-half of one percent (0.50%) above the prime rate. The prime rate is defined as the rate of interest per annum from time to time published in the money rate section of the Wall Street Journal. The Credit Agreement contains certain customary affirmative and negative covenants, including an adjusted quick ratio of at least 1.25 to 1.00, minimum revenue subject to annual updates, a limit on the Company's ability to incur additional indebtedness, dispose of assets, make certain acquisition transactions, pay dividends or make distributions, and certain other restrictions on the Company's activities each defined specifically in the agreement.

In April 2019, in connection with the leasing of office space in New York, NY, the Company established back-to-back standby letters of credit for \$12.1 million. The arrangement expires September 30, 2031, and is fully secured by a \$12.1 million cash deposit. Such cash is restricted as to its withdrawal and usage as of April 30, 2019, and accordingly, is classified as a restricted cash asset on the Company's condensed consolidated balance sheet. There were no significant financing costs associated with this transaction.

As of April 30, 2019, the Company was in compliance with all debt covenants. As of such date, the \$15.0 million Revolving Line was fully available, and the \$7.0 million Letter of Credit had \$6.8 million allocated as security in connection with various office space.

12. Income Taxes

The Company calculates its year-to-date (provision for) benefit from income taxes by applying the estimated annual effective tax rate to year-to-date loss from operations before income taxes and adjusts the (provision for) benefit from income taxes for discrete tax items recorded in the period. During the three months ended April 30, 2019 and 2018, the Company recorded a (provision for) benefit from income taxes of \$(0.3) million and \$(0.3) million, respectively.

The Company's effective tax rate generally differs from the U.S. federal statutory tax rate primarily due to a full valuation allowance related to the Company's U.S. deferred tax assets, partially offset by the foreign tax rate differential on non-U.S. income. The Company regularly evaluates the realizability of its deferred tax assets and establishes a valuation allowance if it is more likely than not that some or all the deferred tax assets will not be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, loss carryback and tax-planning strategies. Generally, more weight is given to objectively verifiable evidence, such as the cumulative loss in recent years, as a significant piece of negative evidence to overcome.

13. Leases

The Company enters into contracts in the normal course of business and assesses whether any such contracts contain a lease. The Company determines if an arrangement is a lease at inception if it conveys the right to control the identified asset for a period of time in exchange for consideration. The Company classifies leases as operating or financing in nature, and records the associated lease liability and right-of-use asset on its balance sheet. The lease liability represents the present value of future lease payments, net of lease incentives, discounted using an incremental borrowing rate, which is a management estimate based on the information available at the commencement date of a lease arrangement. The Company accounts for lease and non-lease components related to operating lease arrangements for office space as a single lease component. The Company has elected that costs associated with leases having an initial term of 12 months or less ("short-term leases") are recognized in the statement of operations and comprehensive loss on a straight-line basis over the lease term and are not recorded on the balance sheet.

Effective February 1, 2019, the Company adopted ASU 2016-02, utilizing the modified retrospective adoption approach. Prior to adoption, during the fiscal years ended January 31, 2019 and prior, the Company accounted for leases under ASC 840, whereby rent expense associated with operating leases was recognized on a straight-line basis over the lease term. Under ASC 842, lease expense is recognized as a single lease cost on a straight-line basis over the lease term. The lease term consists of non-cancelable periods, and may include options, including those to extend or terminate, if it is reasonably certain they will be exercised.

As of April 30, 2019, the Company had \$2.0 million and \$34.6 million of operating lease liabilities, classified as current and non-current, respectively, \$33.4 million of operating lease right-of-use assets, and no finance leases, on its condensed consolidated balance sheet. These operating lease arrangements included in the measurement of lease liabilities had a weighted-average remaining lease term of 7.8 years, a weighted-average discount rate of 5.5%, and do not reflect options to extend or terminate, as management does not consider the exercise of these options to be reasonably certain. During the three months ended April 30, 2019, the Company entered into new operating lease arrangements for office space in Rosslyn, VA and London, UK, each of which have expiration dates subsequent to the fiscal year ending January 31, 2024.

During the three months ended April 30, 2019, the Company recognized \$2.6 million of lease expense, of which \$0.5 million related to short-term leases, paid \$1.7 million for amounts included in the measurement of lease liabilities which is reflected within operating activities on the statement of cash flows, and obtained \$23.2 million of operating lease right-of-use assets in exchange for lease obligations. During the three months ended April 30, 2018, rent expense was \$1.8 million.

As of April 30, 2019, the total remaining operating lease payments included in the measurement of lease liabilities was as follows (in thousands):

Fiscal year ending January 31:	Operating Lease Payments	
2020	\$	193
2021		7,612
2022		4,591
2023		4,663
2024 and thereafter		32,036
Total operating lease payments		49,095
Less: imputed interest		12,508
Total lease liabilities, reflecting the present value of lease payments	\$	36,587

Subsequent to the quarter ended April 30, 2019, in May 2019, the Company met the criteria to commence accounting for an operating lease arrangement for office space in New York, NY, which was dated April 23, 2019. The lease expires in February 2031, and includes approximately \$135 million of legally binding minimum lease payments. The Company is in the process of completing its accounting for this operating lease arrangement, including determining the incremental borrowing rate to discount the remaining lease payments associated with the lease liability and the right-of-use asset.

14. Commitments and Contingencies

Contractual Obligations

The Company is obligated to make payments under certain non-cancelable contractual obligations in the normal course of business. The Company's obligations primarily relate to its operating leases for office space as well as other obligations, including contracts with its Knowledge Network application providers and its software vendors. The Company reviews its contractual arrangements and assesses whether they contain a lease. The Company's contractual obligations have various expiry dates between fiscal years 2020 and 2035.

As of April 30, 2019, future minimum annual payments under these contractual obligations are as follows (in thousands):

Fiscal year ending January 31:	Operating Leases		Other	
2020	\$	5,899	\$	14,961
2021		10,637		6,553
2022		16,691		1,865
2023		16,762		50
2024 and thereafter		138,614		118
Total payments	\$	188,603	\$	23,547

The Company's operating lease obligations in the table above include its lease arrangement for office space in New York, NY, which was dated April 23, 2019, and therefore was part of the Company's legal and contractual obligations as of April 30, 2019. As

discussed in Note 13 "Leases", this operating lease met the criteria to commence accounting in May 2019. This agreement includes a provision to deliver a performance bond to secure the completion of certain potential construction work.

Legal Proceedings

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

Warranties and Indemnifications

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

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

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

15. Net Loss Per Share Attributable to Common Stockholders

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

(in thousands, except share and per share data)	Three months ended April 30,	
	2019	2018
Numerator:		
Net loss attributable to common stockholders	\$ (18,959)	\$ (17,041)
Denominator:		
Weighted-average common shares outstanding	106,453,558	94,942,773
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.18)	\$ (0.18)

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

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

	As of April 30,	
	2019	2018
Options to purchase common stock	14,759,535	20,540,150
Restricted stock and restricted stock units	7,730,203	4,707,227
Shares estimated to be purchased under ESPP	193,111	291,544
Total anti-dilutive common equivalent shares	22,682,849	25,538,921

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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

Overview

Yext is a knowledge engine. Our platform lets businesses control their digital knowledge in the cloud and sync it to more than 50 services and applications, which we refer to as our Knowledge Network and includes Amazon Alexa, Apple Maps, Bing, Cortana, Facebook, Google, Google Assistant, Google Maps, Siri and Yelp. We have established direct data integrations with applications in our Knowledge Network that end consumers around the globe use to discover new businesses, read reviews and find accurate answers to their queries.

Our cloud-based platform, the Yext Knowledge Engine, powers all of our key features, including Listings, Pages and Reviews, along with our other features and capabilities. We offer annual and multi-year subscriptions to our platform. Subscriptions are offered in a discrete range of packages with pricing based on specified feature sets and the number of licenses managed with our platform.

We sell our solution globally to customers of all sizes, through direct sales efforts to our customers, including third-party resellers, and through a self-service purchase process. In transactions with resellers, we are only party to the transaction with the reseller and are not a party to the reseller's transaction with its customer.

While the majority of our revenue is based in the U.S., we continue to grow internationally. We offer the same services internationally as we do in the United States, and we intend to continue to pursue a strategy of expanding our international operations. Our revenue from non-U.S. operations was more than 18% of our total revenue for the three months ended April 30, 2019. Our non-U.S. revenue is defined as revenue derived from contracts that are originally entered into with our non-U.S. offices, regardless of the location of the customer. We generally direct non-U.S. customer sales to our non-U.S. offices.

Fiscal Year

Our fiscal year ends on January 31st. References to fiscal 2020, for example, are to the fiscal year ending January 31, 2020.

Components of Results of Operations

Revenue

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

Cost of Revenue

Cost of revenue primarily relates to costs incurred in association with our cloud-based Knowledge Engine platform, which includes fees we pay to our Knowledge Network application providers. The nature of these arrangements may be unpaid, fixed, or variable. The arrangements with many of our larger providers are unpaid. As the value of our customers' digital knowledge increases over time to our Knowledge Network application providers, we expect that we will be able to negotiate lower or no fee contracts and, therefore, our provider fees as a percentage of total revenue will generally decline. Cost of revenue also includes expenses related to hosting our platform and associated support, which is comprised of salaries, data center capacity costs, stock-based compensation expense, benefits, and other allocated overhead costs.

Operating Expenses

Sales and marketing expenses. Sales and marketing expenses consist primarily of personnel and related costs, including salaries, costs of obtaining revenue contracts, and stock-based compensation expense. Sales and marketing expenses also consist of costs related to advertising, marketing, brand awareness activities and lead generation.

Research and development expenses. Research and development expenses consist primarily of salaries and related costs and stock-based compensation expense, and exclude capitalized software development costs.

General and administrative expenses. General and administrative expenses consist primarily of salaries and related costs and stock-based compensation expense for our finance and accounting, human resources, information technology and legal support departments, as well as professional and consulting fees in connection with these departments.

Results of Operations

The following table sets forth selected condensed consolidated statement of operations data for each of the periods indicated:

(in thousands)	Three months ended April 30,	
	2019	2018
Revenue	\$ 68,708	\$ 50,988
Cost of revenue ⁽¹⁾	16,473	12,800
Gross profit	52,235	38,188
Operating expenses:		
Sales and marketing ⁽¹⁾	46,398	35,827
Research and development ⁽¹⁾	9,906	7,729
General and administrative ⁽¹⁾	15,191	11,538
Total operating expenses	71,495	55,094
Loss from operations	(19,260)	(16,906)
Interest income	906	357
Interest expense	(53)	(37)
Other expense, net	(206)	(170)
Loss from operations before income taxes	(18,613)	(16,756)
(Provision for) benefit from income taxes	(346)	(285)
Net loss	\$ (18,959)	\$ (17,041)

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

(in thousands)	Three months ended April 30,	
	2019	2018
Cost of revenue	\$ 818	\$ 566
Sales and marketing	6,840	3,770
Research and development	2,572	1,556
General and administrative	2,986	2,101
Total stock-based compensation expense	\$ 13,216	\$ 7,993

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

	Three months ended April 30,	
	2019	2018
Revenue	100 %	100 %
Cost of revenue	24	25
Gross profit	76	75
Operating expenses:		
Sales and marketing	68	70
Research and development	14	15
General and administrative	22	23
Total operating expenses	104	108
Loss from operations	(28)	(33)
Interest income	1	—
Interest expense	—	—
Other expense, net	—	—
Loss from operations before income taxes	(27)	(33)
(Provision for) benefit from income taxes	(1)	—
Net loss	(28)%	(33)%

Three Months Ended April 30, 2019 Compared to Three Months Ended April 30, 2018

Revenue and Cost of Revenue

(in thousands)	Three months ended April 30,		Variance	
	2019	2018	Dollars	Percent
Revenue	\$ 68,708	\$ 50,988	\$ 17,720	35%
Cost of revenue	16,473	12,800	\$ 3,673	29%
Gross profit	\$ 52,235	\$ 38,188	\$ 14,047	37%
Gross margin	76.0%	74.9%		

Total revenue was \$68.7 million for the three months ended April 30, 2019, compared to \$51.0 million for the three months ended April 30, 2018, an increase of \$17.7 million or 35%. This increase was primarily due to new customers and expanded subscriptions sold to existing customers.

Cost of revenue was \$16.5 million for the three months ended April 30, 2019, compared to \$12.8 million for the three months ended April 30, 2018, an increase of \$3.7 million or 29%. This increase was primarily due to a \$1.6 million increase in personnel-related costs, which mainly consisted of salaries and wages. Costs associated with our data centers increased \$0.4 million and Knowledge Network application provider fees increased \$0.3 million. In addition, depreciation expense and stock-based compensation expense each increased \$0.3 million.

Gross margin improved to 76.0% from 74.9%, as revenue growth outpaced the increase in cost of revenue.

Operating Expenses

(in thousands)	Three months ended April 30,		Variance	
	2019	2018	Dollars	Percent
Sales and marketing	\$ 46,398	\$ 35,827	\$ 10,571	30%
Research and development	\$ 9,906	\$ 7,729	\$ 2,177	28%
General and administrative	\$ 15,191	\$ 11,538	\$ 3,653	32%

Sales and marketing expense was \$46.4 million for the three months ended April 30, 2019, compared to \$35.8 million for the three months ended April 30, 2018, an increase of \$10.6 million, or 30%. The increase was primarily due to a \$5.0 million increase in personnel-related costs, which mainly consisted of salaries and wages and costs to obtain revenue contracts, as well as an increase in stock-based compensation expense of \$3.1 million.

Research and development expense was \$9.9 million for the three months ended April 30, 2019, compared to \$7.7 million for the three months ended April 30, 2018, an increase of \$2.2 million, or 28%. The increase was primarily due to an approximate \$1.0 million increase in each of stock-based compensation expense and personnel-related costs.

General and administrative expense was \$15.2 million for the three months ended April 30, 2019, compared to \$11.5 million for the three months ended April 30, 2018, an increase of \$3.7 million, or 32%. The increase was primarily due to a \$1.9 million increase in personnel-related costs, which mainly consisted of salaries and wages, as well as a \$0.9 million increase in stock-based compensation expense.

Liquidity and Capital Resources

As of April 30, 2019, our principal sources of liquidity were cash, cash equivalents and marketable securities, totaling \$284.1 million, comprised primarily of bank deposits, money market funds, and U.S. treasury securities. We believe our existing cash, cash equivalents and marketable securities will be sufficient to meet our projected operating requirements for at least the next 12 months. Our cash flows, including net cash used in or provided by operating activities, may vary significantly from quarter to quarter, due to the timing of billings, cash collections, lease expense and capital expenditures, significant marketing events and related expenses, and other factors.

Our future capital requirements will depend on many factors, including those set forth under "Risk Factors." We may in the future enter into arrangements to acquire or invest in complementary businesses, services, technologies, and intellectual property rights. We have and will continue to enter into new lease arrangements for new and expanded facilities including a lease arrangement for office space in New York, NY, which will serve as our new corporate headquarters. In connection with these arrangements we expect our lease expenses and related capital expenditures to increase which may limit our ability to take advantage of business opportunities or respond to changing business or market conditions. In addition, we may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, our business, operating results and financial condition would be adversely affected.

Common Stock Offering

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

Credit Arrangements

On March 16, 2016, we entered into a Loan and Security agreement with Silicon Valley Bank that provides for a \$15.0 million revolving credit line ("Revolving Line") and a \$7.0 million Letter of Credit facility (together with the Revolving Line, the "Credit Agreement"). In March 2018, the Credit Agreement was amended to extend the maturity date to March 16, 2020. No significant debt issuance costs were incurred in association with the amendment. We are obligated to pay ongoing commitment fees at a rate equal to 0.25% for the Revolving Line and 1.75% for any issued letters of credit.

Subject to certain terms of the Credit Agreement, we may borrow, prepay and reborrow amounts under the Revolving Line at any time during the agreement and amounts repaid or prepaid may be reborrowed. Interest rates on borrowings under the Revolving Line will be based on one-half of one percent (0.50%) above the prime rate. The prime rate is defined as the rate of interest per annum from time to time published in the money rate section of the Wall Street Journal. The Credit Agreement contains certain customary affirmative and negative covenants, including an adjusted quick ratio of at least 1.25 to 1.00, minimum revenue subject to annual updates, a limit on our ability to incur additional indebtedness, dispose of assets, make certain acquisition transactions, pay dividends or make distributions, and certain other restrictions on our activities each defined specifically in the agreement.

In April 2019, in connection with the leasing of office space in New York, NY, we established back-to-back standby letters of credit for \$12.1 million. The arrangement expires September 30, 2031, and is fully secured by a \$12.1 million cash deposit.

As of April 30, 2019, we were in compliance with all debt covenants. As of such date, the \$15.0 million Revolving Line was fully available, and the \$7.0 million Letter of Credit had \$6.8 million allocated as security in connection with various office space.

Cash Flows

The following table summarizes our cash flows:

(in thousands)	Three months ended April 30,	
	2019	2018
Net cash provided by operating activities	\$ 819	\$ 1,409
Net cash provided by investing activities	\$ 23,866	\$ 11,651
Net cash provided by financing activities	\$ 153,497	\$ 6,169

Operating Activities

Net cash provided by operating activities of \$0.8 million for the three months ended April 30, 2019 was primarily due to a change in accounts receivable of \$22.2 million, mainly due to timing of billing and cash collections during the period. In addition, non-cash charges related to stock-based compensation expense of \$13.2 million, and depreciation and amortization of \$1.9 million, resulted in positive adjustments in reconciling our net loss to net cash provided by operating activities. These increases were partially offset by the net loss of \$19.0 million, as well as changes in unearned revenue of \$9.7 million, and accounts payable, accrued expenses and other current liabilities of \$6.3 million, generally associated with timing.

Net cash provided by operating activities of \$1.4 million for the three months ended April 30, 2018 was primarily due to a change in accounts receivable of \$20.3 million, reflecting growth in subscription arrangements as compared to the same period in fiscal 2018, as well as the timing of cash collections, including those from certain significant customers. In addition, non-cash charges related to stock-based compensation expense of \$8.0 million and depreciation and amortization of \$1.6 million, resulted in positive adjustments in reconciling our net loss to net cash flows from operations. These increases were partially offset by the net loss of \$17.0 million, a change in unearned revenue of \$6.9 million, a change in accounts payable, accrued expenses and other current liabilities of \$3.1 million, mainly due to the timing of payments, and a change in prepaid expenses and other current assets of \$0.4 million.

Investing Activities

Net cash provided by investing activities of \$23.9 million for the three months ended April 30, 2019 was related to maturities associated with marketable securities of \$24.7 million, offset by capital expenditures of \$0.8 million.

Net cash provided by investing activities of \$11.7 million for the three months ended April 30, 2018 was related to maturities and sales associated with marketable securities of \$13.2 million, offset by capital expenditures of \$1.6 million.

Financing Activities

Net cash provided by financing activities of \$153.5 million for the three months ended April 30, 2019 was primarily related to proceeds from our common stock offering of \$147.0 million, net of underwriting discounts and commissions, as well as proceeds from exercises of stock options of \$5.0 million, and net proceeds from employee stock purchase plan withholdings of \$1.9 million, partially offset by payments of deferred offering costs and deferred financing costs of \$0.2 million each.

Net cash provided by financing activities of \$6.2 million for the three months ended April 30, 2018 was related to proceeds from exercises of stock options of \$4.9 million, and net proceeds from employee stock purchase plan withholdings of \$1.2 million.

Contractual Obligations

We are obligated to make payments under certain non-cancelable contractual obligations in the normal course of business. Our obligations primarily relate to our operating leases for office space as well as other obligations, including contracts with our Knowledge Network application providers and our software vendors. Our contractual obligations have various expiry dates between fiscal years 2020 and 2035.

As of April 30, 2019, future minimum annual payments under these contractual obligations are as follows (in thousands):

Fiscal year ending January 31:	Operating Leases	Other
2020	\$ 5,899	\$ 14,961
2021	10,637	6,553
2022	16,691	1,865
2023	16,762	50
2024 and thereafter	138,614	118
Total	\$ 188,603	\$ 23,547

See Note 14 "Commitments and Contingencies" to our condensed consolidated financial statements for further discussion on contractual obligations.

Off-Balance Sheet Arrangements

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

Critical Accounting Policies and Estimates

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

Except as described in Note 2, "Summary of Significant Accounting Policies," to our condensed consolidated financial statements included in this Quarterly Report on Form 10-Q, there have been no material changes to our critical accounting policies and estimates as compared to those disclosed in our Annual Report on Form 10-K.

Recent Accounting Pronouncements

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Foreign Currency Risk

Assets and liabilities of non-U.S. subsidiaries that operate in a local currency environment, where the local currency is the functional currency, are translated from foreign currencies into U.S. dollars using month-end rates of exchange for assets and liabilities, and average rates for the period derived from month-end spot rates for revenue, costs and expenses. We record translation gains and losses in accumulated other comprehensive (loss) income as a component of stockholders' equity (deficit). We reflect net foreign exchange transaction gains and losses resulting from the conversion of the transaction currency to functional currency as a component of foreign currency exchange losses in other expense, net. Based on the size of our international operations and the amount of our expenses denominated in foreign currencies, we would not expect a 10% change in the value of the U.S. dollar from rates on April 30, 2019 to have a material effect on our financial position or results of operations.

Inflation Risk

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

Interest Rate Risk

As of April 30, 2019, we had cash, cash equivalents and marketable securities, comprised primarily of bank deposits, money market funds, U.S. treasury securities, and corporate bonds, totaling \$284.1 million. The primary objective of our investments is the preservation of capital to fulfill liquidity needs. We do not enter into investments for trading or speculative purposes.

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

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in our company's reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. Based on the evaluation of our disclosure controls and procedures, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were ineffective as of April 30, 2019 due to the material weakness in information technology general controls as identified in the Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the three months ended April 30, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. We are continuing to take steps to remediate the material weakness in our internal control over financial reporting as identified in the Annual Report on Form 10-K.

Limitations on the Effectiveness of Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide

absolute assurance that all control issues within a company are detected. The inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and may not be detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

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

Item 1A. Risk Factors

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

Risks Related to Our Business and Industry

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

We generated a net loss of \$74.8 million, \$66.6 million, and \$43.2 million for the fiscal years ended January 31, 2019, 2018 and 2017, respectively, and a net loss of \$19.0 million in the three months ended April 30, 2019. As of April 30, 2019, we had an accumulated deficit of \$320.1 million, reflecting our losses recognized historically on a GAAP basis. We will need to generate and sustain increased revenue levels in future periods to become profitable, and, even if we do, we may not be able to maintain or increase our level of profitability. As a result, we may continue to experience operating losses for the indefinite future. Further, we expect our operating expenses to increase over the next several years as we hire additional personnel, expand our distribution channels, develop our technology and new features and face increased compliance costs associated with our growth and entry into new markets and geographies and operations as a public company. If our revenue does not increase to offset these and other potential increases in operating expenses, we may not be profitable in future periods. If we are unable to achieve and sustain profitability, the market price of our common stock may significantly decrease.

We have a limited operating history as a digital knowledge software company, which makes it difficult to predict our future operating results.

We were incorporated in 2006 and originally operated as an advertising services company. Our business has evolved several times since then. For example, we sold our advertising business to IAC/InterActiveCorp in 2012 to focus our operations on becoming a leading digital knowledge management company. Many of the most popular features of our platform have only been launched in the past few years.

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

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

Our headcount and operations have grown substantially in recent years. We increased the number of our full-time employees from over 450 as of January 31, 2016 to over 900 as of January 31, 2019 and have hired several members of our senior management team in recent years.

We believe that our corporate culture has been a critical component of our success. We have invested substantial time and resources in building our team and nurturing our culture. As we expand our business and operate as a public company, we may find it difficult to maintain our corporate culture while managing our personnel growth. Any failure to manage our anticipated growth and organizational changes in a manner that preserves the key aspects of our culture could hurt our chance for future success, including our ability to recruit and retain personnel and effectively focus on and pursue our corporate objectives.

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

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

Failure to adequately expand our sales force will impede our growth.

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

Identifying and recruiting qualified sales personnel and training them on our products requires significant time, expense and attention. Our financial results will suffer if our efforts to expand and train our direct sales force do not generate a corresponding increase in revenue. In particular, if we are unable to hire, develop and retain talented sales personnel or if new direct sales personnel are unable to achieve desired productivity levels in a reasonable period of time, we may not be able to realize the expected benefits of this investment or increase our revenue.

We are in the process of expanding our international operations, which exposes us to significant risks.

In 2014, we opened our first office outside the United States, and we intend to continue to expand our operations abroad. Our revenue from non-U.S. operations was more than 14% of our total revenue in the fiscal year ended January 31, 2019. Our international expansion has created and will create significant challenges for our management, administrative, operational and financial infrastructure. Operating in international markets requires significant resources and management attention and will subject us to regulatory, economic and political risks in addition to those we already face in the United States. Because of our limited experience with international operations and developing and managing sales in international markets, our international expansion efforts may not be successful.

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

- the difficulty of recruiting and managing international operations and the increased operations, travel, infrastructure and legal compliance costs associated with numerous international locations;
- our ability to effectively price our multi-tiered subscriptions in competitive international markets;
- our ability to identify and manage sales partners;
- new and different sources of competition in each country or region;
- potentially greater difficulty collecting accounts receivable and longer payment cycles;
- the need to adapt and localize our products for specific countries, including differences in the location attributes and formats used in each country;
- the need to offer customer support in various languages;
- difficulties in understanding and complying with local laws, regulations and customs in foreign jurisdictions;
- compliance with U.S. laws and regulations for foreign operations, including, without limitation, the Foreign Corrupt Practices Act, or FCPA, the U.K. Bribery Act, import and export control laws, tariffs, trade barriers, economic sanctions and other regulatory or contractual limitations on our ability to sell in certain foreign markets, and the risks and costs of non-compliance;
- compliance with international laws and regulations, including without limitation, those governing privacy, data security and data transfer, such as the General Data Protection Regulation, or GDPR, which may impair our ability to grow our business or offer our service in some locations, may subject us to liability for non-compliance or may require us to change our business practices;
- expanded demands on, and distraction of, senior management;
- difficulties with differing technical and environmental standards, data privacy and telecommunications regulations and certification requirements outside the United States;
- varying levels of internet technology adoption and infrastructure;
- tariffs and other non-tariff barriers, such as quotas and local content rules;
- more limited protection for intellectual property rights in some countries;

- adverse tax consequences;
- fluctuations in currency exchange rates, which could increase the price of our products outside of the United States, increase the expenses of our international operations and expose us to foreign currency exchange rate risk;
- currency control regulations, which might restrict or prohibit our conversion of other currencies into U.S. dollars;
- restrictions on the transfer of funds;
- deterioration of political relations between the United States and other countries; and
- political or social unrest or economic instability in a specific country or region in which we operate, which could have an adverse impact on our operations in that location.

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

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

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

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

We have established strategic relationships with more than 150 third-party service and application providers that comprise our Knowledge Network, including Amazon Alexa, Apple Maps, Bing, Cortana, Facebook, Google, Google Assistant, Google Maps, Siri, Yelp and many others. These application providers provide us with direct access to update content on their websites and applications. This direct access enables us to control our customers' business listings on the Knowledge Network application providers' websites and applications and to push real-time or nearly real-time updates to those business listings. In order to maintain relationships with application providers, we may need to modify our products or strategies in a way that may be adverse to our business and financial results. Furthermore, if we were to lose access to these applications, either in whole or in part, our Knowledge Network would not be as efficient, accurate or competitive. Our customers may also place a significant value on particular application providers such as Google such that the termination or impairment of our relationship with one or a limited number of application providers could lead to a loss of a significant number of customers.

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

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

We have limited experience with respect to determining the optimal prices and contract length for our platform. As the markets for our features grow, as new competitors introduce new products or services that compete with ours or reduce their prices, or as we enter into new international markets, we may be unable to attract new customers or retain existing customers at the same price or continue to migrate customers to our multi-tiered subscription model. Moreover, large customers, which have historically been the focus of our direct sales efforts, may demand greater price discounts.

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

Our success depends on a fragmented internet environment for finding digital knowledge, particularly information about physical business locations, other entities and attributes.

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

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

The market for our features is competitive, rapidly evolving and fragmented, and is subject to changing technology and shifting customer needs. Many vendors develop and market products and services that compete to varying extents with our features, and we expect competition in our market to intensify. Moreover, industry consolidation may increase competition. Additionally, new entrants, specifically application providers, that enter our industry through acquisitions or otherwise, would increase competition in our industry significantly.

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

Business and professional service providers may not widely adopt our platform to manage the important aspects of their digital knowledge, which would limit our ability to grow our business.

Our ability to grow our business and increase revenue depends on our success in educating businesses and professional service providers about the potential benefits of our cloud-based platform. Cloud applications for organizing and managing digital knowledge, particularly for location and location-related data, have not previously been widely adopted. Concerns about cost, security, reliability and other issues may cause businesses and professional service providers not to adopt our platform. Moreover, businesses and professional service providers who have already invested substantial resources in other digital knowledge and data management systems or methods may be reluctant to adopt a new approach like ours to supplement or replace existing systems or methods. If businesses and professional service providers do not widely adopt software such as ours, our ability to grow our business will be limited.

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

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

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

Our customers have no obligation to renew their subscriptions for our platform after the expiration of their subscription periods. In the normal course of business, some customers have elected not to renew their subscriptions with us. However, because our recent growth has resulted in the rapid expansion of our business and we have changed our subscription model in recent years, we do not have a long history upon which to base forecasts of renewal rates with customers or future operating revenue. Our customers may seek to renew their subscriptions for fewer features, at renegotiated rates, or for shorter contract lengths, all of which could reduce the amount of the subscription. Our renewal rates may decline or fluctuate as a result of a number of factors, including limited customer resources, pricing changes, customer satisfaction with our platform, the acquisition of our customers by other companies and deteriorating general economic conditions. If our customers do not renew their subscriptions for our platform or decrease the amounts they spend with us, our revenue will decline and our business will suffer. If our renewal rates fall significantly below the expectations of the public market, equity research analysts or investors, the price of our common stock could also be harmed.

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

To increase our revenue, we must add new customers. If competitors introduce lower cost or differentiated products or services that are perceived to compete with our features, our ability to sell our features based on factors such as pricing, technology and functionality could be impaired. As a result, we may be unable to attract new customers at rates or on terms that would be favorable or comparable to prior periods, which could negatively affect the growth of our revenue.

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

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

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

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

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

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

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

- delays in introducing new, enhanced or modified features;

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

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

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

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

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

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

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

Our ability to increase revenue and achieve profitability depends, in large part, on widespread acceptance of our platform by enterprises. As we target our sales efforts at these customers, we face greater costs, longer sales cycles and less predictability in completing some of our sales. As a result of the variability and length of the sales cycle, we have only a limited ability to forecast the timing of sales. A delay in or failure to complete sales could harm our business and financial results, and could cause our financial results to vary from period to period. Our sales cycle varies widely, reflecting differences in potential customers' decision-making processes, procurement requirements and budget cycles, and is subject to significant risks over which we have little or no control, including:

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

Our typical direct sales cycles for more substantial enterprise customers can often be long, and we expect that this lengthy sales cycle may continue or could even increase. In the large enterprise market, the customer's decision to use our platform may be an enterprise-wide decision or may require the approval of senior management, which may not only lengthen the sales cycle but also reduce the likelihood of completing a sale. Longer sales cycles could cause our operating results and financial condition to suffer in a

given period. If we cannot adequately scale our direct sales force, we will experience further delays in signing new customers, which could slow our revenue growth.

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

For the fiscal years ended January 31, 2019, 2018 and 2017, our top five customers, which included third-party resellers, accounted for approximately 14%, 17% and 18%, respectively, of our revenue. We anticipate that sales of our platform to a relatively small number of customers will continue to account for a significant portion of our revenue in future periods. If we were to lose any of our significant customers, our revenue could decline and our business and results of operations could be materially and adversely affected. These negative effects could be exacerbated by customer consolidation, changes in technologies or solutions used by customers, changes in demand for our features, selection of suppliers other than us, customer bankruptcies or customer departures from their respective industries, pricing competition or deviation from marketing and sales methods away from physical location retailing, any one of which may result in even fewer customers accounting for a high percentage of our revenue and reduced demand from any single significant customer.

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

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

We are dependent on the efforts of third parties who resell our packages for a significant portion of our revenue, but we do not control the efforts of these resellers. If they fail to market or sell our platform successfully, merge or consolidate with other businesses, declare bankruptcy or depart from their respective industries, our business could be harmed. For example, consolidation among our third-party resellers may require us to renegotiate agreements on less favorable terms, including longer payment periods, or may lead to a termination of our agreements with these resellers. We may expend significant resources managing these reseller relationships. Further, in some international markets, we grant resellers the exclusive right to sell our features. If resellers to whom we have granted exclusive rights fail to successfully market and sell our platform in their assigned territories, then we may be unable to adequately address sales opportunities in that territory. If we are unable to maintain or replace our contractual relationships with resellers, efficiently manage our relationships with them or establish new contractual relationships with other third parties, we may fail to retain subscribers or acquire potential new subscribers and may experience delays and increased costs in adding or replacing subscribers that were lost, any of which could materially affect our business, operating results and financial condition.

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

We experienced revenue growth rates of 38% from the fiscal year ended January 31, 2016 to the fiscal year ended January 31, 2017, 37% from the fiscal year ended January 31, 2017 to the fiscal year ended January 31, 2018, 34% from the fiscal year ended January 31, 2018 to the fiscal year ended January 31, 2019, and 35% from the three months ended April 30, 2018 to the three months ended April 30, 2019. Our historical revenue growth rates are not indicative of future growth, and we may not achieve similar revenue growth rates in future periods. You should not rely on our revenue for any prior quarterly or annual periods as an indication of our future revenue or revenue growth. Our operating results may vary as a result of a number of factors, including our ability to execute on our business strategy and compete effectively for customers and business partners and other factors that are outside of our control. If we are unable to maintain consistent revenue or revenue growth, our stock price could be volatile, and it could be difficult to achieve or maintain profitability.

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

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

For example, in December 2015, we suffered a denial-of-service attack, which resulted in the inability for some of our customers to access our platform for several hours. If we experience additional compromises to our security that result in performance or availability problems, the complete shutdown of our platform or the loss of, or unauthorized access to, personal information or other types of confidential information, our customers or application providers may assert claims against us for credits, refunds or other damages, and may lose trust and confidence in our platform. Additionally, security breaches or other unauthorized access to, or use or acquisition of, personal information or other types of confidential information that we or our services providers maintain, could result in claims against us for identity theft or other similar fraud claims, breach of contract or indemnity, governmental enforcement actions, litigation, fines and penalties or adverse publicity, and could cause our customers and partners to lose trust in us, any of which could have an adverse effect on our business, reputation, operating results and financial condition. Our existing insurance coverage may not continue to be available on acceptable terms or may not be available in sufficient amounts to cover one or more large claims related to

a security breach. An insurer may also deny coverage as to a future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies could have a material adverse effect on our business. We could also be required to incur significant costs for remediation or expend significant capital and other resources to address a security breach. While the audit committee of the Board of Directors oversees our policies and practices regarding information technology risk management and the internal controls related to cybersecurity, because the techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently, often are not recognized until launched against a target and may originate from less regulated countries, we may be unable to proactively address these techniques or to implement adequate preventative measures.

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

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

As a public company, we are required to maintain internal control over financial reporting and to report any material weaknesses in such internal controls. Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, requires that we evaluate and determine the effectiveness of our internal control over financial reporting and provide a management report on internal control over financial reporting. Under standards established by the United States Public Company Accounting Oversight Board, a material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected and corrected on a timely basis.

In connection with the audits of the fiscal year 2016, 2017 and 2018 consolidated financial statements, we and our independent registered public accounting firm identified two material weaknesses in our internal controls over financial reporting. The first material weakness pertained to controls over the revenue recognition process resulting from a lack of logical access controls over our revenue system and the lack of review controls with regard to manual revenue adjustments. We also identified a significant reliance on manual processes in our customer order entry procedures. The second material weakness primarily related to the lack of review and oversight over the financial close. We determined that we had insufficient financial statement close processes and procedures, including the classification and presentation of expenses.

In connection with the audit of the fiscal 2019 consolidated financial statements, our management concluded that as of January 31, 2019 we have not maintained effective internal control over financial reporting as a result of a material weakness in information technology general controls. The deficiencies in information technology general controls also resulted in a conclusion that certain manual controls and automated controls were ineffective, which in turn may impact controls related to the revenue recognition process and financial close described above. We are taking steps to remediate this material weakness. However, we cannot at this time estimate how long it will take to remediate the material weakness, and we may not ever be able to remediate the material weakness. For additional information regarding this material weakness and related remediation activities, see Item 4. "Controls and Procedures." If we are unable to successfully remediate the material weakness and otherwise establish and maintain an effective system of internal control over financial reporting, the reliability of our financial reporting, investor confidence in us and the value of our common stock could be materially and adversely affected. In addition, we may discover other control deficiencies in the future, and we cannot assure you that we will not have a material weakness in future periods.

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

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

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

Although we have previously acquired businesses, we have limited acquisition experience. If we acquire additional businesses, we may not be able to integrate the acquired personnel, operations and technologies successfully or effectively manage the combined business following the acquisition. We also may not achieve the anticipated benefits from the acquired business due to a number of factors, including:

- unanticipated liabilities associated with the acquisition;
- difficulty incorporating acquired technology and rights into our platform and of maintaining quality and security standards consistent with our brand;
- inability to generate sufficient revenue to offset acquisition or investment costs;
- incurrence of acquisition-related costs;
- difficulties and additional expenses associated with supporting legacy products and hosting infrastructure of the acquired business;
- difficulty converting the customers of the acquired business into our customers;
- diversion of our management's attention from other business concerns;
- adverse effects to our existing business relationships as a result of the acquisition;
- potential loss of key employees;
- use of resources that are needed in other parts of our business; and
- use of substantial portions of our available cash to consummate the acquisition.

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

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

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

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

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

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

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

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

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

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

In addition, the laws of some countries do not protect intellectual property and other proprietary rights to the same extent as the laws of the United States. To the extent we expand our international activities, our exposure to unauthorized copying, transfer and use of our proprietary technology or information may increase. For example, many foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. In addition, many countries limit the enforceability of patents against third parties, including government agencies or government contractors. In these countries, patents may provide limited or no benefit. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate. In addition, changes in the law and legal decisions by courts in the United States and foreign countries may affect our ability to obtain adequate protection for our technology and the enforcement of intellectual property.

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

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

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

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

Our platform incorporates certain third-party software obtained under licenses from other companies. We anticipate that we will continue to rely on such third-party software and development tools in the future. Although we believe that there are commercially reasonable alternatives to the third-party software we currently license, this may not always be the case, or the software we currently license may be difficult or costly to replace. In addition, integration of the software used in our platform with new third-party software may require significant work and require substantial investment of our time and resources. Also, to the extent that our platform depends upon the successful operation of third-party software in conjunction with our software, any undetected errors or defects in this third-party software could prevent the deployment or impair the functionality of our platform, delay new feature introductions, result in a failure of our platform and injure our reputation. Our use of additional or alternative third-party software would require us to enter into license agreements with third parties.

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

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

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

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

The U.S. federal and various state governments have adopted or proposed limitations on the collection, distribution, use, storage and security of data relating to individuals, including the use of contact information and other data for marketing, advertising and other communications with individuals and businesses. For example, in June 2018, the State of California legislature passed the California Consumer Privacy Act of 2018. The act requires covered businesses to make new disclosures to consumers about their data collection, use, and sharing practices, allows consumers to opt out of certain data sharing with third parties, and provides a new cause of action for data breaches. As currently enacted, the act takes effect on January 1, 2020. Additionally, the FTC and many state attorneys general are interpreting federal and state consumer protection laws as imposing standards for the online collection, use, dissemination and security of data.

Similarly, several foreign countries and governmental bodies, including the European Union, have laws and regulations dealing with the handling and processing of personal information obtained from their residents, which in certain cases are more restrictive than those in the United States. Laws and regulations in these jurisdictions apply broadly to the collection, use, storage, disclosure and security of various types of data, including data that identifies or may be used to identify an individual, such as names, email addresses and in some jurisdictions, Internet Protocol, or IP, addresses. Within the European Union, legislators have adopted the General Data

Protection Regulation, or GDPR, which became effective in May 2018 replacing the 1995 European Union Data Protection Directive and superseding applicable EU member state legislation. The GDPR includes more stringent operational requirements for processors and controllers of personal data and imposes significant penalties for non-compliance. The United Kingdom recently implemented a Data Protection Bill that substantially implements the GDPR, which became effective in May 2018. However, the United Kingdom's decision to exit the European Union, known as Brexit, has created uncertainty regarding the regulation of data protection in the United Kingdom in the medium to long term, which may delay or deter transactions with customers that transfer data to and from the United Kingdom. We have certified under the U.S.-European Union Privacy Shield with respect to our transfer of certain personal data from the European Union to the United States; however, the U.S.-European Union Privacy Shield, and any other mechanisms that we use or may use in the future in an effort to legitimize cross-border data transfers may be challenged or may evolve such that it no longer serves as an appropriate means for us to transfer certain personal data from the European Union to the United States.

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

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

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

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

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

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

recovery program contemplates transitioning our platform to our backup center in the event of a catastrophe and our platform may be unavailable, in whole or in part, during any transition procedure.

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

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

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

Natural disasters or other catastrophic events may cause damage or disruption to our operations and the global economy, and thus could have a strong negative effect on us. Our business operations are subject to interruption by natural disasters, fire, power shortages, pandemics, acts of terrorism and other events beyond our control. Although we maintain crisis management and disaster response plans, such events could make it difficult or impossible for us to continue operations, and could decrease demand for our platform. Our data centers are located in New Jersey and Texas and our cloud computing providers operate from facilities in northern Virginia, Frankfurt, Germany and Tokyo, Japan, making our business particularly susceptible to natural disasters in those areas. Any natural disaster affecting our data centers could have an adverse effect on our financial condition and operating results.

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

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

In addition, the proper functioning of our platform is dependent on the ability of our Knowledge Network application providers and partners to maintain the availability and proper functioning of their software integrations with our systems and also is dependent on the ability of our third-party application providers to maintain the availability and proper functioning of their websites and applications on which business listing information is published for customers. For example, a number of our Knowledge Network application providers provide us with an Application Program Interface, or API, on which our ability to interface with that provider is based. If our Knowledge Network application providers do not maintain the availability and proper functioning of their software, APIs, websites and applications, our business, operating results and financial condition could be materially affected.

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

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

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

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

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

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

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

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

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

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

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

Our business depends on the overall demand for technology and on the economic performance of our current and prospective customers. In general, worldwide economic conditions may remain unstable, and these conditions would make it difficult for our customers, prospective customers and us to forecast and plan future business activities accurately, and they could cause our customers or prospective customers to reevaluate their decision to purchase our features. Weak global economic conditions, or a reduction in technology spending even if economic conditions stabilize, could adversely impact our business and results of operations in a number of ways, including longer sales cycles, lower prices for our platform, fewer subscriptions and lower or no growth.

In particular, the economies of countries in Europe have been experiencing weakness associated with high sovereign debt levels, weakness in the banking sector and uncertainty over the future of the European Union, including uncertainty regarding Brexit. We have operations, as well as current and potential new customers, throughout Europe. If economic conditions in Europe and other key markets for our platform continue to remain uncertain or deteriorate further, many customers may delay or reduce their information technology spending. The legal, regulatory and economic impacts of Brexit, which are not known at this time, may also, among other things, increase the costs and complexity of our operations in Europe including our ability to hire and retain employees.

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

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

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

Significant judgments and estimates are required in determining the (provision for) benefit from income taxes and other tax liabilities. We generally conduct our international operations through wholly-owned subsidiaries and report our taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. The amount of taxes we pay may depend on the application of the tax laws of various jurisdictions, including the United States, to our international business activities, changes in tax rates, new or revised tax laws or interpretations of existing tax laws and policies and our ability to operate our business in a manner consistent with our corporate structure and intercompany arrangements. Our tax expense may be impacted if our intercompany

transactions, which are required to be computed on an arm's-length basis, are challenged and successfully disputed by the tax authorities. In determining the adequacy of income taxes, we assess the likelihood of adverse outcomes that could result if our tax positions were challenged by the Internal Revenue Service, or IRS, and other tax authorities. The tax authorities in the United States and other countries where we do business may examine our income and other tax returns. The ultimate outcome of these examinations cannot be predicted with certainty. Should the IRS or other tax authorities assess additional taxes as a result of examinations, we may be required to record charges that would adversely affect our results of operations and financial condition.

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

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

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

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

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

As of January 31, 2019, we had gross U.S. federal and tax-effected state net operating loss carryforwards, or NOLs, of \$290.4 million and \$11.0 million, respectively, due to prior period losses. In general, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, a corporation that undergoes an ownership change, which is generally defined as a greater than 50-percentage-point cumulative change by value in the equity ownership of certain stockholders over a rolling three-year period, is subject to limitations on its ability to utilize its pre-change NOLs to offset post-change taxable income. Our existing NOLs may be subject to limitations arising from previous ownership changes, and if we undergo an ownership change our ability to utilize NOLs could be further limited by Section 382 of the Code and similar state provisions. Future changes in our stock ownership, some of which may be outside of our control, could result in an ownership change under Section 382 of the Code. Furthermore, our ability to utilize NOLs of companies that we may acquire in the future may be subject to limitations. There is also a risk that due to regulatory changes, such as suspensions on the use of NOLs, or other unforeseen reasons, our existing NOLs could expire, decrease in value or otherwise be unavailable to offset future income tax liabilities.

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

Generally accepted accounting principles in the United States, or U.S. GAAP, are subject to interpretation by the Financial Accounting Standards Board, or FASB, the SEC, and various bodies formed to promulgate and interpret appropriate accounting principles. A change in these principles or interpretations could have a significant effect on our reported financial results and could affect the reporting of transactions completed before the announcement of a change.

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

Market opportunity and size estimates and growth forecasts are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. We had historically analyzed the size of our estimated total addressable market, solely with respect to locations, using data published by third parties as well as internally generated data and assumptions regarding our ability to generate revenue from those locations. We have not independently verified the estimate of locations published by third parties and cannot assure you of its accuracy or completeness. In addition, our estimated market size for location-related data was based on an assumed annual revenue per location. As we continue to develop new features, the methodology and assumptions used to estimate new market opportunities, including the assumed revenue generated by new licenses managed through our platform, may differ materially from methodologies and assumptions previously used to estimate total addressable market with respect to locations. As we enter a new geographic market, we may initially provide discounts to customers to gain market traction, and the amount and effect of these discounts may vary greatly by geography and size of market and may cause our average revenue per location to be lower than historical averages. We continue to evaluate our total addressable market with respect to new product offerings and new markets. These estimates of total addressable market and growth forecasts are subject to significant uncertainty, are based on assumptions and estimates that may not prove to be accurate and are based on data published by third parties that we have not

independently verified. Even if the market in which we compete meets the size estimates and growth we forecast, our business could fail to grow at similar rates, if at all.

Our management team has limited experience managing a public company.

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

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

We are subject to anti-corruption and anti-bribery and similar laws, such as the U.S. Foreign Corrupt Practices Act of 1977, as amended, or the FCPA, the U.S. domestic bribery statute contained in 18 U.S.C. § 201, the U.S. Travel Act, the USA PATRIOT Act, the U.K. Bribery Act 2010, the Proceeds of Crime Act 2002 and possibly other anti-corruption, anti-bribery and anti-money laundering laws in countries in which we conduct activities. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years, are interpreted broadly and prohibit companies and their employees and agents from promising, authorizing, making, offering, soliciting or accepting improper payments or other benefits to or from government officials and others in the private sector. As we increase our international sales and business, particularly in countries with a low score on the Corruptions Perceptions Index by Transparency International, and increase our use of third-party business partners such as sales agents, distributors, resellers, or consultants, our risks under these laws may increase. We can be held liable for the corrupt or other illegal activities of our employees, representatives, contractors, business partners, resellers, and agents, even if we do not explicitly authorize, control or have actual knowledge of such activities. While we have policies and procedures in this area, we cannot guarantee that improprieties committed by our employees or third parties will not occur. Noncompliance with these laws could subject us to investigations, sanctions, settlements, prosecution, other enforcement actions, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, suspension or debarment from contracting with certain persons, the loss of export privileges, whistleblower complaints, reputational harm, adverse media coverage, and other collateral consequences. If any subpoenas or investigations are launched, or governmental or other sanctions are imposed, or if we do not prevail in any possible civil or criminal litigation, our business, results of operations and financial condition could be materially harmed. In addition, responding to any action will likely result in a materially significant diversion of management's attention and resources and significant defense and compliance costs and other professional fees and may harm our reputation, which may damage our relationships with our customers, strategic partners and other third parties. In certain cases, enforcement authorities may even require us to appoint an independent compliance monitor, which can result in added costs and administrative burdens. Any investigations, actions or sanctions or other previously mentioned harm could have a material negative effect on our business, operating results and financial condition.

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

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

U.S. sanctions. Violations of export and import regulations and economic sanctions could result in negative consequences to us, including government investigations, penalties and reputational harm.

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

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

We are exposed to fluctuations in currency exchange rates.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- actual or anticipated fluctuations in our financial condition and operating results;

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

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

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

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

We may issue additional securities. Our certificate of incorporation authorizes us to issue up to 500,000,000 shares of common stock and up to 50,000,000 shares of preferred stock. Future sales and issuances of our capital stock or rights to purchase our capital stock could result in substantial dilution to our existing stockholders. We may sell common stock, convertible securities and other equity securities in one or more transactions at prices and in a manner as we may determine from time to time. If we sell any such securities in subsequent transactions, the ownership of existing stockholders will be diluted, possibly materially. New investors in subsequent transactions could also gain rights, preferences and privileges senior to those of existing holders of our common stock. In addition, substantial blocks of our total outstanding shares are eligible to be sold into the market, although shares held by directors, executive officers and other affiliates are subject to volume limitations under Rule 144 under the Securities Act.

The price of our common stock could decline if there are substantial sales of our common stock, particularly sales by our directors, executive officers and significant stockholders, or if there is a large number of shares of our common stock available for sale and the market perceives that sales will occur. We have 111,000,117 shares of our common stock outstanding as of April 30, 2019.

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

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

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

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

The concentration of our stock ownership will likely limit your ability to influence corporate matters, including the ability to influence the outcome of director elections and other matters requiring stockholder approval.

As of April 30, 2019, our executive officers, directors and the holders of more than 5% of our outstanding common stock (based upon the most recent filings pursuant to Section 16(a) of the Securities Exchange Act of 1934, as amended or on Schedule 13G with respect to each such holder) in the aggregate beneficially owned approximately 35% of our common stock. As a result, these stockholders, acting together, will have significant influence over all matters that require approval by our stockholders, including the election of directors and approval of significant corporate transactions. Corporate actions might be taken even if other stockholders oppose them. This concentration of ownership might also have the effect of delaying or preventing a change of control of our company that other stockholders may view as beneficial.

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

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

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

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

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

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

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

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits**Incorporated by Reference**

Number	Exhibit Title	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
3.1	Amended and Restated Certificate of Incorporation	S-1/A	333-216642	3.2	3/17/2017	
3.2	Amended and Restated Bylaws	S-1/A	333-216642	3.4	3/17/2017	
4.1	Form of Common Stock Certificate	S-1/A	333-216642	4.1	3/28/2017	
4.2	Fifth Amended and Restated Investors' Rights Agreement, dated May 28, 2014, as subsequently amended, by and among the Registrant and certain security holders of the Registrant.	S-1	333-216642	4.2	3/13/2017	
10.1	Sublease dated as of April 23, 2019 by and between Aetna Life Insurance Company and Yext, Inc.					x
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					x
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002					x
32.1	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*					x
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*					x
101	Interactive Data Files Pursuant to Rule 405 of Regulation S-T: (i) Condensed Consolidated Balance Sheets as of April 30, 2019 and January 31, 2019, (ii) Condensed Consolidated Statements of Operations and Comprehensive Loss for the three months ended April 30, 2019 and 2018, (iii) Condensed Consolidated Statements Stockholders' Equity as of April 30, 2019 and January 31, 2019, (iv) Condensed Consolidated Statements of Cash Flows for the three months ended April 30, 2019 and 2018 and (v) Notes to Condensed Consolidated Financial Statements XBRL Exhibits					

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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 31, 2019

Yext, Inc.

By:

/s/ Steven Cakebread

Steven Cakebread
Chief Financial Officer
(Principal Financial Officer)

SUBLEASE

THIS SUBLEASE (this "**Sublease**") is made as of the 23rd day of April, 2019, by and between **AETNA LIFE INSURANCE COMPANY**, a Connecticut corporation having an address of 151 Farmington Avenue, Hartford, Connecticut 06156 ("**Sublessor**") and **YEXT, INC.**, a Delaware corporation having an address at One Madison Avenue, 5th Floor, New York, NY 10010 ("**Sublessee**").

WITNESSETH:

WHEREAS, Sublessor leases 142,342 rentable square feet of space on the 2nd, 3rd, 4th, 5th, 6th, 7th, 8th, and 9th floors (the "**Premises**") of the building located at 61 Ninth Avenue, New York, New York (the "**Building**") pursuant to that certain Lease dated as of June 26, 2017, as amended by that certain Memorandum of Sublease dated as of June 26, 2017, as amended by that certain letter agreement dated September 6, 2017, and amended by that certain First Amendment to Lease dated as of April 23, 2018 (as amended, the "**Lease**"), made by and between 61 Ninth Avenue Development LLC, as landlord (the "**Landlord**"), and Sublessor, as tenant; and

WHEREAS, Sublessee desires to sublet from Sublessor the entire Premises (referred to herein as the "**Sublet Premises**"). The Sublet Premises are identified on **Exhibit B** annexed hereto and made a part hereof as the hatched areas; and

WHEREAS, Sublessor desires to sublet the Sublet Premises to Sublessee and Sublessee desires to sublet the Sublet Premises from Sublessor upon the terms and conditions contained herein.

WHEREAS, capitalized terms used herein that are not defined herein shall have the meanings ascribed to them in the Lease.

NOW, THEREFORE, the parties hereto, for themselves and their respective successors and assigns, in consideration of the premises and the covenants hereinafter contained and the sum of TEN DOLLARS (\$10.00) to each party paid by the other, the receipt and sufficiency of which is hereby acknowledged, do covenant and agree as follows:

1. **Term.** Sublessor hereby sublets to Sublessee and Sublessee hereby sublets from Sublessor the Sublet Premises on the terms and conditions set forth in this Sublease for the term (the "**Term**" or the "**Sublease Term**") commencing on the later to occur of: (i) the date when this Sublease has been fully executed and delivered by both Sublessor and Sublessee; (ii) the date Landlord has given its written consent to this Sublease in a form approved by both Sublessor and Sublessee (the "**Consent Agreement**"); (iii) the date when Sublessor has received the "Letter of Credit," as defined herein, (iv) the date when Sublessor has received the first month's Base Rent installment from Sublessee by electronic funds transfer per the instructions attached hereto as

Exhibit E; (v) the date Sublessor has received the "Certificates of Insurance," as defined herein (other than the Certificate of Insurance for Rental Value insurance, which must be delivered to Sublessor prior to the "Sublease Rent Commencement Date," as defined herein); and (vi) the date Sublessor has delivered possession of the Sublet Premises to Sublessee in their "as is" condition as of the date hereof (the later to occur of (i) - (vi) above is referred to as the "**Sublease Commencement Date**"), and ending on February 28, 2031 (the "**Sublease Expiration Date**"), unless sooner terminated under the terms of the Lease or this Sublease. Sublessor and Sublessee agree to execute a document in the form substantially similar to that annexed hereto as **Exhibit C** which will delineate the Sublease Commencement Date.

2. **Rent.**

(a) Beginning on October 1, 2020 (the "**Sublease Rent Commencement Date**"), Sublessee covenants and agrees to pay Sublessor during the term of this Sublease base rent ("**Base Rent**"), without deduction or offset and without notice or demand, except as expressly provided herein, by electronic funds transfer pursuant to the instructions annexed hereto as **Exhibit E** and made a part hereof, or to such other entity or in such other manner as Sublessor may from time to time designate on not less than twenty (20) days' advance notice, in writing, as follows:

Period	Annual Base Rent	Monthly Base Rent	Annual Base Rent per RSF per Annum
10/1/2020 – 12/31/2024	\$12,099,069.96	\$1,008,255.83	\$85.00
1/1/2025 – 2/28/2031	\$13,522,490.04	\$1,126,874.17	\$95.00

Base Rent hereunder will be payable to Sublessor with respect only to the period commencing on the Sublease Rent Commencement Date through the Sublease Expiration Date, at the same times and in the same manner Sublessor is obligated to pay Landlord "Base Rent," as defined in the Lease. The first month's Base Rent (for the month of October, 2020) shall be due and payable upon the full execution and delivery of this Sublease.

(b) Beginning on the Sublease Rent Commencement Date, Sublessee covenants and agrees to pay Sublessor during, and with respect to, the portion of the Sublease Term from and after the Sublease Rent Commencement Date, one hundred percent (100%) of all "Escalation Rent," as defined in the Lease, payable by Sublessor under the Lease with respect to the same period (including, without limitation payment of "Monthly Operating Expense Payment Amount[s]" and the "Monthly Tax Payment Amount[s]," both as defined in, and pursuant to, Article 2 of the Lease), at the same times and in the same manner as Sublessor is obligated to pay Landlord Escalation Rent as set forth in Article 2 of the Lease. Sublessee shall have the right to exercise Sublessor's audit rights under Section 2.4 of the Lease (including the right pursuant to Section 2.4(B) of the Lease to institute an "Expedited Arbitration Proceeding," as defined in Section 30.2(C) of the Lease), provided: (i) Landlord consents to same in the Consent Agreement; (ii) the audit is performed in strict accordance with Section 2.4 of the Lease; and (iii) an uncured "Sublessee Default," as defined herein, does not exist. Any credit of an overpayment of Additional Rent under the Lease determined in such Expedited Arbitration Proceeding, or approved by Landlord, which is received by Sublessor from

Landlord, shall be credited against an Additional Rent payable under this Sublease. The parties agree that the rentable square footage of each floor of the Sublet Premises is as follows:

Floor	Rentable Square Footage
2	20,607
3	20,300
4	20,105
5	18,563
6	17,102
7	15,674
8	15,193
9	14,798
Total	142,342

(c) Beginning on the Sublease Commencement Date, Sublessee covenants and agrees to pay Sublessor during, and with respect to, the Sublease Term the following expense items: (i) "Electricity Additional Rent" for the Sublet Premises in accordance with Sections 5.3(B) and 5.3(C) of the Lease; (ii) condenser water charges for the Sublet Premises in accordance with Section 4.6 of the Lease; (iii) emergency generator usage charges for the Sublet Premises in accordance with Section 4.8(C) of the Lease; and (iv) freight elevator and loading dock usage charges for the Sublet Premises in accordance with Section 4.2(B) of the Lease, all payable by Sublessee to Sublessor in such amounts and in the same manner as Sublessor is obligated to pay Landlord for said expenses as set forth in the aforementioned sections of the Lease, provided that such amounts shall be payable by Sublessee to Sublessor not later than thirty (30) days after notice from Sublessor.

(d) Sublessee shall also pay Sublessor during and with respect to the Term of this Sublease such other sums of money not otherwise provided for herein, other than Fixed Rent payable under the Lease, as shall become due and payable by Sublessor to Landlord pursuant to the terms and conditions of the Lease (except if as a result of any act, omission, negligence or willful misconduct of Sublessor, its agents, contractors, or employees) and/or which are due to the actions or inactions of the Sublessee in default of this Sublease.

(e) All amounts payable by Sublessee under this Section 2 other than Base Rent are referred to herein as "**Additional Rent**". Base Rent and Additional Rent are collectively referred to hereinafter as the "**Rent**".

(f) Rent shall be paid in advance, on the first day of each and every month throughout the Term of this Sublease, except as otherwise provided herein. If Sublessee fails to pay any item of Rent on or prior to the date that such payment is due, then Sublessee shall pay to Sublessor, in addition to such item of Rent, as a late charge and as Additional Rent, an amount equal to interest at the "Applicable Rate" (as defined in the Lease) on the amount unpaid, computed from the date such payment was due to and including the date of payment; provided that twice during any calendar year, Sublessee shall be entitled to written notice of such late payment and a period of five (5)

business days after receipt of such notice to cure such late payment before such interest begins to accrue. In addition, upon the third, and each succeeding, late payment under this Sublease, Sublessee shall pay Sublessor, as Additional Rent, a late charge of three percent (3%) of the outstanding Rent amount which is late. Nothing contained in this Section 2(f) limits Sublessor's rights and remedies, by operation of law or otherwise, after the occurrence of a Sublessee Default.

(g) Sublessor shall request from Landlord such documentation relating to Additional Rent charges under the Lease as Sublessor is entitled to receive under the Lease and for which Sublessee pays hereunder, and Sublessor shall deliver same to Sublessee promptly following receipt. Sublessor will promptly discuss with Landlord any reasonable objections which Sublessee has regarding such charges, and shall use all due diligence and all reasonable efforts to resolve same, included, if requested by Sublessee in writing, and if there is a reasonable basis for doing so, Sublessor will institute and pursue litigation against Landlord to resolve any reasonable objections which Sublessee has regarding such charges. Sublessee shall, within thirty (30) days after Sublessor's written demand, reimburse Sublessor for all of Sublessor's out-of-pocket costs and expenses (including without limitation, court costs, attorney's fees [including based on any requirement under Section 23.1(B) of the Lease, or any court order, that Sublessor reimburse Landlord's attorneys' fees in connection with such litigation]), and expert witness fees (all constituting Additional Rent hereunder) in connection with such litigation and any appeals in connection therewith. Sublessee shall indemnify and hold Sublessor harmless from any vexatious litigation claim by Landlord against Sublessor based on such litigation. In the event Sublessor shall receive any refund or reimbursement arising from an Additional Rent payment made by Sublessee with respect to the Sublease Term, Sublessor shall promptly pay to Sublessee such refund or reimbursement. In connection with any such litigation, Sublessor and Sublessee agree to the following: (i) Sublessee shall have reasonable approval of counsel chosen to bring such litigation, (ii) Sublessee shall have approval over the budget for any such litigation and, if, during the course of such litigation, the costs of litigation appear likely to exceed such budget, Sublessee shall have approval over such additional costs, failing which Sublessor shall discontinue the prosecution thereof. Further, if Sublessee does not approve the original litigation budget, or the choice of counsel, then unless Sublessee and Sublessor agree on an alternative budget or counsel, which the parties shall use good faith efforts to agree upon, Sublessor shall not be required to pursue such litigation; (iii) Sublessor and Sublessee shall consult in good faith prior to commencing litigation, and during the course of litigation, concerning litigation strategy, and: (x) if the parties do not agree on litigation strategy prior to commencing litigation, then Sublessor shall not be required to commence such litigation until such time as the parties shall agree upon a litigation strategy, which the parties shall use good faith efforts to agree upon, or (y) if during the course of litigation, the parties, after using good faith efforts, cannot agree on a continuing litigation strategy, Sublessor may discontinue such litigation; (iv) Sublessor shall not settle any such litigation without the reasonable approval of Sublessee; and (v) if Sublessee determines at any time that it wants to discontinue any such litigation, then upon written notice from Sublessee to discontinue such litigation, Sublessor shall do so.

(h) It is the intention of the parties hereto that the Rent payable hereunder shall be net to Sublessor such that this Sublease shall yield to Sublessor the net annual Rent specified herein during, and with respect only to the period constituting, the Term, and that all costs, expenses and obligations of every kind and nature whatsoever relating to the Sublet Premises (excluding Fixed

Rent payable under the Lease) shall be paid by Sublessee, except as otherwise expressly set forth herein.

3. **Personal Property Taxes.** In addition to its obligations for payment of Rent, Sublessee shall pay, prior to delinquency, all taxes assessed against and levied upon trade fixtures, furnishing, equipment and all other personal property of Sublessee contained in the Sublet Premises. If obtainable, Sublessee shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed in Sublessee's name, separately from the real and/or personal property of Sublessor or Landlord. If any of Sublessee's said personal property shall be assessed with Sublessor's property or Landlord's property, then Sublessee shall pay the taxes attributable to Sublessee's property within thirty (30) days after receipt of a written statement setting forth the taxes applicable thereto. Sublessee covenants to promptly furnish to Sublessor proof of the payment of any such personal property taxes which are payable by Sublessee as provided in this Section 3.

4. **Security.**

(a) Simultaneously with its execution and delivery hereof, Sublessee shall deliver to Sublessor an irrevocable stand-by letter of credit in the amount of Twelve Million Ninety-Nine Thousand Seventy Dollars, U.S. (\$12,099,070.00) in favor of Sublessor (the "**Original Letter of Credit**") issued by The Bank of New York Mellon Corporation, in the form annexed hereto and made a part hereof as **Exhibit D**. The Original Letter of Credit must remain in effect throughout the entire Term of this Sublease, and shall not expire prior to August 31, 2031, subject, however to Section 4(c) hereof, and the provisions of this Section 4(a). The Original Letter of Credit shall be held by Sublessor as security for faithful and prompt performance of Sublessee's obligations under this Sublease. In the event of a "Sublessee Default," as defined herein, Sublessor may, but shall not be obligated to, draw upon the Original Letter of Credit to the extent necessary to make good any arrearages in Rent, and any other actual damage, injury, cost, expense or liability caused to, or incurred by, Sublessor on account of such Sublessee Default. If Sublessor shall draw upon said Original Letter of Credit to cure a Sublessee Default, Sublessee shall, within ten (10) business days after Sublessor's written demand, deposit with Sublessor, an additional letter of credit (an "**Additional Letter of Credit**") in an amount equal to the amount so drawn, in the form annexed hereto as **Exhibit D**, and issued by a financial institution which is ranked by total assets as one of the fifteen (15) largest United States-based banks, as reported by the United States Federal Reserve, at the time of issuance of such Additional Letter of Credit. Any Additional Letter of Credit, "Change of Control Letter of Credit" (as defined herein), and "Restoration Costs Letter(s) of Credit" (as defined herein) (sometimes, together with the Original Letter of Credit, collectively referred to herein as the "**Letters of Credit**"), shall not expire prior to August 31, 2031, subject, however to Section 4(c) hereof as it related to the Change of Control Letter of Credit. Notwithstanding the foregoing, provided that Sublessee does not hold over in any portion of the Sublet Premises after the Sublease Expiration Date, then at any time after May 31, 2031, Tenant shall have the right to provide substitute Letters of Credit (other than for any Restoration Costs Letter(s) of Credit), each referred to herein as a "**Substitute Letter of Credit**", each in an amount which is fifty percent (50%) of the original amount of each of such Letters of Credit (other than for any Restoration Costs Letter(s) of Credit), and meeting the following requirements: (i) the expiry date of each Substitute Letter of Credit shall be August 31, 2031; (ii) the Substitute Letters of Credit must be in the form

annexed hereto as **Exhibit D**, and (iii) each such substitute Letter of Credit must be issued by The Bank of New York Mellon Corporation or a financial institution which is ranked by total assets as one of the fifteen (15) largest United States-based banks, as reported by the United States Federal Reserve, at the time of issuance of the applicable Substitute Letter of Credit. If the Original Letter of Credit, or any Additional Letter of Credit, or the Change of Control Letter of Credit, or the Restoration Costs Letter(s) of Credit, is not renewed by reason of the issuer of the applicable Letter of Credit providing written notice to Sublessor not later than forty-five (45) days prior to the applicable then-current expiry date that the issuer has elected not to further extend the then-current expiry date of the applicable Letter of Credit (a "**LOC Renewal Failure**"), then Sublessor may, but shall not be obligated to, draw upon the entire aggregate amount of the Original Letter of Credit, any Additional Letters of Credit, the Restoration Costs Letter(s) of Credit, and the Change of Control Letter of Credit, as the case may be, whereupon the cash proceeds shall be held in an interest-bearing segregated account (with the interest thereon, less interest at the rate of 1% of such proceeds [which 1% shall not, however, exceed the actual interest earned thereon, and which 1% shall be payable to Sublessor], being payable to Sublessee), as a cash security deposit thereafter (the "**Cash Security Deposit**"). Neither the Original Letter of Credit, the Additional Letters of Credit, the Change of Control Letter of Credit, the Restoration Costs Letter(s) of Credit, nor the Cash Security Deposit shall be deemed an advance payment of Rent or a measure of Sublessor's damages for any Sublessee Default. To the extent Sublessor has not applied all of the Original Letter of Credit, the Additional Letters of Credit, the Change of Control Letter of Credit, the Restoration Costs Letter(s) of Credit, or the Cash Security Deposit, as applicable, to cure one or more Sublessee Defaults, or on account of an LOC Renewal Failure, then the Original Letter of Credit, Additional Letters of Credit, Change of Control Letter of Credit, the Restoration Costs Letter(s) of Credit, and Cash Security Deposit, as applicable, as the same may have been drawn upon, shall be returned to Sublessee within six (6) months after the expiration of the Sublease Term or earlier termination of this Sublease. In the event of any assignment of Sublessor's interest in the Lease (including, without limitation, an assignment to a related entity, or an assignment by operation of law), Sublessor shall have the right to transfer the Original Letter of Credit, the Additional Letters of Credit, the Change of Control Letter of Credit, the Restoration Costs Letter(s) of Credit, and/or the Cash Security Deposit, as applicable, to the assignee.

(b) Sublessee further covenants that it will not assign or encumber, or attempt to assign or encumber, its interest in the Original Letter of Credit, the Additional Letters of Credit, the Change of Control Letter of Credit, all Restoration Costs Letter(s) of Credit, all Substitute Letters of Credit, and the Cash Security Deposit, as applicable, and that neither Sublessor nor its successors or assigns shall be bound by any such assignment or encumbrance, or attempted assignment or attempted encumbrance. In connection with an assignment of the Sublessee's interest in this Sublease pursuant to a "Change of Control," as defined herein, any such assignee may provide a substitute Original Letter of Credit, Additional Letters of Credit, the Restoration Costs Letter(s) of Credit, or Change of Control Letter of Credit, as applicable, and meeting the requirements hereunder.

(c) Notwithstanding anything to the contrary contained in this Section 4, if in connection with a "Change of Control" (as defined herein), Sublessee provides Sublessor with audited financial statements from the previous two (2) calendar years and any then available quarterly financial statements for the then current calendar year, from a certified public accounting firm, and certified

as true and correct by Sublessee's Chief Financial Officer, indicating that Sublessee's "Tangible Net Worth" (as defined herein), or the surviving Sublessee entity's Tangible Net Worth (if Sublessee is not the surviving entity in connection with the Change of Control), as of the effective date of the Change of Control was at least Five Billion Dollars (\$5,000,000,000.00), then Sublessor shall return the Original Letter of Credit, any Additional Letters of Credit, the Change of Control Letter of Credit, the Restoration Costs Letter(s) of Credit, and the Cash Security Deposit, as applicable, to Sublessee. For purposes of this Sublease, the term "**Tangible Net Worth**" shall mean the value of Sublessee's (or the surviving Sublessee's, as the case may be) assets (including copyrights, intellectual property, patents, and trademarks), minus any liabilities and goodwill. For purposes of this Sublease, the term "**Change of Control**" shall mean any merger, consolidation, or acquisition of Sublessee, with, by, or into another corporation, entity, or person; or in a similar transaction or series of related transactions, for the acquisition of the direct or indirect ownership of Sublessee (including an "Indirect Change of Control," as defined herein); or any change in the direct or indirect ownership or voting control of more than fifty percent (50%) of the capital stock or voting control of Sublessee in one or a series of related transactions, provided that, for purposes of Section 5 below, any direct or indirect transfer of equity interests of Sublessee in any amount shall not be deemed to be a Change of Control if the equity interests of Sublessee (or Sublessee's parent or other indirect owner) are traded on a nationally recognized securities exchange or the over the counter market, provided that such transfer of equity interests are in fact effected by sales over such nationally recognized securities exchange or over the counter market rather than in connection with a separate transaction whereby a third party negotiates an agreement with Sublessee to purchase Sublessee's (or Sublessee's parent's or other indirect owner's) equity interests either directly or through a merger or consolidation involving Sublessee.

5. **Sublease and Assignment.**

(a) Sublessee shall not have the right to assign this Sublease, except as otherwise provided in this Section 5(a). Any attempt by Sublessee to assign this Sublease, except as provided herein, shall be void, of no effect, and shall constitute a default hereunder (subject to the notice and cure period provided for in Section 11(B) hereof). A Change of Control shall be deemed an unpermitted assignment of this Sublease, unless either (i) Sublessee provides Sublessor with current audited financial statements from a certified public accounting firm indicating that the surviving entity (whether the original Sublessee or a different entity which would become the Sublessee as a result of the Change of Control) has a Tangible Net Worth of at least Two Hundred Fifty Million Dollars (\$250,000,000.00) ("**condition (i)**"), or (ii) the surviving entity (whether the original Sublessee or a different entity which would become the Sublessee as a result of the Change of Control) posts an additional letter of credit (the "**Change of Control Letter of Credit**") satisfying the following requirements: (A) the Change of Control Letter of Credit would be in the amount of two (2) years' of Base Rent under this Sublease (calculated based on the Base Rent payable under this Sublease for the 2-year period subsequent to the date of issuance of the Change of Control Letter of Credit), (B) the Change of Control Letter of Credit would be in the form annexed hereto as **Exhibit D**, and from The Bank of New York Mellon Corporation or a financial institution which is ranked by total assets as one of the fifteen (15) largest United States-based banks, as reported by the United States Federal Reserve, at the time of issuance of the Change of Control Letter of Credit ("**condition (ii)**"), and (C) the Change of Control Letter of Credit would be required to remain

effective until August 31, 2031. Without modifying or limiting any other provision of this Sublease, if as of the date which is one (1) year prior to the Sublease Expiration Date of this Sublease, no uncured Sublessee Default hereunder then exists, Sublessee shall have the right to provide a substitute Change of Control Letter of Credit (satisfying the foregoing requirements for a Change of Control Letter of Credit), in an amount equal to the Base Rent payable under this Sublease for the final year of the Sublease Term. Upon Sublessor's receipt of such substitute Change of Control Letter of Credit, Landlord shall return the original Change of Control Letter of Credit to Sublessee. If either condition (i) or condition (ii) is satisfied, then such Change of Control shall not be deemed an assignment of this Sublease and may be effected without the consent or approval of Sublessor. Except as otherwise provided in Section 4(c) hereof, in no event shall a Change of Control, whether the same is a Change of Control which is a prohibited assignment of this Sublease, or a Change of Control which satisfies either condition (i) or condition (ii), require that Sublessor return any of the Letters of Credit to Sublessee. For purposes of this Lease, the term "**Indirect Change of Control**" shall mean a change in the ownership or voting control of more than fifty percent (50%) of the capital stock or voting control (in one or a series of related transactions), of an entity which owns fifty percent (50%) or more of the capital stock or voting control of Sublessee; provided, however, that a change in the indirect ownership of Sublessee shall not be deemed to be an Indirect Change of Control if the equity interests of Sublessee's parent company or other indirect owner of Sublessee are traded on a nationally recognized securities exchange or over the counter market, and such transfer of equity interests is in fact effected by sales over such nationally recognized securities exchange or over the counter market rather than in connection with a separate transaction, or series of transactions, whereby a third party negotiates an agreement with Sublessee's parent company or other indirect owner to purchase such party's equity interests either directly or through a merger or consolidation involving Sublessee's parent or other indirect owner; and

(b) Sublessee shall not have the right to "sub-sub-lease" (as defined herein) all or any portion of the Sublet Premises, or suffer or permit the Sublet Premises or any part thereof to be occupied by others, by operation of law or otherwise, without the prior written consent of Sublessor, and, if and to the extent required under the Lease, the prior written consent of Landlord pursuant to the Lease. The term "**sub-sub-lease**," as used in this Sublease, shall mean a sublease between Sublessee and a third party, as well as any additional lower tier sublease (e.g., sub-sub-sub-leasing, sub-sub-sub-sub-leasing, etc.), and shall not include this Sublease. The term "**sub-sub-sublessee**" shall mean the sublessee under a sub-sub-lease. The requirements of this Section 5(b) shall apply to any additional levels of subleasing (e.g., sub-sub-sub-leasing, sub-sub-sub-sub-leasing, etc.). Any attempt to sub-sub-lease all or a portion of the Sublet Premises without such prior written consent shall be void, of no effect, and shall constitute a Sublessee Default after the expiration of any applicable notice and cure period. The consent of Sublessor to a proposed sub-sub-subletting shall not be unreasonably withheld, conditioned, or delayed. For the avoidance of doubt, except as otherwise expressly provided in the Lease (as it relates only to any rights of Landlord not otherwise modified by the Consent, and not Sublessor, whose rights shall only be as provided herein), there shall be no restriction on, nor shall Sublessor's consent be required (and no profit shall be payable) for, a Change of Control or Indirect Change of Control of any sub-sub-sublessee or lower tier occupant regardless of the net worth of such occupant, or any transfer by any sub-sub-sublessee or lower tier occupant to any subsidiary, affiliate, or parent thereof. If Sublessee should desire to sub-sub-lease the Sublet Premises or any portion thereof, Sublessee

shall give written notice to Landlord and Sublessor of such desire to effect such sub-sub-sublease. At the time of giving such notice, Sublessee shall provide Landlord (if and to the extent Landlord's consent is required for such transaction), and Sublessor, with a copy of the proposed sub-sub-sublease document, and such information as Sublessor and Landlord may reasonably request concerning the proposed sub-sub-sublessee to assist Sublessor and Landlord in making informed judgments regarding the financial condition, reputation, operation, and general desirability of the proposed sub-sub-sublessee. Sublessor shall then have a period of thirty (30) days following receipt of such notice and such information within which to notify Sublessee in writing of whether Sublessor approves or disapproves of such request to sub-sub-sublease all or a portion of the Sublet Premises. Neither Sublessee, nor any subordinate level of sublessee of Sublessee, may enter into an amendment or modification of an approved sub-sub-sublease without Sublessor's consent, which consent shall not be unreasonably withheld, conditioned, or delayed.

(c) Sublessor and Sublessee agree that, in the event of any approved sub-sub-subletting, the rights of any such sub-sub-sublessee of Sublessee herein shall be subject to all of the terms, conditions, and provisions of this Sublease (except as otherwise provided herein) and the Lease. Sublessor may collect Rent directly from such sub-sub-sublessee and apply the amount so collected to the Rent herein reserved. No such consent to or recognition of any such sub-sub-subletting shall constitute a release of Sublessee from further performance by Sublessee of covenants undertaken to be performed by Sublessee herein. Sublessee shall remain liable and responsible for all Rent and other obligations herein imposed upon Sublessee. Sublessee shall pay all of Sublessor's and Landlord's costs in connection with any such sub-sub-subletting, including, without limitation, attorneys' fees. Consent by Sublessor to a particular sub-sub-sublease shall not be deemed a consent to any other or subsequent proposed sub-sub-sublease. If any Rent payable to Sublessee by any sub-sub-sublessee, after deducting all "Transfer Expenses" (as defined in Section 17.1(F) of the Lease, and which shall apply mutatis mutatis), Sublessee's costs and expenses, including costs and expenses to improve the sublet premises/prepare for subletting incurred in connection with subletting, exceeds the Rent reserved herein on a per square foot basis, then after first deducting any amounts owed to Landlord in connection with the same, Sublessee shall be bound and obligated to pay Sublessor fifty percent (50%) of all such profit within ten (10) days following receipt thereof by Sublessee from such sub-sub-sublessee, as Additional Rent, it being agreed that in no event may the 50% retained by Sublessee be less than \$0.

(d) Notwithstanding anything to the contrary contained herein, any subletting (whether it be a sub-sub-subleasing by Sublessor, or a subordinate level of subleasing) shall be subject to the foregoing limitations:

(i) No sub-sub-sublease shall be for a partial floor;

(ii) intentionally omitted;

(iii) There shall be no more than four (4) distinct occupants (including Sublessee but excluding Special Occupants) in the Sublet Premises at any one time; and

(iv) No sub-sub-sublease shall be for any portion of the Sublet Premises that is to be used by an entity whose business is the provision of health care insurance, reimbursements

or payments, health information technology, managed health care services, third party claims administration, pharmacy or pharmacy benefit management, or whose business, products, or services are competitive to the foregoing being offered by Aetna Life Insurance Company or CVS Health Corporation (a Delaware corporation), or any subsidiary, affiliate, or parent of Aetna Life Insurance Company or CVS Health Corporation (collectively, "**Aetna/CVS Related Businesses**") (such an entity is referred to herein as a "**Competitor**"). Competitors include, but are not limited to, (1) United HealthCare; (2) Humana; (3) Cigna; (4) Blue Cross/Blue Shield; (5) Anthem; (6) Kaiser Permanente, (7) Express Scripts; (8) Walgreens Boots Alliance; (9) Rite Aid Corporation; (10) Amazon; (xi) WalMart, or any parent, subsidiary, or affiliate of any of the foregoing for so long as, in the case of such parent, subsidiary or affiliate, the same shall be engaged in the Aetna/CVS Businesses.

(e) The "Special Occupants" provision of Section 17.8 of the Lease shall apply to this Sublease, mutatis mutandis, except that "forty percent (40%)" in line 11 shall be changed to "twenty percent (20%)". The rights granted in such Section shall inure to the benefit of Sublessee and, if provided for in the Consent Agreement, to all sub-sub-sublessees.

(f) Notwithstanding anything to the contrary contained in this Lease, if Sublessee has sub-sub-subleased the entire Sublet Premises for the remaining Term of this Sublease to a party (a "**Full Premises Sub-Sub-Sublessee**") and provided that: (i) Sublessee has obtained the required consents of Landlord and Sublessor to such sub-sub-subleasing (a "**Full Premises Sub-Sub-Sublease**"), (ii) Sublessee has provided Sublessor with current audited financial statements of the Full Premises Sub-Sub-Sublessee, prepared by a certified public accounting firm, showing that the Tangible Net Worth of the Full Premises Sub-Sub-Sublessee is equal to or greater than Two Hundred Fifty Million Dollars (\$250,000,000.00); (iii) the Full Premises Sub-Sub-Sublease provides that, in the event that the Full Premises Sub-Sub-Sublessee exercises the option contained in this clause (iii) above, from and after the termination of this Sublease, the rent payable under the Full Premises Sub-Sub-Sublease shall be the Rent payable under this Sublease, and the Full Premises Sub-Sub-Sublessee shall assume all of Sublessee's obligations under this Sublease which accrue from and after the date of such election under this clause (iii), then if this Sublease is terminated by Sublessor on account of a Sublessee Default, Sublessor will agree, at the request and option of the Sub-Sub-Sublessee made by written notice to Sublessor within five (5) business days after the date such Full Premises Sub-Sub-Sublessee is notified by Sublessor of such Sublease termination, to (x) recognize the Full Premises Sub-Sub-Sublessee as a sub-sub-sublessee under the terms of the Full Premises Sub-Sub-Sublease, and subject to the terms of this Sublease; and (y) afford the Full Premises Sub-Sub-Sublessee all of the rights of a "sublessee" set forth in this Sublease, subject to the terms and conditions set forth herein. In the event that this Sublease is terminated, and the Full Premises Sub-Sub-Sublessee makes the foregoing written request for recognition, then the Full Premises Sub-Sub-Sublease shall not be terminated or affected by any such Sublease termination, and the Full Premises Sub-Sub-Sublease shall continue in full force and effect as a direct sub-sub-sublease between Sublessor and the Full Premises Sub-Sub-Sublessee, subject to all of the terms, covenants and conditions of the Full Premises Sub-Sub-Sublease and this Sublease. The Full Premises Sub-Sub-Sublease must also provide that, in the event Sublessor succeeds to the interest of Sublessee under the Full Premises Sub-Sub-Sublease, the Full Premises Sub-Sub-Sublease shall attain as sub-

sub-sublessee to Sublessor for the remainder of the term of the Full Premises Sub-Sub-Sublease pursuant to the provisions thereof and the provisions of this Sublease, and Sublessor shall not be:

- (A) liable for any previous act, omission, neglect or default of any prior sublessor (including, without limitation, Sublessee) under the Full Premises Sub-Sub-Sublease, except to the extent the same continues after such succession; or
- (B) subject to any credits, offsets, claims, counterclaims, demands or defenses which the Full Premises Sub-Sub-Sublessee may have against any prior sublessor (including, without limitation, Sublessee), except to the extent the basis for the same continues after such succession; or
- (C) bound by any payment of rent or additional rent which the Full Premises Sub-Sub-Sublessee might have paid for more than one (1) month in advance of the due date under the Full Premises Sub-Sub-Sublease to any prior sublessor (including, without limitation, Sublessee), except to the extent such monies are actually received by Sublessor; or
- (D) responsible for any monies owing by Sublessee to the credit of the Full Premises Sub-Sub-Sublessee; or
- (E) bound by any obligation to make any payment to the Full Premises Sub-Sub-Sublessee (other than any then unpaid Sublessee Fund, pursuant to the provisions of this Sublease), grant, or be subject to any credits, to the Full Premises Sub-Sub-Sublessee on account of any period prior to such succession; or
- (F) bound by any covenant to undertake or complete any construction of the Sublet Premises, or any portion thereof, or to perform any other construction work that Sublessee is obligated to perform or to pay for, or reimburse the Full Premises Sub-Sub-Sublessee for any costs incurred in connection with any construction work (other than any then unpaid Sublessee Fund, pursuant to the provisions of this Sublease); or
- (G) accountable for any monies deposited with any prior sublessor (including, without limitation, Sublessee) (including security deposits), except to the extent such monies are actually received by Sublessor, or
- (H) liable for the obligations of any prior sublessor (including, without limitation, Sublessee) under the Full Premises Sub-Sub-Sublease for any period of time other than as expressly set forth in the Full Premises Sub-Sub-Sublease and, to the extent that Sublessor is released of liability under this Sublease, only for such period as Sublessor holds such interest; or
- (I) bound by any amendment or modification of the Full Premises Sub-Sub-Sublease made without the written consent of Sublessor in violation of Section 5 of this Sublease.

6. **Additional Services.** If, with respect only to the period constituting the Term of this Sublease, under any provision of the Lease, any additional rent or other charges shall be payable by Sublessor to Landlord because of extra services ordered and received by, or activities undertaken by or on behalf of Sublessee, with respect to the Sublet Premises or on account of Sublessee's Default hereunder, then Sublessee shall pay to Sublessor such additional rent or other charges within thirty (30) days of receipt of demand by Sublessor, which demand shall include a copy of the invoices (if any) received by Sublessor from Landlord. At Sublessee's written request, and at Sublessee's sole cost and expense (which shall be payable by Sublessee to Sublessor as Additional Rent), Sublessor will engage with Landlord to attempt to resolve any reasonable objection Sublessee has to such additional rent or other charges. If Sublessee desires extra services and/or activities from Landlord, Sublessee may make such request directly to Landlord. In no event shall Sublessor be responsible for any matter associated with the provision, or lack of provision, of any such extra services or activities.

7. **Alterations.**

(a) **General.**

(i) Except as otherwise provided in this Section 7, Sublessee shall not be entitled to make any "Alterations," as defined herein, +without Landlord's prior consent pursuant to Section 7 of the Lease if required pursuant to said Section 7, and Sublessee shall not make any "Specialty Alterations," as defined herein, without Sublessor's prior consent, except that no consent of Sublessor shall be required for perforations of floor slabs ("**Core Drilling**") nor shall the cost of restoration of Core Drilling be included in the "Removal/Restoration Costs Threshold," as defined herein. For the avoidance of doubt, in no event shall Sublessor's consent be required for any Alterations, other than Specialty Alterations (other than Core Drilling).

(ii) The terms "**Alterations**", "**Decorative Alterations**", "**Initial Alterations**," and "**Specialty Alterations**" shall have the meanings ascribed to them in Article 7 of the Lease. For purposes of this Sublease, the term "Initial Alterations" shall include that additional requirement that improvements are being made in the entire Sublet Premises so that the entire Sublet Premises may be occupied for office purposes (which shall include all of the uses and ancillary and incidental uses permitted pursuant to Section 3.1 of the Lease).

(iii) The term "**Substantial Completion**" or words of similar import shall mean that the applicable work has been completed in accordance with the applicable plans and specifications, if any, it being agreed that (i) such work shall be deemed substantially complete notwithstanding the fact that minor or insubstantial details of construction or demolition, mechanical adjustment or decorative items remain to be performed, and (ii) with respect to work that is being performed in the Sublet Premises, such work shall be deemed substantially complete only if the incomplete elements thereof do not interfere materially with Sublessee's use and occupancy of the Sublet Premises for the conduct of business or prosecution of the Initial Alterations.

(iv) The term "**Sublessee's Property**" shall mean Sublessee's personal property (other than fixtures), including, without limitation, Sublessee's movable fixtures, movable partitions, telephone equipment, computer equipment, furniture, furnishings and decorations.

(v) The term "**Removal/Restoration Costs Threshold**" shall mean "Removal/Restoration Costs" (as defined herein) which exceed Fifty Thousand Dollars (\$50,000.00) in the aggregate (for any Specialty Alterations previously approved by Sublessor, and for any Specialty Alterations for which Sublessee is seeking Sublessor's consent), it being agreed that the cost of restoration of Core Drilling shall not be included in the Removal/Restoration Costs Threshold, nor shall the costs of restoration of Core Drilling be included in any additional security for restoration required hereunder.

(b) Specialty Alterations.

(i) Sublessor shall not unreasonably withhold, condition, or delay its consent to any proposed Specialty Alteration (except as otherwise provided in subsection 6(b)(ii) hereof), provided that as part of Sublessee's written request for Sublessor's approval of a Specialty Alteration, Sublessee provides a detailed estimate from its general contractor that will perform the Specialty Alteration (a "**Removal/Restoration Costs Estimate**"), of the cost of removal of such Specialty Alterations and the cost of restoration required under the Lease in connection with such removal (collectively, the "**Removal/Restoration Costs**"), it being agreed that Sublessor shall be entitled to reasonably question the accuracy of Sublessee's contractor's estimate of the Removal/Restoration Costs.

(ii) In the event that the Removal/Restoration Costs for Specialty Alterations exceeds the Removal/Restoration Costs Threshold, as determined above, then, at such time, Sublessor shall have the right to deny, in its sole discretion, its consent to such proposed Specialty Alteration unless Sublessee provides an additional letter of credit (the "**Restoration Costs Letter(s) of Credit**") in the amount by which the aggregate Removal/Restoration Costs for Specialty Alterations exceeds the Removal/Restoration Costs Threshold, which Restoration Costs Letter(s) of Credit shall meet all the requirements in Section 4 hereof, including, without limitation, that (A) the Restoration Costs Letter(s) of Credit shall be in the form annexed hereto as **Exhibit D**, and from The Bank of New York Mellon Corporation or a financial institution which is ranked by total assets as one of the fifteen (15) largest United States-based banks, as reported by the United States Federal Reserve, at the time of issuance of the Change of Control Letter of Credit, and (B) the Restoration Costs Letter(s) of Credit shall be required to remain effective until August 31, 2031.

(iii) Nothing contained in this Section 7(b) limits Sublessee's liability to Sublessor if (i) Sublessee performs an Alteration without Landlord's required consent, or performs a Specialty Alteration without Sublessor's consent, if and to the extent such consent is required pursuant to the provisions of this Sublease or the Lease.

(iv) Nothing contained in this Section 7(b) limits the provisions of Section 7(k) hereof.

(c) Approval Process.

(i) Sublessee shall not perform any Specialty Alteration unless Sublessee first gives to Sublessor a notice thereof (a "Specialty Alterations Notice") that (A) refers specifically to this Section 7(c), (B) includes six (6) copies of the plans and specifications for the proposed Alteration (including, without limitation, layout, architectural, mechanical and structural drawings, to the extent applicable) in .pdf and Revit formats that contain sufficient detail for Sublessor and Sublessor's consultants to reasonably assess the proposed Specialty Alteration (such plans and specifications prepared in connection with the Initial Alterations being referred to herein as the "Initial Alterations Plans"), and (C) includes a Removal/Restoration Costs Estimate for the proposed Specialty Alterations. The requirements of this Section 7(c) (i) shall not apply to Core Drilling.

(ii) Sublessor shall have the right to object to a proposed Specialty Alteration only by giving notice thereof to Sublessee, and setting forth in such notice a statement in reasonable detail of the grounds for Sublessor's objections. Sublessor acknowledges and agrees that Sublessee may contemporaneously make request for consent or approval of Specialty Alterations directly to both Landlord and Sublessor, with Sublessor's review period for Specialty Alterations as provided herein, and the review period of Landlord as provided in the Lease, being contemporaneous and not consecutive (but in no event shall Sublessor's review period be deemed lengthened as a result thereof, such period being solely as set forth herein).

(iii) If (A) Sublessee gives Sublessor a Specialty Alterations Notice, and (B) Sublessor fails to respond to the Specialty Alterations Notice within ten (10) business days after Sublessee gives the Specialty Alterations Notice to Sublessor, then Sublessee shall resubmit the Specialty Alterations Notice to Sublessor, and if such resubmitted Specialty Alterations Notice includes a notice that states in bold, capital letters as follows: "**SUBLESSOR'S FAILURE TO RESPOND TO THIS RESUBMITTED SPECIALTY ALTERATIONS NOTICE WITHIN FIVE (5) BUSINESS DAYS SHALL RESULT IN SUBLESSOR BEING DEEMED TO HAVE CONSENTED TO THE SPECIALTY ALTERATION(S) DESCRIBED HEREIN**", and (C) Sublessor then fails to respond to the resubmitted Specialty Alterations Notice within five (5) business days after Sublessee gives the resubmitted Specialty Alterations Notice to Sublessor, then Sublessor shall be deemed to have consented to such Specialty Alteration; provided, however, if Sublessor shall be deemed to have consented to any Specialty Alteration that would result in the total Removal/Restoration Costs of all Specialty Alterations to exceed the Removal/Restoration Costs Threshold, then Sublessee shall be deemed to have elected to provide, and shall provide, a Restoration Costs Letter of Credit in the amount by which the total Removal/Restoration Costs of all Specialty Alterations exceeds the Removal/Restoration Costs Threshold by reason of the proposed Specialty Alteration.

(iv) Sublessor shall have the right within ten (10) business days after receiving any Specialty Alterations Notice to notify Sublessee in writing that Sublessor (a) disapproves any plans and specifications for a particular Specialty Alteration in part (and setting forth in reasonable detail the grounds for Sublessor's objections), (b) reserves Sublessor's approval of items shown on such plans and specifications pending Sublessor's review of other plans and specifications that Sublessee is otherwise required to provide to Sublessor hereunder, and (c) conditions Sublessor's approval of such plans and specifications upon Sublessee's making revisions to the plans and

specifications or supplying additional information. Nothing contained in this Section 7(c)(iv), limits the provisions of Section 7(c)(i) hereof

(v) Sublessee acknowledges that (i) the review of plans or specifications for any Specialty Alteration by or on behalf of Sublessor, or (ii) the preparation of plans or specifications for any Specialty Alteration by Sublessor's architect or engineer (or any architect or engineer designated by Sublessor), is solely for Sublessor's benefit, and, accordingly, Sublessor makes no representation or warranty that such plans or specifications comply with any "Requirements" (as defined in the Lease) or are otherwise adequate or correct.

(vi) Sublessee may make changes to the Initial Alterations Plans or any other plans relating to Alterations, without Sublessor's consent, except if and only in respect of such changes as would affect or be deemed to be a Specialty Alteration (each such change which affects or is a Specialty Alterations, being a "**Plan Change**"), in which case the provisions of this Section 7(c) would apply to Sublessor's approval of such Plan Change, including, without limitation, the provisions regarding Restoration Costs Letter(s) of Credit. If (x) Sublessor conditions Sublessor's approval of such Plan Changes upon Sublessee's making revisions to the plans and specifications or supplying additional information, (y) Sublessee delivers such revisions or additional information to Sublessor and (y) Sublessor fails to respond to Sublessee's delivery of such revisions or additional information within five (5) business days after the date that Sublessee delivers such revisions or additional information, then Sublessor shall be deemed to have approved the Plan Change if Sublessee has followed the procedures and requirements of Section 7(c)(iii) hereof, and provided, however, if Sublessor shall be deemed to have consented to any Plan Change that would result in the total Removal/Restoration Costs of all Specialty Alterations to exceed the Removal/Restoration Costs Threshold, then Sublessee shall be deemed to have elected to provide, and shall provide, a Restoration Costs Letter of Credit in the amount by which the total Removal/Restoration Costs of all Specialty Alterations exceeds the Removal/Restoration Costs Threshold by reason of the proposed Plan Change.

(d) Performance of Alterations.

(i) Sublessee, at Sublessee's expense, prior to the performance of any Alteration, shall obtain all permits, approvals and certificates required by any Governmental Authorities in connection therewith. Sublessor agrees that Sublessee may perform its Alterations in accordance with the self-certification rules and regulations applicable to Alterations in the City of New York, as long as Landlord agrees to same in the Consent Agreement. Sublessor shall have the right to require Sublessee to make all filings with Governmental Authorities to obtain such permits, approvals and certificates using an expeditor selected by Sublessee, Sublessee shall reimburse Landlord and Sublessor for any reasonable out-of-pockets costs, including, without limitation, reasonable attorneys' fees and disbursements, that Landlord or Sublessor incurs in so executing such applications and cooperating with Sublessee, within thirty (30) days after the date that Landlord and/or Sublessor gives to Sublessee an invoice therefor from time to time, provided that such out-of-pockets costs of Sublessor (other than costs of Landlord for which Sublessor is responsible to reimburse Landlord pursuant to the Lease) do not exceed Three Thousand Dollars (\$3,000.00) (which amount of Three Thousand Dollars (\$3,000.00) shall be adjusted on each anniversary of the

Sublease Commencement Date to reflect the percentage increase in the "Consumer Price Index" [as defined in the Lease] from the Consumer Price Index that is in effect on the Sublease Commencement Date).

(ii) Prior to performing any Alteration, Sublessee shall maintain on behalf of its contractors (of any tier) and vendors or cause its contractors (of any tier) and vendors to maintain (1) worker's compensation insurance in amounts not less than the statutory limits required by Requirements (covering all persons to be employed by Sublessee, and Sublessee's contractors, subcontractors, and vendors in connection with such Alteration); (2) commercial general liability insurance (covering bodily injury including death, personal injury and property damage), in each case in customary form, and in amounts that are not less than Five Million Dollars (\$5,000,000.00) per occurrence and in the annual policy aggregate with respect to general contractors and Three Million Dollars (\$3,000,000.00) per occurrence and in the annual policy aggregate with respect to subcontractors, such policies shall be endorsed to name Sublessor and the "Landlord Indemnitees" (as defined in the Lease) as additional insureds; it being understood that the foregoing insurance shall be required in addition to Sublessee's required commercial general liability coverage hereunder (the insurance described in this clause (2) being collectively referred to as "**Contractor's Liability Policy**") and (3) commercial auto liability insurance, if the contractor or vendor uses a vehicle at the Real Property, covering all vehicles with a minimum combined single limit of One Million Dollars (\$1,000,000.00). The Contractor's Liability Policy (including any endorsements which are a part thereof) cannot exclude coverage to the Sublessor for claims arising out of bodily injury to a contractor's (of any tier) or vendor's employees if such claim arises during the course of employment (i.e., third party claims). A contractor's or vendor's liability shall in no way be limited by the amount of insurance recovery or the amount of insurance in force, or available, or required by any provisions of this Sublease. The limits listed above are minimum requirements only. Sublessee shall include in any agreement that Sublessee consummates with a contractor or vendor in either case for a particular Alteration, and Sublessee shall cause any contractor to include in any agreement that such contractor consummates with a subcontractor regarding the applicable Alteration, a provision pursuant to which the contractor, subcontractor or vendor agrees to indemnify Sublessor, and hold the Landlord Indemnitees harmless, from and against, any "Claim Against Landlord" (as defined in the Lease) that arises from any wrongful act or wrongful omission of such contractor, such subcontractor or such vendor, and such provision shall state expressly that Sublessor constitutes a third-party beneficiary thereof. Prior to the start of any such Alterations and prior to the expiration of any policy, Sublessee shall deliver to Sublessor certificates of insurance (on a form reasonably acceptable to Sublessor) along with copies of endorsements naming Sublessor and Landlord as additional insureds. The liabilities of any contractor or vendor shall survive and not be terminated, reduced or otherwise limited by any expiration or termination of such insurance coverage. Neither approval nor failure to disapprove insurance furnished by the contractor or vendor shall relieve the contractor, its subcontractors or vendors from responsibility to provide insurance as required herein. Approval of certificates of insurance by Landlord shall be deemed to be approved by Sublessor if they otherwise meet the requirements of this Section 7(d)(ii).

(iii) Within sixty (60) days after the Substantial Completion of each Alteration (other than Decorative Alterations), Sublessee, at Sublessee's expense, shall (A) obtain certificates of final approval for each Alteration to the extent required by any Governmental Authority, (B)

furnish Sublessor with copies of such certificates, and (C) give to Sublessor copies of the "as-built" plans and specifications for such Alterations in CADD format (or, if the applicable Alteration constitutes a Minor Alteration, appropriate record drawings or shop drawings therefor), provided that if (I) such certificates cannot be obtained with reasonable diligence during such period of sixty (60) days, (II) Sublessee takes reasonable steps during such period of sixty (60) days to obtain such certificates, and (III) Sublessee prosecutes diligently Sublessee's obtaining such certificates, then such sixty (60) day period shall be extended for such time as is reasonably required to obtain such certificates using diligent efforts to do so.

(iv) All Alterations (other than Decorative Alterations) shall be made and performed substantially in accordance with the plans and specifications therefor as approved by Landlord, and as approved by Sublessor to the extent such approval of Sublessor is required under this Section 7. All materials and equipment incorporated in the Sublet Premises as a result of any Alterations shall be first-quality.

(v) Sublessor shall request that Landlord provide to Sublessee the Building services that are reasonably required in connection with the performance of the Initial Alterations, and Sublessee shall pay for the costs thereof to the extent such costs are not included in Operating Expenses in accordance with Article 2 of the Lease at the rates set forth on the schedule attached to the Lease as Exhibit "7.4(E)". Notwithstanding anything herein to the contrary, as provided in Section 5.3(A) of the Lease, Sublessee shall have no obligation to pay for the consumption of electricity during the performance of the Initial Alterations.

(vi) Sublessor shall cooperate with Sublessee to obtain Landlord's cooperation in exercising the rights afforded to Sublessor under Section 7.4 (F) of the Lease. Notwithstanding anything herein to the contrary, Sublessor shall not have the right to consent to (i) the installation and use by Sublessee, at Sublessee's cost and expense, of a temporary crane to be located on the street adjacent to the curtain wall of the Building facing 15th Street, and (ii) to the temporary removal of a portion of the curtain wall of the Building on the exterior of the Sublet Premises, in each case in connection with Sublessee performing the Initial Alterations, provided that in each case Sublessee obtains, at Sublessee's cost and expense, all approvals and permits required therefor from any "Governmental Authority" (as defined in the Lease) pursuant to any applicable Requirements. Sublessor shall reasonably cooperate with Sublessee in obtaining any such approvals and permits. If Sublessee elects to remove a portion of the curtain wall and obtains the required approvals and permits, as provided above, then Sublessor shall cooperate with Sublessee in causing Landlord to remove the portion of the curtain wall designated by Sublessee and to replace such portion of the curtain wall after such time as Sublessee informs Sublessor and Landlord that the deliveries to the Sublet Premises intended to be performed through such opening in the curtain wall are completed. Such removal and restoration of the curtain wall at Sublessee's request shall be performed at Sublessee's sole cost and expense, and Sublessee shall reimburse Sublessor for the reasonable out-of-pockets costs incurred by Sublessor in connection with the removal and restoration of such portion of the curtain wall within thirty (30) days after Sublessor delivers to Sublessee an invoice therefor, together with reasonable supporting documentation for the charges set forth therein. Sublessee shall ensure that the operation of the crane shall (i) be performed in accordance with all

applicable Requirements and (ii) not interfere with the occupancy or conduct of its business by the "Ground Floor Tenant" as defined in the Lease.

(e) Financial Integrity.

(i)

(A) Sublessee shall not permit any materials or equipment that are incorporated as fixtures into the Sublet Premises in connection with any Alterations to be subject to any lien, encumbrance, chattel mortgage or title retention or security agreement.

(B) Sublessee shall not make any Alteration (including, without limitation, the Initial Alterations) at a cost for labor and materials (as reasonably estimated by Sublessor's architect, engineer or contractor) in excess of Two Hundred Fifty Thousand Dollars (\$250,000.00), either individually or in the aggregate, with any other Alterations constructed in any particular period of twelve (12) consecutive months, prior to Sublessee's delivering to Sublessor a performance bond and a payment bond that covers Sublessee's obligation to pay the applicable contractor and the applicable contractor's obligation to pay its subcontractors (in either case issued by a surety company and in form reasonably satisfactory to Sublessor), each in an amount equal to one hundred twenty percent (120%) of such estimated cost; provided, however, that on each anniversary of the Sublease Commencement Date, the aforesaid amount of Two Hundred Fifty Thousand Dollars (\$250,000.00) shall be adjusted to reflect the percentage increase in the Consumer Price Index from the Consumer Price Index that is in effect on the Sublease Commencement Date.

(C) Sublessee shall discharge of record any mechanic's lien that is filed against the Real Property for work claimed to have been done for, or for materials claimed to have been furnished to, Sublessee (or any Person claiming by, through or under Sublessee) within twenty (20) days after Sublessee has received notice thereof, at Sublessee's expense, by payment or filing the bond required by law. Nothing contained in this Section 7(e)(i)(B): (x) limits Sublessee's right to challenge the claim that is made by the Person that files a mechanic's lien, provided that Sublessee discharges such lien of record as aforesaid, or (y) obligates Sublessee to discharge of record any mechanic's lien that derives from Sublessor's or Landlord's acts or omissions. If (i) any mechanic's lien is filed against the "Real Property" (as defined in the Lease) for work claimed to have been done for, or for materials claimed to have been furnished to, Sublessee (or any Person claiming by, through or under Sublessee), and (ii) Sublessee does not discharge such lien within twenty (20) days after Sublessee has received notice thereof, at Sublessee's expense, by payment or filing the bond required by law, then Sublessor shall have the right to use the Sublessee Fund (or the portion thereof that Sublessor has not theretofore disbursed to or on behalf of Sublessee as provided in Section 7(l) hereof, as the case may be) to so discharge such lien by filing the bond required by law (it being understood that (x) if Sublessor so uses the Sublessee Fund (or such undisbursed portion thereof) to discharge such lien in full by filing the bond required by law, then Sublessee's failure to discharge such lien initially shall not continue to constitute a default by Sublessee hereunder, and (y) Sublessor's aforesaid right to use the Sublessee Fund (or such undisbursed portion thereof) to discharge such lien by filing the bond required by law shall be in addition to the rights and remedies that are available to Sublessor at law, in equity or as otherwise set forth herein by reason of a Sublessee Default that may result from Sublessee's failure to so discharge such lien).

(ii) Subject to the terms of this Section 7(e)(ii), within thirty (30) days after the Substantial Completion of any Alterations (other than Decorative Alterations), Sublessee shall deliver to Sublessor: (i) waivers of lien from all contractors, subcontractors, materialmen, architects, engineers and other Persons who may file a lien against the Real Property in connection with such Alterations, and discharge of all liens filed, and (ii) a certificate from a licensed architect that Sublessee engages in accordance with the terms of this Section 7 certifying that, in his or her opinion, the Alterations have been Substantially Completed in substantial accordance with the final detailed plans and specifications for such Alterations as approved by Sublessor to the extent such approval of Sublessor is required under this Section 7. Sublessee shall not be required to deliver to Sublessor any waiver of lien if Sublessee is disputing in good faith the payment which would otherwise entitle Sublessee to such waiver, provided that (x) Sublessee keeps Sublessor advised in a timely fashion of the status of such dispute and the basis therefor, and (y) Sublessee delivers to Sublessor the waiver of lien promptly after the date that the dispute is settled. Nothing contained in this Section 7(e)(ii), however, shall relieve Sublessee from complying with the provisions of Section 7(e)(i)(C) hereof.

(f) Effect on Building. Subject to the terms of this Section 7(f), if (i) as a result of any Alterations, any alterations, installations, improvements, additions or other physical changes are required to be performed in or made to any portion of the Building other than the Sublet Premises in order to comply with any Requirements (any such alterations, installations, improvements, additions or changes being referred to herein as a “**Building Change**”), and (ii) such Building Change would not otherwise have had to be performed or made pursuant to applicable Requirements at such time, then (x) if Landlord elects to perform such Building Change in accordance with Section 7.6 of the Lease, (y) Sublessee shall pay to Sublessor the reasonable out-of-pockets costs thereof as provided in Section 7.6 of the Lease, as additional rent, within thirty (30) days after Sublessor gives to Sublessee an invoice therefor together with reasonable supporting documentation for the charges set forth therein. Sublessor shall seek to accomplish any such Building Change that minimizes the cost thereof to the extent reasonably practicable. Sublessor shall give Sublessee reasonable advance notice of Landlord’s performance of the Building Change, and shall consult reasonably from time to time with Sublessee in connection therewith (with the understanding that such consultations shall include, without limitation, Sublessor’s providing Sublessee with the information that Sublessor has in its possession regarding the expected cost of such Building Change).

(g) Time for Performance of Alterations. If the performance of any Alteration by or on behalf of Sublessee, or any other Person claiming by, through or under Sublessee, during “Building Hours” (as defined in the Lease) interferes with or interrupts the maintenance, repair, management or operation of the Building in any material respect or interferes with or interrupts the use and occupancy of the Building by other tenants in the Building in any material respect, then, if Landlord so requires pursuant to Section 7.7 of the Lease, Sublessor shall have the right to require Sublessee to perform such Alteration at other times that Landlord designates from time to time in accordance with the provisions of the Lease.

(h) Removal of Alterations and Sublessee's Property.

On or prior to the Sublease Expiration Date or earlier termination of this

Sublease, Sublessee, at Sublessee's expense, shall remove Sublessee's Property from the Sublet Premises, and, at Sublessee's option, but subject to the provisions of this Sublease and the Lease, Sublessee also may remove, at Sublessee's expense, all Alterations made by or on behalf of Sublessee or any other Person claiming by, through or under Sublessee; provided, however, in any case, that Sublessee shall repair and restore in a good and workmanlike manner to good condition any damage to the Sublet Premises or the Building caused by such removal, provided, however, that Sublessor shall not have the right to require Sublessee to remove any Qualified Alterations. Sublessee shall be subject to, and hereby assumes, Sublessor's obligations under Section 7.8 of the Lease, and notwithstanding that the expiration date of the Lease (the "**Lease Expiration Date**") is later than the Sublease Expiration Date, Sublessee's assumed obligations under Section 7.8 of the Lease shall be satisfied on or before the Sublease Expiration Date, rather than the Lease Expiration Date. Sublessee shall have no obligations for removal of Alterations made by Sublessor or removal of property placed in the Building by Sublessor.

(i) Contractors and Supervision.

(I) All Alterations (other than Alterations for which no permit is required from any Governmental Authority) shall be performed only under the supervision of a licensed architect that Landlord approves.

(II) Subject to the provisions of this Section 7(i)(II), Sublessee shall perform all Alterations which involve connections to any Building Systems using contractors, subcontractors, engineers and mechanics that in each case Landlord approves pursuant to Section 7.9(B) of the Lease.

(j) Sublessor's Expenses.

Sublessee shall pay to Sublessor, from time to time, as additional rent, the reasonable out-of-pockets costs incurred by Sublessor (including costs of Landlord for which Sublessor is responsible to reimburse Landlord pursuant to the Lease) in connection with a Specialty Alteration (including, without limitation, the reasonable out-of-pockets costs that Sublessor incurs in reviewing the plans and specifications for such Specialty Alterations, and inspecting the progress of such Specialty Alterations), within thirty (30) days after Sublessor gives Sublessee an invoice therefor together with reasonable supporting documentation for the charges set forth therein; provided, however, that Sublessee shall not be required to pay to Sublessor, in the aggregate, more than Ten Thousand Dollars (\$10,000.00) (plus costs of Landlord for which Sublessor is responsible to reimburse Landlord pursuant to the Lease) under this Section 7(j) for the Initial Alterations which constitute Specialty Alterations, or Five Thousand Dollars (\$5,000.00) (plus costs of Landlord for which Sublessor is responsible to reimburse Landlord pursuant to the Lease) under this Section 7(j) for Specialty Alterations that are not the Initial Alterations (which amount of Five Thousand Dollars [\$5,000.00] shall be increased on each anniversary of the Sublease Commencement Date to reflect the percentage increase, if any, in the Consumer Price Index from the Consumer Price Index that is in effect on the Sublease Commencement Date). No such costs incurred by Sublessor (other than

costs incurred by Landlord that are required under the Lease to be reimbursed by Tenant under the Lease) for reviewing plans and specifications shall apply to Core Drilling.

(k) Window Coverings. Sublessee shall install on the windows of the Sublet Premises (including, without limitation, the windows in the restrooms) only the curtains, blinds, shades or screens that Landlord approves to the extent required pursuant to Section 7.11 of the Lease.

(l) Sublessee Fund.

(i) Subject to the terms of this Section 7(l) and Section 7(e)(i)(C) hereof, Sublessor shall pay to or on behalf of Sublessee an amount equal to the sum of: (A) Twelve Million Eight Hundred Ten Thousand Seven Hundred Eighty Dollars (\$12,810,780.00), plus (B) any increases in the Base Tenant Fund in excess of such amount, received by Sublessor from Landlord pursuant to the provisions of Section 7.12 of the Lease (collectively, the "**Sublessee Fund**") for the costs that Sublessee incurs in performing the Initial Alterations in all of the Sublet Premises. Landlord has agreed in the Consent that the Tenant Fund shall apply to and be payable with respect to the foregoing costs incurred by or on behalf of Sublessee in connection with performing the Initial Alterations, and Sublessor shall use commercially reasonable efforts to obtain the Tenant Fund from Landlord pursuant to the provisions of the Lease. Sublessee shall not be entitled to receive the Sublessee Fund if it has not improved all portions of the Sublet Premises for its business operations. Sublessee may use no more than fifteen percent (15%) of the Sublessee Fund for costs that Sublessee incurs in connection with the Initial Alterations that do not constitute "hard" construction costs, including, without limitation, architect's and engineer's fees, permit fees, expeditor's fees and designers' fees in each case relating to the Initial Alterations (such costs which do not constitute the "hard" construction costs of the Initial Alterations being collectively referred to herein as "**Soft Costs**").

(ii) Sublessee may request no more than two (2) disbursements of portions of the Sublessee Fund by delivering to Sublessor a "Disbursement Request," as defined herein. Subject to the terms of this Section 7(l) Sublessor shall disburse the requested portion of the Sublessee Fund to Sublessee within sixty (60) days after the date that Sublessee gives to Sublessor the applicable Disbursement Request. Sublessee shall not be entitled to disbursement of the Sublessee Fund during the period that a Sublessee Default has occurred and is continuing. Sublessee shall not have the right to request disbursement of the Sublessee Fund in an amount that is greater than the aggregate amounts that Sublessee has theretofore paid to Sublessee's contractors, subcontractors, materialmen, suppliers or consultants, as the case may be, for either (a) materials that have been delivered to the Sublet Premises for the Initial Alterations, (b) labor that has been performed in the Sublet Premises for the Initial Alterations, or (c) the services from which are derived Soft Costs that have been performed for the Initial Alterations, as the case may be (the "**Maximum Disbursement Amount**"). The initial Disbursement Request may not be made until at least fifty percent (50%) of the Initial Alterations have been substantially completed in the entire Sublet Premises.

(iii) The term “**Disbursement Request**” shall mean a request for a disbursement of a portion of the Sublessee Fund made by Sublessee, executed by a Person that has the authority to execute leases on behalf of Sublessee, together with:

(A) Sublessee's certification, executed by a Person that has the authority to execute leases on behalf of Sublessee, that the amount so requested does not exceed the Maximum Disbursement Amount,

(B) copies of the contracts, work orders, purchase orders, change orders and other documents pursuant to which Sublessee has engaged third parties to perform the Initial Alterations (or provide materials or services in connection therewith), except to the extent that Sublessee has provided such copies to Sublessor in connection with a prior Disbursement Request,

(C) copies of reasonable documentation (such as bills and invoices) that indicate that the applicable work has been completed, the applicable materials have been furnished, or the applicable services have been performed, as the case may be, or payment applications from the general contractor identifying the work that has been completed and the cost of such work,

(D) waivers of lien from all contractors, subcontractors, materialmen, architects, engineers and other Persons who may file a lien against the Real Property in connection with the performance of the Initial Alterations (except to the extent Sublessee gave such waivers of lien to Sublessor in connection with a prior Disbursement Request). The initial Disbursement Request must include such waivers of lien as to the portion of the Initial Alterations as to which the Disbursement Request is being made. The final Disbursement Request shall include full and final waivers of lien for all of the Initial Alterations,

(E) in connection with a disbursement of the Sublessee Fund for costs which do not constitute Soft Costs, a certificate of Sublessee's licensed architect that Sublessee engages in accordance with the terms of this Section 7 stating that, in his or her opinion, (i) the portion of the Initial Alterations theretofore substantially completed and for which the disbursement is requested were performed in a good and workmanlike manner and substantially in accordance with the plans and specifications for such Initial Alterations, as approved by Landlord, and as to Specialty Alterations (other than Core Drilling), as approved by Sublessor, and (ii) with respect to the final Disbursement Request, the Initial Alterations have been performed throughout the Sublet Premises and as such, the entire Sublet Premises may be legally occupied for their intended purposes as reflected in the plans for the Initial Alterations,

(F) in connection with a disbursement of the Sublessee Fund for costs which do not constitute Soft Costs, a revised estimated total cost to perform the Initial Alterations, prepared by the construction company that Sublessee has engaged to perform the Initial Alterations, and

(G) notwithstanding the foregoing to the contrary, but subject to the terms of this subparagraph (G), in connection with the final disbursement of the Sublessee Fund, (i) final general releases or waivers of lien from all contractors, subcontractors, materialmen, architects,

engineers and other Persons who may file a lien against the Real Property in connection with the Initial Alterations (unless such general releases or waivers of lien were furnished previously pursuant to Section 7(l)(iii)(D) hereof), (ii) a certificate from Sublessee's independent licensed architect, to the effect that the Initial Alterations have been Substantially Completed (using AIA Form G704), (iii) a certificate, from Sublessee's independent licensed architect or, at Sublessee's option, Sublessee's general contractor, certifying that all contractors, subcontractors, materialmen, architects, engineers and other Persons who may file a lien against the Real Property in connection with the Initial Alterations have been paid in full and (iv) evidence reasonably satisfactory to Sublessor and Landlord that Sublessee has obtained all required final approvals from applicable governmental authorities in connection with the Initial Alterations, including, without limitation, letters of completion from the New York City Department of Buildings for all work permits Sublessee has obtained in connection with the performance of the Initial Alterations, such that Sublessee may occupy all portions of the Sublet Premises for their intended purposes. Nothing contained in this Section 7(l)(iii)(G) shall be deemed to affect or impair Sublessee's obligation to discharge of record any mechanic's lien that is filed against the Building as set forth in Section 7(e)(i) hereof. For the avoidance of doubt, it is intended that Sublessee shall provide the documentation required by Landlord to fund the sums described under Section 7.12 of the Lease. In that regard, Sublessor and Sublessee shall coordinate Sublessee's submissions to Sublessor with Landlord to facilitate the process of Landlord funding the sums described under Section 7.12 of the Lease.

(iv) Sublessor makes no representation or warranty that the Sublessee Fund is sufficient to pay the cost of the Initial Alterations. Sublessee shall pay the amount of any excess of the cost of the Initial Alterations over the Sublessee Fund.

(v) If (i) Sublessor fails to make a disbursement of the Sublessee Fund when due, (ii) Sublessee, subsequent to the date that such disbursement of the Sublessee Fund was due, notifies Sublessor of such failure, and (iii) such failure continues for more than sixty (60) days after the date that Sublessee gives Sublessor notice thereof, then Sublessee shall have the right to offset against the Rent due hereunder the amount that Sublessor so fails to disburse to Sublessee, together with interest thereon calculated at the Applicable Rate for the period beginning on the date that is sixty-one (61) days after the date of Sublessee's notice to Sublessor, and ending on the date that Sublessee uses such credit.

(vi) Sublessor and Sublessee acknowledge the Initial Alterations shall constitute the property of Landlord (and will be depreciated by Landlord for tax purposes) to the extent that Sublessee performs the Initial Alterations using the proceeds of the Sublessee Fund as provided in this Section 7(l), subject, nevertheless, to Sublessee's rights to use such Initial Alterations as part of the Sublet Premises during the Term in accordance with the terms of this Sublease. Sublessee, during the Term, shall not remove the Initial Alterations (or a portion thereof) that Sublessee performs using the proceeds of the Sublessee Fund (or Alterations that replace such Initial Alterations (or such portion thereof)) unless Sublessee replaces the Initial Alterations (or such portion thereof), or such other Alterations, as the case may be, with Alterations that have a fair value that is equal to or greater than the Sublessee Fund (it being understood that such Alterations that Sublessee performs to replace the Initial Alterations (or such portion thereof), or such other Alterations, as the case may be, shall constitute the property of Landlord as contemplated by Section 7.12 of the Lease. Sublessor

and Sublessee agree that their accounting treatment of the Initial Alterations will be consistent with GAAP.

8. **Insurance.**

(a) Sublessee shall maintain, at its sole cost and expense, insurance coverages in such amounts, and with such an insurer holding such a Best's Rating, which coverages and rating are the greater of (i) what is required of Sublessee in the Lease and (ii) the following:

Coverages with an insurer(s) holding a Best's Rating of A or higher with Financial Size of Class VIII or higher, and reasonably acceptable to Sublessor and Landlord, and in the following coverage amounts:

(i) ISO Simplified Commercial General Liability Insurance (“CGL”). The limits of liability of such insurance shall be an amount not less than Two Million and 00/100 Dollars (\$2,000,000.00) per occurrence, Bodily Injury including death and Two Million and 00/100 Dollars (\$2,000,000.00) per occurrence, Property Damage Liability or Two Million and 00/100 Dollars (\$2,000,000.00) combined single limit for Bodily Injury and Property Damage Liability. Such policies shall name Landlord and Sublessor as additional insureds with respect to this Sublease and the Lease; and

(ii) Property insurance on Sublessee's personal property, on a Special Causes of Loss-Replacement Cost basis. This insurance shall include, but shall not be limited to, fire and extended coverage perils. Such property insurance policy shall contain appropriate endorsements waiving the insurer's right of subrogation against Sublessor and Landlord.

(iii) Rental Value insurance in the name of Sublessor with loss payable to Sublessor, insuring the loss of the full Base Rent for one year with an extended period of indemnity for an additional one hundred eighty (180) days. Said insurance shall be adjusted annually to reflect the projected Base Rent otherwise payable by Sublessee for the next twelve (12) month period;

(iv) Loss of income and extra expense insurance in amounts as will reimburse Sublessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent lessees in the business of Sublessee or attributable to prevention of access to the Sublet Premises as a result of such perils.

(b) Each policy will provide that Landlord and Sublessor shall receive at least thirty (30) days' prior written notice of cancellation or non-renewal of the policy. Concurrently with its execution of this Sublease, Sublessee shall deliver to Sublessor one or more certificates of insurance evidencing the insurance coverage required hereunder (the “**Certificates of Insurance**”). The coverage required in Section 8(a) hereof may be provided by blanket policies covering the Sublet Premises and other locations owned or occupied by Sublessee or their subsidiaries, affiliates, or

parent, provided that the CGL policy must have a per-location limit applicable to the Property which is not less than is required in Section 8(a) hereof. The coverage required in Section 8(a)(i) may be provided by a combination of primary and umbrella policies, provided that: (i) the primary coverage may not be less than One Million and 00/100 Dollars (\$1,000,000.00) per occurrence, Bodily Injury including death and One Million and 00/100 Dollars (\$1,000,000.00) per occurrence, Property Damage Liability or One Million and 00/100 Dollars (\$1,000,000.00) combined single limit for Bodily Injury and Property Damage Liability, and shall have a per-location limit applicable to the Property which is not less than the foregoing amounts; and (ii) the umbrella coverage must have a per-location limit applicable to the Property, such that the primary and umbrella coverages applicable to the Property collectively satisfy the coverage required in Section 8(a)(i). Sublessee or a permitted sub-sub-sublessee shall be entitled to maintain commercially reasonable deductibles.

(c) Sublessor and Sublessee each hereby waive all rights of recovery against the other and against the officers, employees, agents, and representatives of the other, and anyone claiming through or under the other, on account of loss by or damage to the waiving party of its property or the property of others under its control, to the extent that such loss or damage is caused by fire or other casualty for which insurance is either required to be carried by the injured party under the terms of the Lease or the Sublease, as the case may be, or is in fact carried by the injured party.

9. **Obligations.**

(a) Excluding the matters contained herein which will be governed by this Sublease, Sublessee agrees that, as it relates only to the period constituting the Sublease Term, (i) to be bound by the terms and conditions of the Lease, (ii) to perform Sublessor's obligations with respect to the Sublet Premises as set forth in the Lease (other than Sublessor's obligation to pay Fixed Rent under the Lease) with respect to the period of the Term of this Sublease (except that Sublessee's obligation to pay Escalation Rent shall not commence until the Sublease Rent Commencement Date), and (iii) to be subject to the terms and conditions of the Consent Agreement. Sublessor shall in no event be obligated to perform Landlord's obligations under the Lease, or, except as otherwise specifically provided below, to enforce the terms, covenants, obligations and conditions on the part of, or to be performed by, Landlord under the Lease. With respect to the performance of obligations required of Landlord under the Lease, Sublessor's sole obligation with respect thereto shall be to request the same for Sublessee, upon written request from Sublessee, and to use reasonable efforts to obtain the same from Landlord, but in no event shall Sublessor be obligated to incur any out-of-pocket expense associated with such effort. However, if requested by Sublessee in writing, and if there is a reasonable basis for doing so, Sublessor will institute and pursue litigation against Landlord to enforce Landlord's obligations under the Lease. Sublessee shall, within thirty (30) days after Sublessor's written demand, reimburse Sublessor for all of Sublessor's out-of-pocket costs and expenses (including without limitation, court costs, attorney's fees [including based on any requirement under Section 23.1(B) of the Lease, or any court order, that Sublessor reimburse Landlord's attorneys' fees in connection with such litigation]), and expert witness fees (all constituting Additional Rent hereunder) in connection with such litigation and any appeals in connection therewith. Sublessee shall indemnify and hold Sublessor harmless from any vexatious litigation claim by Landlord against Sublessor based on such litigation. Sublessor shall not be liable in damages, nor shall Rent abate hereunder, for or on account of any failure by Landlord to perform

the obligations and duties imposed on it under the Lease, except as provided herein. Except as otherwise specifically provided herein, no rights of Sublessor arising from the Lease are granted or assigned to Sublessee, including, but not limited to, any rights to renew, extend, surrender or terminate the Lease. In connection with any such litigation, Sublessor and Sublessee agree to the following: (i) Sublessee shall have reasonable approval of counsel chosen to bring such litigation, (ii) Sublessee shall have approval over the budget for any such litigation and, if, during the course of such litigation, the costs of litigation appear likely to exceed such budget, Sublessee shall have approval over such additional costs, failing which Sublessor shall discontinue the prosecution thereof. Further, if Sublessee does not approve the original litigation budget, or the choice of counsel, then unless Sublessee and Sublessor agree on an alternative budget or counsel, which the parties shall use good faith efforts to agree upon, Sublessor shall not be required to pursue such litigation; (iii) Sublessor and Sublessee shall consult in good faith prior to commencing litigation, and during the course of litigation, concerning litigation strategy, and: (x) if the parties do not agree on litigation strategy prior to commencing litigation, then Sublessor shall not be required to commence such litigation until such time as the parties shall agree upon a litigation strategy, which the parties shall use good faith efforts to agree upon, or (y) if during the course of litigation, the parties, after using good faith efforts, cannot agree on a continuing litigation strategy, Sublessor may discontinue such litigation; (iv) Sublessor shall not settle any such litigation without the reasonable approval of Sublessee; (v) if Sublessee determines at any time that it wants to discontinue any such litigation, then upon Sublessee's written request, Sublessor shall do so.

(b) If pursuant to either Section 10.3 or Section 15.3 of the Lease, Sublessor is entitled to rent abatement rights under such Section(s), and to the extent Landlord is not disputing Sublessor's entitlement to such rent abatement (the "**Confirmed Lease Rent Abatement**"), then Sublessee's Rent obligation hereunder shall be reduced by the amount of the Confirmed Lease Rent Abatement. In the event that Landlord disputes any rent abatement, Sublessor shall use reasonable efforts to resolve such dispute and obtain the full amount of the rent abatement due under the Lease. If Landlord and Sublessor fail to resolve such dispute, then if requested by Sublessee in writing, and if there is a reasonable basis for doing so, Sublessor will institute a declaratory judgment action in New York State court to determine whether Sublessor is entitled to such rent abatement under the Lease or the disputed portion thereof. If Sublessor obtains a final, nonappealable declaratory judgment that Sublessor is entitled to such rent abatement under the Lease or otherwise resolves such dispute, then Sublessee's Base Rent obligation hereunder shall be reduced by the amount of the base rent abatement under the Lease that is confirmed in such declaratory judgment or otherwise resolved. Sublessee shall, within thirty (30) days after Sublessor's written demand, reimburse Sublessor for all of Sublessor's costs and expenses (including without limitation, court costs, attorney's fees [including based on any requirement under Section 23.1(B) of the Lease, or any court order, that Sublessor reimburse Landlord's attorneys' fees in connection with such litigation]), and expert witness fees (all constituting Additional Rent hereunder) in connection with such declaratory judgment action and any appeals in connection therewith. In connection with any such action, Sublessor and Sublessee agree to the following: (i) Sublessee shall have reasonable approval of counsel chosen to bring such litigation, (ii) Sublessee shall have approval over the budget for any such litigation and, if, during the course of such litigation, the costs of litigation appear likely to exceed such budget, Sublessee shall have approval over such additional costs, failing which Sublessor shall discontinue the prosecution thereof; (iii) Sublessor and Sublessee shall consult in

good faith concerning litigation strategy; (iv) Sublessor shall not settle any such litigation without the reasonable approval of Sublessee; (v) if Sublessee determines that it wants to discontinue any such litigation, then upon Sublessee's written request, Sublessor shall do so; and (vi) Sublessor and Sublessee shall consult in good faith during the course of any such litigation to coordinate their position.

10. **Condition and Use of the Sublet Premises; Preparation of Sublet Premises.**

(a) Sublessee agrees to accept the Sublet Premises in "AS IS" condition as of the date hereof, and Sublessee agrees that it has inspected the Sublet Premises and acknowledges that no representations, express or implied, of any kind, with respect to the condition thereof have been made to Sublessee by Sublessor. Sublessor hereby represents that to its actual knowledge as of the date hereof, the Sublet Premises are free of all personal property of Sublessor.

(b) The Sublet Premises are to be used solely for the uses permitted by, and subject to the limitations and conditions of, Article 3 of the Lease, including, without limitation, the "Rules," as defined in Section 3.3 of the Lease. Sublessee shall not do or permit anything to be done in or about the Sublet Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the Building or injure, annoy, or disturb them or allow the Sublet Premises to be used for any improper, immoral, unlawful, or objectionable purpose. Except to the extent that compliance is the obligation of the Landlord under the Lease, Sublessee shall comply with all governmental laws, ordinances and regulations applicable to the use of the Sublet Premises and its occupancy and shall promptly comply with all governmental orders and directions for the correction, prevention and abatement of any violations in or upon, or in connection with, the Sublet Premises, all at Sublessee's sole expense. Sublessee shall not do or permit anything to be done on or about the Sublet Premises or bring or keep anything into the Sublet Premises which will in any way increase the rate of, invalidate or prevent the procuring of any insurance protecting against loss or damage to the Building or any of its contents by fire or other casualty or against liability for damage to property or injury to persons in or about the Building or any part thereof. Sublessee shall use the Sublet Premises and any common areas of the Building in a careful, safe and proper manner and shall keep the Sublet Premises in a neat and sanitary condition and shall not commit or permit any nuisance or waste on or in, or about the Sublet Premises. Sublessee shall dispose of all debris, trash and waste in compliance with all applicable laws and regulations.

(c) Sublessee shall be entitled to the rights granted by Landlord to Sublessor under the following Articles and Sections of the Lease (which rights shall be subject to the provisions of the identified Lease Sections): 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.9, 3.10, 3.11, 3.13, 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 5.1, 5.2, 5.3, 5.4 9.1(A), and 9.6(A). Sublessee is not being granted any other rights or remedies, including, without limitation, (I) the right to remeasure, or dispute, the RSF of the Premises pursuant to Section 1.6(O) of the Lease (Sublessor and Sublessee agree that the Sublet Premises consists of 142,342 RSF and shall not be subject to measurement); (III) Sublessor's remedies under Section 2.3(E) of the Lease; (IV) Sublessor's rights under Section 2.4 of the Lease; (V) Sublessor's rights under Section 2.7 of the Lease; (VI) Sublessor's right to receive the Tenant Fund from Landlord pursuant to Section 7.12 of the Lease; and (VII) Sublessee's remedies under Section 10.3 of the Lease. Notwithstanding the foregoing, Sublessor shall in no event be

obligated to perform Landlord's obligations under the Lease, or, except as otherwise specifically provided herein to enforce the terms, covenants, obligations and conditions on the part of, or to be performed by, Landlord under the Lease. With respect to the performance of obligations required of Landlord under the Lease, Sublessor's sole obligation with respect thereto shall be as expressly set forth herein. Sublessor shall not be liable in damages, nor shall rent abate hereunder, for or on account of any failure by Landlord to perform the obligations and duties imposed on it under the Lease.

(d) Notwithstanding Section 9(a)(i) hereof, the following provisions of the Lease shall not apply to Sublessee's use and occupancy, and construction, of the Sublet Premises:

- (i) Sections 1.1, 1.2, 1.3, 1.4, 1.5, 2.2(F), 7.1(I), 9.1(D), 10.3, 11.3, 17.8, 20.3, 31.4(A), and 31.4 (C).
- (ii) Articles 6, 13, 18, 19, and 30.

11. **Sublessee Default.** The term "**Sublessee Default**" shall mean the occurrence of any of the following events:

(A) Sublessee fails to pay any installment of Rent when due and such failure continues for five (5) business days after the date that Sublessor gives notice of such failure to Sublessee;

(B) Sublessee violates the provisions of Section 5 of this Sublease, and such violation is not cured within ten (10) days after written notice from either Landlord or Sublessor; or

(C) Sublessee defaults in the observance or performance of any other covenant of this Sublease or the Lease to be observed or performed by Sublessee pursuant to this Sublease, and Sublessee fails to remedy such default within thirty (30) days (fifteen [15] days with respect to a default under the Lease) after Sublessor gives Sublessee notice thereof, except that if (i) such default cannot be remedied with reasonable diligence during such period of thirty (30) days (or fifteen [15] days, as applicable), (ii) Sublessee takes reasonable steps during such period of thirty (30) days (or fifteen [15] days, as applicable) to commence Sublessee's remedying of such default, and (iii) Sublessee prosecutes diligently Sublessee's remedying of such default to completion, then a Sublessee Default shall not occur by reason of such default.

Sublessor shall have any and all rights and remedies set forth in Section 12 hereof on account of a Sublessee Default.

12. **Sublessor Rights and Remedies.**

(a) Sublessor shall have such rights as may be available at law or in equity on account of a Sublessee Default. In addition to such rights and remedies, upon the occurrence of any Sublessee

Default, Sublessor, after providing written notice to Sublessee of the nature of the default, shall have the option to pursue any one or more of the following remedies concurrently or consecutively and not alternatively:

(i) Sublessor may, at its election, terminate this Sublease or terminate Sublessee's right to possession only, without terminating the Sublease.

(ii) Upon any termination of this Sublease, whether by lapse of time or otherwise, or upon any termination of Sublessee's right to possession without termination of the Sublease, Sublessee shall surrender possession and vacate the Sublet Premises immediately, and deliver possession thereof to Sublessor, and Sublessee hereby grants to Sublessor full and free license to enter into and upon the Sublet Premises in such event and to repossess Sublessor of the Sublet Premises as of Sublessor's former estate and to expel or remove Sublessee and any others who may be occupying or be within the Sublet Premises and to remove Sublessee's signs and other evidence of tenancy and all other property of Sublessee therefrom without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without incurring any liability for any damage resulting therefrom, Sublessee waiving any right to claim damages for such re-entry and expulsion, and without relinquishing Sublessor's right to rent or any other right given to Sublessor under this Sublease or by operation of law.

(iii) Upon any termination of this Sublease, whether by lapse of time or otherwise, Sublessor shall be entitled to recover as damages, all Rent, including any amounts treated as Additional Rent under this Sublease, and other sums due and payable by Sublessee on the date of termination, plus Sublessor shall also be entitled to recover as liquidated damages and not as a penalty, an amount equal to the excess (if any) of (a) the Rent for the period which otherwise would have constituted the unexpired portion of the Term, over (b) the then fair and reasonable net effective rental value of the Sublet Premises for the same period (which is calculated by (X) deducting from the fair and reasonable rental value of the Sublet Premises the expenses that Sublessor would reasonably expect to incur in reletting the Sublet Premises, including, but not limited to, all repossession costs, brokerage commissions, legal expenses, attorneys' fees and disbursements, alteration costs, contributions to work and other expenses of preparing the Sublet Premises for such reletting, and (Y) taking into account the time period that Sublessor would reasonably require to consummate a reletting of the Sublet Premises to a new tenant), both discounted to present value at the "Base Rate," as defined in the Lease.

(iv) Upon any termination of Sublessee's right to possession only without termination of the Sublease:

(A) Neither such termination of Sublessee's right to possession nor Sublessor's taking and holding possession thereof as provided shall terminate the Sublease or release Sublessee, in whole or in part, from any obligation, including Sublessee's obligation to pay the Rent, including any amounts treated as Additional

Rent, under this Sublease for the full Term, plus any other sums provided in this Sublease to be paid by Sublessee for the remainder of the Term.

(B) Sublessor shall use reasonable efforts to relet the Sublet Premises or any part thereof for such rent and upon such terms as Sublessor, in its good faith discretion, shall determine (including the right to relet the Sublet Premises for a greater or lesser term than that remaining under this Sublease, the right to relet the Sublet Premises as a part of a larger area, and the right to change the character or use made of the Sublet Premises). In connection with or in preparation for any reletting, Sublessor may, but shall not be required to, make repairs, alterations and additions in or to the Sublet Premises and redecorate the same to the extent Sublessor deems necessary or desirable, and Sublessee shall, upon demand, pay Sublessor's expenses of reletting, including, without limitation, any commission incurred by Sublessor. Sublessor shall not be required to observe any instruction given by Sublessee about any reletting or accept a replacement tenant offered by Sublessee.

(C) Until such time as Sublessor shall elect to terminate the Sublease and shall thereupon be entitled to recover the amounts specified in such case herein, Sublessee shall pay to Sublessor upon demand the full amount of all Rent, including any amounts treated as Additional Rent under this Sublease and other sums reserved in this Sublease for the remaining Term, together with the costs of repairs, and Sublessor's expenses of reletting and the collection of the rent accruing therefrom (including attorney's fees and broker's commissions), as the same shall then be due or become due from time to time, less only such consideration as Sublessor may have received from any reletting of the Sublet Premises; and Sublessee agrees that Sublessor may file suits from time to time to recover any sums falling due under this Section 12 as they become due. Any proceeds of reletting by Sublessor in excess of the amount then owed by Sublessee to Sublessor from time to time shall be credited against Sublessee's future obligations under this Sublease but shall not otherwise be refunded to Sublessee.

(b) If either party shall at any time be in default under this Sublease and if the non-defaulting party shall institute an action or summary proceeding against the defaulting party based upon such default, then the non-prevailing party will reimburse the prevailing party for its reasonable attorneys' fees and disbursements. **SUBLESSEE AND SUBLESSOR EACH EXPRESSLY WAIVES ANY RIGHT TO: (A) TRIAL BY JURY; AND (B) SERVICE OF ANY NOTICE REQUIRED BY ANY PRESENT OR FUTURE LAW OR ORDINANCE APPLICABLE TO LANDLORDS OR TENANTS BUT NOT REQUIRED BY THE TERMS OF THIS SUBLEASE.**

(c) Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies provided in this Sublease or any other remedies provided by law or in equity (all such remedies being cumulative but not duplicative), nor shall pursuit of any remedy provided in this Sublease constitute a forfeiture or waiver of any Rent due to Sublessor under this Sublease or of

any damages accruing to Sublessor by reason of the violation of any of the terms, provisions and covenants contained in this Sublease.

(d) No act or thing done by Sublessor or its agents during the Term shall be deemed a termination of this Sublease or an acceptance of the surrender of the Sublet Premises, and no agreement to terminate this Sublease or accept a surrender of said Sublet Premises shall be valid, unless in writing signed by Sublessor. No waiver by Sublessor of any violation or breach of any of the terms, provisions and covenants contained in this Sublease shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions and covenants contained in this Sublease. Sublessor's acceptance of the payment of Rent or other payments after the occurrence of a Sublessee Default shall not be construed as a waiver of such Sublessee Default, unless Sublessor so notifies Sublessee in writing. Forbearance by Sublessor or Sublessee in enforcing one or more of the remedies provided in this Sublease upon the occurrence of a Sublessee Default or a default by Sublessor hereunder, as the case may be, shall not be deemed or construed to constitute a waiver of such Sublessee Default or of Sublessor's right to enforce any such remedies with respect to such Sublessee Default or any subsequent Sublessee Default, or a waiver of such Sublessor default hereunder or of Sublessee's right to enforce any such remedies with respect to such Sublessor default hereunder or any subsequent Sublessor default hereunder.

(e) Any and all property which must be removed from the Sublet Premises by Sublessor pursuant to the authority of this Sublease, the Lease or of law or in equity, to which Sublessee is or may be entitled, may be handled, removed and/or stored, as the case may be, by or at the direction of Sublessor, but at the risk, cost and expense of Sublessee, and Sublessor shall in no event be responsible for the value, preservation or safekeeping thereof. Sublessee shall pay to Sublessor, upon within thirty days of demand, any and all expenses incurred in such removal and all storage charges against such property, so long as the same shall be in Sublessor's possession or under Sublessor's control. Any such property of Sublessee not retaken by Sublessee from storage within twenty (20) days after removal from the Sublet Premises shall, at Sublessor's option, be deemed conveyed by Sublessee to Sublessor under this Sublease as by a bill of sale without further payment or credit by Sublessor to Sublessee.

13. Sublessee's Insolvency.

(a) Assignments pursuant to the Bankruptcy Code.

(i) The term "**Bankruptcy Code**" shall mean 11 U.S.C. Section 101 et seq., or any statute of similar nature and purpose.

(ii) If Sublessee, Sublessee's trustee or Sublessee as debtor-in-possession (each, an "**Insolvency Party**") proposes to assign the tenant's interest hereunder pursuant to the provisions of the Bankruptcy Code to any "Person" (as defined herein) that has made a bona fide offer to accept an assignment of the Sublessee's interest under this Sublease on terms acceptable to Sublessee, then the Insolvency Party shall give to Sublessor notice of such proposed assignment no later than twenty (20) days after the date that the Insolvency Party receives such offer, but in any event no later than ten (10) days before the date that the

Insolvency Party makes application to a court of competent jurisdiction for authority and approval to consummate such assignment. Such notice given by the Insolvency Party to Sublessor shall (A) set forth the name and address of such Person that has made such bona fide offer, (B) set forth all of the terms and conditions of such bona fide offer, and (C) confirm that such Person will provide to Sublessor adequate assurance of future performance that conforms with the terms of Section 12(a)(iv) hereof. Sublessor shall have the right to accept an assignment of this Sublease upon the same terms and conditions and for the same consideration, if any, as the bona fide offer made by such Person (less any brokerage commissions that would otherwise be payable by the Insolvency Party out of the consideration to be paid by such Person in connection with such assignment of the Sublessee's interest under this Sublease), by giving notice thereof to the Insolvency Party at any time prior to the effective date of such proposed assignment. The term "**Person**", as used in this Sublease, shall mean any natural person or persons or any legal form of association, including, without limitation, a partnership, a limited partnership, a corporation, and a limited liability company.

(iii) Sublessee shall pay to Sublessor an amount equal to the reasonable out-of-pocket costs that Sublessor incurs in connection with Sublessee's assignment of the tenant's interest hereunder pursuant to the provisions of the Bankruptcy Code, within thirty (30) days after Sublessor's submission to Sublessee of an invoice therefor that contains reasonable supporting documentation for the charges described therein.

(iv) A Person that submits a bona fide offer to take by assignment Sublessee's interest under this Sublease as described in Section 13(a)(ii) hereof shall be deemed to have provided Sublessor with adequate assurance of future performance only if such Person (A) deposits with Sublessor simultaneously with such assignee's taking by assignment Sublessee's interest under this Sublease an amount equal to the then annual Base Rent, as security for the faithful performance and observance by such assignee of Sublessee's obligations of this Sublease (and such Person gives to Sublessor, at least five (5) days prior to the date that the proposed assignment becomes effective, information reasonably satisfactory to Sublessor that indicates that such Person has the ability to post such deposit), (B) gives to Sublessor, at least five (5) days prior to the date that the proposed assignment becomes effective, such Person's financial statements, audited by a certified public accountant in accordance with generally accepted accounting principles, consistently applied ("**GAAP**"), for the three (3) fiscal years that immediately precede such assignment, that indicate that such Person has a tangible net worth of at least ten (10) times the then annual Base Rent for each of such three (3) years, and (C) gives to Sublessor, at least five (5) days prior to the date that the proposed assignment becomes effective, such other information or takes such action that in either case Sublessor, in its reasonable judgment, determines is necessary to provide adequate assurance of the performance by such assignee of the obligations of the sublessee under this Sublease; provided, however, that in no event shall such adequate assurance of future performance be less favorable to Sublessor than the assurance contemplated by Section 365(b)(3) of the Bankruptcy Code (notwithstanding that this Sublease may not be construed as a lease of real property in a shopping center).

(v) If Sublessee's interest under this Sublease is assigned to any Person pursuant to the provisions of the Bankruptcy Code, then any such assignee shall (x) be deemed without further act or deed to have assumed all the obligations of the tenant arising under this Sublease from and after the date of such assignment, and (y) execute and deliver to Sublessor upon demand an instrument confirming such assumption.

(vi) Nothing contained in this Section 12 limits Sublessor's rights against Sublessee under Section 11 hereof.

(b) Replacement Lease. If (i) Sublessee is not the Person that constituted Sublessee initially, and (ii) either (I) this Sublease is disaffirmed or rejected pursuant to the Bankruptcy Code, or (II) this Sublease terminates by reason of occurrence of an Insolvency Event, then, subject to the terms of this Section 13(b) the Persons that constituted Sublessee hereunder previously, including, without limitation, the Person that constituted Sublessee initially (each such Person that previously constituted Sublessee hereunder (but does not then constitute Sublessee hereunder), and with respect to which Sublessor exercises Landlord's rights under this Section 13(b), being referred to herein as a “**Predecessor Sublessee**”) shall (1) pay to Sublessor the aggregate Rent that is then due and owing by Sublessee to Sublessor under this Sublease to and including the date of such disaffirmance, rejection or termination, and (2) enter into a new sublease, between Sublessor, as sublessor, and the Predecessor Sublessee, as sublessee, for the Sublet Premises, and for a term commencing on the effective date of such disaffirmance, rejection or termination and ending on the Sublease Expiration Date, at the same Base Rent and upon the then executory terms that are contained in this Sublease, except that (a) the Predecessor Sublessee's rights under the new sublease shall be subject to the possessory rights of Sublessee under this Sublease and the possessory rights of any Person claiming by, through or under Sublessee or by virtue of any statute or of any order of any court, and (b) such new sublease shall require all defaults existing under this Sublease to be cured by the Predecessor Sublessee with reasonable diligence. Sublessor shall have the right to require the Predecessor Sublessee to execute and deliver such new sublease on the terms set forth in this Section 13(b) only by giving notice thereof to Sublessee and to the Predecessor Sublessee within thirty (30) days after Sublessor receives notice of any such disaffirmance or rejection (or, if this Sublease terminates by reason of Sublessor making an election to do so, then Sublessor may exercise such right only by giving such notice to Sublessee and the Predecessor Sublessee within thirty (30) days after this Sublease so terminates). If the Predecessor Sublessee defaults in its obligation to enter into said new sublease for a period of ten (10) days following Sublessor's request therefor, then, in addition to all other rights and remedies by reason of such default, either at law or in equity, Sublessor shall have the same rights and remedies against such Predecessor Sublessee as if such Predecessor Sublessee had entered into such new sublease and such new sublease had thereafter been terminated as of the commencement date thereof by reason of such Predecessor Sublessee's default thereunder.

(c) Insolvency Events.

This Sublease shall terminate automatically upon the occurrence of any of the following events:

(i) a Sublessee Obligor commences or institutes any case, proceeding or other action (A) seeking relief on its behalf as debtor, or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property; or

(ii) a Sublessee Obligor makes a general assignment for the benefit of creditors; or

(iii) any case, proceeding or other action is commenced or instituted against a Sublessee Obligor (a) seeking to have an order for relief entered against it as debtor or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, or (b) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property, which in either of such cases (i) results in any such entry of an order for relief, adjudication of bankruptcy or insolvency or such an appointment or the issuance or entry of any other order having a similar effect, and (ii) remains undismissed for a period of sixty (60) days; or

(iv) any case, proceeding or other action is commenced or instituted against a Sublessee Obligor seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which is not vacated, discharged, or stayed or bonded pending appeal within sixty (60) days from the entry thereof; or

(v) Sublessee Obligor takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clauses (i), (ii), (iii), or (iv) above; or

(vi) a trustee, receiver or other custodian is appointed for any substantial part of a Sublessee Obligor's assets, and such appointment is not vacated or stayed within fifteen (15) business days (the events described in this Section 13(c) being collectively referred to herein as "**Insolvency Events**").

The term "**Sublessee Obligor**" shall mean (a) Sublessee, (b) any Person that comprises Sublessee (if Sublessee is comprised of more than one (1) Person), (c) any partner in Sublessee (if Sublessee is a general partnership), (d) any general partner in Sublessee (if Sublessee is a limited partnership), (e) any Person that has guaranteed all or any part of the obligations of Sublessee hereunder, and (f) any Person that previously constituted Sublessee hereunder. If this Sublease terminates pursuant to this Section 12(c), then (I) Sublessee immediately shall quit and surrender the Sublet Premises,

and (II) Sublessee shall nonetheless remain liable for all of its obligations hereunder, as provided in Section 11 hereof.

(d) Effect of Stay. Notwithstanding anything to the contrary contained herein, if (i) Sublessor's right to terminate this Sublease after the occurrence of a Sublessee Default, or the termination of this Sublease upon the occurrence of an Insolvency Event, is stayed by order of any court having jurisdiction over an Insolvency Event, or by federal or state statute, (ii) the trustee appointed in connection with an Insolvency Event, or Sublessee or Sublessee as debtor-in-possession, fails to assume Sublessee's obligations under this Sublease on or prior to the earliest to occur of (A) the last day of the period prescribed therefor by law, (B) the one hundred twentieth (120th) day after entry of the order for relief, or (C) a date that is otherwise designated by the court, or (iii) said trustee, Sublessee or Sublessee as debtor-in-possession fails to provide adequate protection of Sublessor's right, title and interest in and to the Sublet Premises or adequate assurance of the complete and continuous future performance of Sublessee's obligations under this Sublease as provided in Section 13(a)(iv) hereof, then Sublessor, to the extent permitted by law or by leave of the court having jurisdiction over such proceeding, shall have the right, at its election, to terminate this Sublease on five (5) business days of advance notice to Sublessee, Sublessee as debtor-in-possession or said trustee, and, upon the expiration of said period of five (5) business days, this Sublease shall cease and expire as aforesaid and Sublessee, Sublessee as debtor-in-possession or said trustee shall immediately quit and surrender the Sublet Premises as aforesaid.

(e) Rental for Bankruptcy Purposes. Notwithstanding anything contained in this Sublease to the contrary, all amounts payable by Sublessee to or on behalf of Sublessor under this Sublease, regardless of whether such amounts are expressly denominated as Rent, shall constitute rent for the purposes of Section 502(b)(6) of the Bankruptcy Code, and Sublessee's payment obligations with respect thereto shall constitute obligations to be timely performed pursuant to Section 365(d) of the Bankruptcy Code.

14. Indemnification. Subject to the waiver and release contained in Section 8(c) hereof, and except and to the extent caused by or due to the willful acts or negligence of Sublessor, or its agents, contractors, servants, licensees and employees, Sublessee shall indemnify, defend Sublessor and hold Sublessor and each of its partners, officers, directors, employees, members, shareholders and successors and save Sublessor and each of its partners, officers, directors, employees, members, shareholders, and successors harmless from and against any and all claims, liability and expense for loss or damage suffered by Sublessor because of (i) the negligence, or willful misconduct of Sublessee, its agents, contractors or employees; and (ii) any act or occurrence in the Sublet Premises unless caused by the negligence or willful misconduct of Sublessor, its agents, contractors or employees, including, but not limited to, losses caused to Sublessor under the Lease by Sublessee's holdover under the Sublease. Sublessee's obligations under this Section shall survive the termination of the Sublease.

Subject to the waiver and release contained in Section 8(c) hereof, and except and to the extent caused by or due to the willful acts or negligence of Sublessee, or its agents, contractors, servants, licensees and employees, Sublessor agrees to indemnify, defend and hold harmless Sublessee and each of Sublessee's officers, directors, shareholders, partners, members, managers,

employees, and successors, from and against any and all actions, claims, demands, liability, and expenses, including reasonable attorneys' fees and litigation expenses, to the extent arising from any negligence or willful misconduct of Sublessor or its agents, officers, employees, guests, servants, invitees, or customers.

Each of the foregoing indemnities shall specifically exclude and neither party shall be liable under this Sublease (whether by means of indemnity or otherwise) for any consequential or indirect damages, except Sublessee shall be liable for consequential damages and/or indirect damages in connection with its holding over in the Sublet Premises to the extent expressly provided herein, including, without limitation, any holding over resulting from Sublessee's failure to comply with its obligations under the Lease and this Sublease regarding the removal of Alterations and Sublessee's personal property, trade fixtures, and equipment. Further, Sublessor expressly acknowledges and agrees that except as provided in Section 24 hereof, Sublessee shall not in any event be liable to Sublessor, by means of indemnity or otherwise, for the difference between the Fixed Rent payable by Sublessor as the tenant under the Lease, and the Base Rent payable by Sublessee under this Sublease.

15. **Notices.** Any notice, approval, request, consent, bill, statement or other communication required or permitted to be given, rendered or made by either party hereto, shall be in writing and shall be sent to the parties hereto by certified United States mail, postage prepaid, return receipt requested, or a nationally recognized overnight courier with proof of delivery at the following addresses:

Sublessor: Aetna Life Insurance
Company
151 Farmington Avenue
Hartford, Connecticut 06156-9666
Attention: Cushman & Wakefield/ Real Estate Services (RTB1)

with a copy to:

Joseph K. Fortier, Esq.
Wiggin and Dana LLP
20 Church Street
Hartford, CT 06103

and with a copy to:

Cushman & Wakefield, Inc.
Attn: Aetna Lease Administration
575 Maryville Centre Drive, Suite 600
St. Louis, MO 63141

Sublessee: Until Yext, Inc. commences the regular conduct of business at the Sublet Premises:

Yext, Inc.
One Madison Avenue - 5th Floor
New York, NY 10010
Attention: General Counsel

And

Yext, Inc.
One Madison Avenue - 5th Floor
New York, NY 10010
Attention: Director of Real Estate

After Yext, Inc. commences the regular conduct of business at the Sublet Premises:

Yext, Inc.
61 Ninth Avenue
New York, NY 10011
Attention: General Counsel

And

Yext, Inc.
61 Ninth Avenue
New York, NY 10011
Attention: Director of Real Estate

with a copy to:

Davis & Gilbert LLP
1740 Broadway
New York, NY 10019
Attention: Richard S. Eisert, Esq.

Either Sublessor or Sublessee may, by not less than five (5) business days' notice to the other, change the address(es) to which notices are to be sent. All notices shall be deemed effective upon receipt or upon refusal to accept delivery.

16. **Casualty.** Sublessee shall have the same rights to terminate this Sublease in the event of damage to the Sublet Premises by reason of fire or other casualty as Sublessor has to terminate the Lease by reason of fire or other casualty, pursuant to Article 15 of the Lease. Sublessee's rights of Rent abatement (if any) under this Sublease in connection with damage to the Sublet Premises by fire or other casualty shall be governed by the provisions of Section 9(b) of this Sublease. Sublessor shall have the same right to terminate this Sublease in the event of damage to the Sublet Premises by reason of fire or other casualty as Landlord has to terminate the Lease in the event of

damage to the Sublet Premises by reason of fire or other casualty, pursuant to Article 15 of the Lease; provided however, that notwithstanding the foregoing, Sublessor shall not exercise its right to terminate this Sublease (or the Lease) in the event of damage to the Sublet Premises by reason of fire or other casualty if: (i) Sublessee shall notify Sublessor in writing within fifteen (15) days after the date of a casualty event that it desires for Sublessor not to terminate the Lease or this Sublease, and (ii) Sublessee agrees in writing that notwithstanding anything to the contrary contained in this Sublease, it will not be entitled to terminate this Sublease on account of such fire or other casualty.

17. **Condemnation.** Sublessee shall have the same rights to terminate this Sublease in the event of the entire Building or the entire Sublet Premises is condemned or otherwise acquired by the exercise of eminent domain (collectively, a “**Taking**”) as Sublessor has to terminate the Lease by reason of a Taking, pursuant to Article 16 of the Lease, but Sublessee shall have no rights of Rent abatement under this Sublease in connection with a Taking except as provided below. Sublessor shall have the same right to terminate this Sublease in the event of a Taking as Landlord has to terminate the Lease in the event of a Taking, pursuant to Article 16 of the Lease; provided however, that notwithstanding the foregoing, Sublessor shall not exercise its right to terminate this Sublease (or the Lease) in the event of a Taking if: (i) Sublessee shall notify Sublessor in writing within fifteen (15) days after the date of the Taking that it desires for Sublessor not to terminate the Lease or this Sublease; and (ii) Sublessee agrees in writing that, notwithstanding anything to the contrary contained in this Sublease, Sublessee will not be entitled to terminate this Sublease on account of such Taking. If, as a result of a Taking, Sublessor's rent under the Lease is reduced, then Sublessee's Rent under this Sublease shall be reduced by the same amount.

18. **Consent.** Sublessee acknowledges that, except as provided in this Sublease, where the consent or approval of Landlord is required under the Lease, Sublessor's consent or approval is also required hereunder, which consent or approval shall not be unreasonably withheld, conditioned, or delayed (except as otherwise provided in Section 7(b)(ii) hereof). To the extent that any of the provisions of the Lease conflict with or are inconsistent with the provisions of this Sublease, whether or not such inconsistency is expressly noted herein, the provisions of the Lease shall in all instances prevail over the Sublease as it relates to Landlord, but not as between Sublessee and Sublessor.

19. **Access.** Sublessor shall have the right to enter upon or obtain access to the Sublet Premises or any part thereof without charge at all reasonable times upon reasonable prior notice to inspect the Sublet Premises, or to otherwise exercise or perform any of the rights or obligations of Sublessor under the Lease or this Sublease. At any time during the Term of this Sublease, Sublessor may, at Sublessor's option, enter into and upon the Sublet Premises if Sublessor determines in its sole good faith discretion that Sublessee is not acting within a commercially reasonable time to maintain, repair or replace anything for which Sublessee is responsible under this Sublease, and correct the same after providing written notice, without being deemed in any manner guilty of trespass, eviction or forcible entry and detainer and without incurring any liability for any damage or interruption of Sublessee's business resulting therefrom, except to the extent due to the negligence or willful misconduct of Sublessor, its agents, contractors, or employees. In entering any portion of the Sublet Premises for any reason, Sublessor shall use commercially reasonable efforts (except in an emergency) to minimize interference with Sublessee's use and occupancy of the Sublet

Premises during any such entry. Sublessee shall have the right to designate portions of the Sublet Premises as secure areas (each a “**Secure Area**”), which Sublessor shall not enter except in the case of emergency.

20. **Signage.** Sublessee shall have the signage rights that have been granted to Sublessor pursuant to Section 3.6 of the Lease, subject to Sublessee’s compliance with the terms, conditions, and limitations of said Section 3.6.

21. **Severability.** If any term or provision of this Sublease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Sublease or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby; and each term and provision of this Sublease shall be valid and be enforceable to the fullest extent permitted by law.

22. **Brokers.** Each party represents to the other that it has dealt with no broker, agent, or finder in connection with this transaction and the negotiations leading to Sublessee's rental of the Sublet Premises from Sublessor other than Cushman & Wakefield, Inc. (representing Sublessor as the listing broker), and Newmark Knight Frank (representing Sublessor as co-broker with Cushman and Wakefield, Inc., and representing Sublessee as the procuring broker), whose commissions shall be paid by Sublessor pursuant to separate written agreements between Sublessor and Cushman & Wakefield, Inc. (as listing broker), and Sublessor and Newmark Knight Frank (as procuring broker). Any fee or commission owed Newmark Knight Frank as co-broker to Cushman and Wakefield, Inc. shall be paid by Cushman and Wakefield, Inc. pursuant to a separate written agreement. Any fee or commission owed Newmark Knight Frank as the procuring broker shall be paid by Sublessor pursuant to a separate written agreement. Each party agrees to indemnify and hold the other party harmless from and against any claim or demand of any other broker or agent who claims that he/she participated with that party in this transaction.

23. **Master Lease.** Sublessee hereby agrees and understands that the Lease (subject to the terms and conditions of that certain Acknowledgement, Nondisturbance and Recognition Agreement (“**Master Lease Nondisturbance Agreement**”) dated as of June 26, 2017, between G.D.C.L. Holdings LLC (“**Prime Lessor**”) and Landlord) and this Sublease are subject and subordinate to all of the terms, covenants, agreements, provisions, and conditions of a certain Agreement of Lease between G.D.C.L. Holdings LLC and Landlord, dated as of July 23, 2014.

24. **Holdover.** Notwithstanding anything stated in the Lease to the contrary, if Sublessee remains in possession of the Sublet Premises following the expiration of the Sublease Term, or earlier termination of this Sublease, Sublessee's tenancy shall be deemed a tenancy at sufferance, subject to all of the terms, conditions, provisions and obligations of this Sublease and the Lease, except that during such period of holdover, the annual Base Rent shall be the amount of rent assessed against Sublessor by Landlord pursuant to Section 24.2 of the Lease arising out of Sublessee's holding over. Nothing contained in this Section shall affect or limit any of Sublessor's rights or remedies under any provision of this Sublease, with Sublessee being liable for any damages incurred by Sublessor as a result of such holdover pursuant to the express provisions of the Lease, including,

without limitation, direct, indirect, special, and consequential damages to the extent payable by Sublessor to Landlord pursuant to the express provisions of the Lease.

25. **Environmental.** During the Term of this Sublease, Sublessee shall not use, generate, manufacture, process, treat, store, release, or incorporate "Hazardous Materials" (as defined herein) into the Sublet Premises, the Building, or into, on or under the Property or the land surrounding the Property, without prior written disclosure to and approval by Sublessor and Landlord. Sublessee shall also, at its own cost, comply with all "Environmental Laws" (as defined herein) applicable to Sublessee and/or to the Sublet Premises. For the purposes hereof "Environmental Laws" shall mean any applicable federal, state, county, regional or local statutes, laws, regulations, rules, ordinances, codes, standards, orders, licenses and permits of any governmental authorities relating to environmental, health or safety matters (including, without limitation, "Hazardous Materials," as defined herein). For the purposes hereof, "Hazardous Materials" shall mean any chemical, material or substance, exposure to which is prohibited, limited or regulated by any federal, state, county, regional or local authority or which even if not so prohibited, limited or regulated, poses a hazard to the health and safety of the occupants of the Building or the occupants of the area near the Building. During the Term of this Sublease, Sublessee shall promptly provide Sublessor with copies of all summons, citations, directives, information inquiries or requests, notices of potential responsibility, notices of violation or deficiency, orders of decrees, claims, complaints, investigations, judgments, letters, notices of environmental liens or response actions in progress, and other communications, written or oral, actual or threatened, from any federal, state, or local agency or authority, or any other entity or individual, concerning (a) any release of a Hazardous Material; (b) the imposition of any lien on the Sublet Premises, the Sublet Premises, the Building, or the Property; or (c) any alleged violation of or responsibility under Environmental Laws. Notwithstanding the foregoing Sublessee may use cleaning fluids and other material typical for general office use provided that such materials are used in compliance with applicable Environmental Laws.

26. **Surrender of the Sublet Premises.** Sublessee, on the Sublease Expiration Date, shall peaceably surrender the Sublet Premises, in broom-clean condition with all personal property, removed, and otherwise in as good condition as when Sublessee took possession, and in the condition required by the Lease, except for: (i) reasonable wear and tear, (ii) loss by fire or other casualty, (iii) loss by condemnation and (iv) failure of Landlord to make repairs for which it is responsible. Sublessee shall remove all of Sublessee's Property from the Sublet Premises on or before the Sublease Expiration Date and pay the cost of repairing all damage to the Sublet Premises or the Building caused by such removal.

27. **Terms.** All capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Lease.

28. **Entire Agreement.** This Sublease, the Exhibits attached hereto, and the Lease, which has been incorporated herein by reference, contain the entire agreement between the parties concerning the Sublet Premises and shall supersede any other agreements between the parties concerning this matter, whether oral or written. This Sublease shall not be modified, cancelled or amended except by written agreement, signed by both parties. The submission of this Sublease or

some or all of its provisions for examination does not constitute an option or an offer to enter into this Sublease, it being understood and agreed that neither Sublessor nor Sublessee shall be legally bound hereunder unless and until this Sublease has been executed and delivered by both Sublessor and Sublessee, and then subject to the conditions hereof.

29. **Counterparts.** This Sublease may be executed in several counterparts, all of which shall constitute one and the same instrument. For the purposes of execution of this Sublease, a facsimile copy of a signed counterpart shall be deemed an original.

30. **Binding Effect.** This Sublease shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

31. **Governing Law.** This Sublease shall be governed by and construed in accordance with the internal laws of the State of New York, except for the portion of such laws having to do with conflicts of laws.

32. **Authority of Sublessee.**

(a) Sublessee hereby represents and warrants to Sublessor that (i) Sublessee is duly organized and validly existing in good standing under the laws of the State of Delaware, and possesses all licenses and authorizations necessary to carry on its business in the Sublet Premises, (ii) Sublessee has full power and authority to carry on its business, enter into this Sublease, and consummate the transaction contemplated by this Sublease, (iii) the individual executing and delivering this Sublease on Sublessee's behalf has been duly authorized to do so, (iv) this Sublease has been duly executed and delivered by Sublessee, (v) this Sublease constitutes a valid, legal, binding and enforceable obligation of Sublessee (subject to bankruptcy, insolvency or creditor rights laws generally, and principles of equity generally), (vi) the execution, delivery and performance of this Sublease by Sublessee will not cause or constitute a default under, or conflict with, the organizational documents of Sublessee or any agreement to which Sublessee is a party, (vii) the execution, delivery and performance of this Sublease by Sublessee will not violate any Requirement, and (viii) all consents, approvals, authorizations, orders or filings of or with any court or governmental agency or body, if any, required on the part of Sublessee for the execution, delivery and performance of this Sublease have been obtained or made.

(b) Sublessor hereby represents and warrants to Sublessor that (i) Sublessor is duly organized and validly existing in good standing under the laws of the State of Connecticut, (ii) Sublessor has full power and authority to carry on its business, enter into this Sublease, and consummate the transaction contemplated by this Sublease, (iii) the individual executing and delivering this Sublease on Sublessor's behalf has been duly authorized to do so, (iv) this Sublease has been duly executed and delivered by Sublessor, (v) this Sublease constitutes a valid, legal, binding and enforceable obligation of Sublessor (subject to bankruptcy, insolvency or creditor rights laws generally, and principles of equity generally), (vi) the execution, delivery and performance of this Sublease by Sublessor will not cause or constitute a default under, or conflict with, the organizational documents of Sublessor or any agreement to which Sublessor is a party, (vii) the execution, delivery and performance of this Sublease by Sublessor will not violate any Requirement,

and (viii) all consents, approvals, authorizations, orders or filings of or with any court or governmental agency or body, if any, required on the part of Sublessor for the execution, delivery and performance of this Sublease have been obtained or made.

33. **Waivers.** No waiver by any party of a breach of any provision of this Sublease, and no failure by any party to exercise any right or remedy relating to a breach of any provision of this Sublease, shall (a) constitute a waiver or relinquishment for the future of such provision, (b) constitute a waiver of or consent to any subsequent breach of such provision, or (c) bar any right or remedy of such party relating to any such subsequent breach. The exercise by any party of any right or election under this Sublease shall not preclude such party from exercising any other right or election that it may have under this Sublease.

34. **Rent Control.** If at the commencement of, or at any time or times during, the Term of this Sublease, the Rent reserved in this Sublease is not fully collectible by reason of any Requirement, then Sublessee shall enter into such agreements and take such other steps (without additional expense to Sublessee) as Sublessor may reasonably request and as may be legally permissible to allow Sublessor to collect the maximum rents which may from time to time during the continuance of such legal rent restriction be legally permissible (and not in excess of the amounts reserved therefor under this Sublease). Upon the termination of such legal rent restriction prior to the expiration of the Term, (a) the Rent shall become and thereafter be payable hereunder in accordance with the amounts reserved in this Sublease for the periods following such termination, and (b) Sublessee shall pay to Sublessor, if legally permissible, an amount equal to the excess of (i) the items of Rent which would have been paid pursuant to this Sublease but for such legal rent restriction, over (ii) the rents paid by Sublessee to Sublessor during the period or periods such legal rent restriction was in effect.

35. **Specially Designated Nationals; Blocked Persons; Embargoed Persons.**

(a) Sublessee represents and warrants to Sublessor that Sublessee is (i) not currently identified on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Assets Control of the Department of the Treasury ("**OFAC**") and/or on any other similar list maintained by OFAC pursuant to any authorizing statute, executive order or regulation (collectively, the "**List**"), and (ii) not a person or entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States. The term "**Embargoed Person**", as it relates to Sublessee, means any person, entity or government subject to trade restrictions under U.S. law, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder with the result that the investment in Sublessee is prohibited by Requirements or Sublessee is in violation of Requirements.

(b) Sublessor represents and warrants to Sublessee that Sublessor is (i) not currently identified on the List), and (ii) not a person or entity with whom a citizen of the United States is prohibited to engage in transactions by any trade embargo, economic sanction, or other prohibition of United States law, regulation, or Executive Order of the President of the United States. The term

"**Embargoed Person**", as it relates to Sublessor, means any person, entity or government subject to trade restrictions under U.S. law, including but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder with the result that the investment in Sublessor is prohibited by Requirements or Sublessor is in violation of Requirements.

(c) Sublessee and Sublessor each covenants and agrees (i) to comply with all Requirements relating to money laundering, anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect, (ii) to immediately notify the other in writing if any of the representations, warranties or covenants set forth in this paragraph or the preceding paragraph are no longer true or have been breached or if it has a reasonable basis to believe that they may no longer be true or have been breached.

(d) Notwithstanding anything herein to the contrary, Sublessee shall not permit the Sublet Premises or any portion thereof to be used or occupied by any sublessee or assignee of this Sublease which is on the List or by any Embargoed Person (on a permanent, temporary or transient basis).

36. **Confidentiality.** Sublessor and Sublessee shall each keep confidential: (i) the provisions of this Sublease, and any amendments thereto; and (ii) any financial or other information of the other party disclosed by such party in the course of the analysis and consideration of the other party and this Sublease, and any amendments thereto (other than information which is a matter of public knowledge or may be obtained from sources readily available to the public), provided, however, that such matters may be disclosed (A) to such party's directors, officers, partners, legal counsel, real estate brokers and accountants to the extent such party deems it necessary or appropriate in connection with the evaluation of this Sublease, and any amendments thereto; (B) to Landlord; (C) to potential or existing sources of financing or to potential or existing holders of equity interests of such party (including any disclosures to investors, underwriters and other appropriate persons in connection with the offering of equity or debt interests), (D) to the extent required by law or regulatory authority, (E) to the extent required to enforce the terms hereof, and (F) to potential assignees or sublessees and their directors, officers, partners, counsel, brokers and advisors. In addition, and not in limitation of the foregoing, (I) Sublessee shall not issue a press release respecting this transaction without Sublessor first having been given a draft copy not less than ten (10) business days prior to release, for such Sublessor's review and comment and (II) Sublessee shall not grant or give any media interviews respecting this transaction without giving Sublessor reasonable advance written notice of the same together with the right to participate in such interview. Sublessor shall not issue a press release respecting this transaction without Sublessee first having been given a draft copy not less than ten (10) business days prior to release, for such Sublessee's review and comment, and Sublessor shall not grant or give any media interviews respecting this transaction without giving Sublessor reasonable advance written notice of the same together with the right to participate in such interview.

37. **No Recording.** Neither party shall record this Sublease, or a memorandum or notice of this Sublease.

38. **Representations Regarding Lease and Sublet Premises.** Sublessor hereby represents to Sublessee as of the date hereof, that (i) the Lease is in full force and effect, (ii) Sublessor has received no written notice of default from the Landlord, which default remains uncured on the date hereof, (iii) neither Sublessor nor Landlord is in default beyond applicable notice and cure periods under the Lease, and (iv) Sublessor holds the entire tenant's interest in the Premises under the Lease free and clear of any liens, claims, mortgages, charges or encumbrances, subleases (other than this Sublease) expressly against Sublessor's leasehold interest in the Premises, subject to the Lease, superior mortgages, superior leases, and all matters, instruments, rights, title, liens, claims, encumbrances, and/or interest for which the Lease is subject or subordinate. Sublessor covenants that it shall: (A) not amend the Lease without Sublessee's consent (which consent shall not be unreasonably withheld, conditioned, or delayed); (B) not voluntarily cancel, terminate, or surrender the Lease (except as otherwise expressly provided herein in the case of casualty or condemnation, subject nevertheless, however, to the provisions of this Sublease), (C) keep the Lease in full force and effect and comply with all obligations of Sublessor, as the tenant under the Lease, to the extent performance of the same is not expressly assumed by Sublessee hereunder, and (D) not commit any acts that would cause Sublessor to be in default of any of its obligations under this Sublease, or would then entitle Landlord to terminate the Lease, except for express rights currently provided to Sublessor in the Lease.

39. **Time of the Essence.** Time is of the essence with each provision of this Sublease.

40. **No Release of Aetna Life Insurance Company.** Notwithstanding anything to the contrary contained herein or at law, Aetna Life Insurance Company shall not be relieved of any liability hereunder following any transfer by it, or by any successor, of any interest in this Sublease, whether accruing prior to or subsequent to any such transfer(s).

(Remainder of page intentionally left blank; signature page to follow)

IN WITNESS WHEREOF, the parties have hereto executed this Sublease on the date first above written.

Witnesses:

/s/ Karen Z. Bell

/s/ Gail Beaulieu

SUBLESSOR:

AETNA LIFE INSURANCE COMPANY

By: /s/ Karen S. Lynch

Name: Karen S. Lynch

Its Authorized Signatory

SUBLESSEE:

YEXT, INC.

/s/ Ho Shin

By: /s/ Howard Lerman

Name: Howard Lerman

Its: Chief Executive Officer

Duly Authorized

LIST OF EXHIBITS

- Exhibit A Intentionally Omitted
- Exhibit B Sublet Premises
- Exhibit C Commencement Date Agreement
- Exhibit D Form of Letter of Credit
- Exhibit E Electronic Funds Transfer Instructions
- Exhibit F Intentionally Omitted

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

I, Howard Lerman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Yext, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

[SIGNATURE PAGE FOLLOWS]

Date: May 31, 2019

/s/ Howard Lerman

Name: Howard Lerman

Title: Chief Executive Officer

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

I, Steven Cakebread, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Yext, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

[SIGNATURE PAGE FOLLOWS]

Date: May 31, 2019

/s/ Steven Cakebread

Name: Steven Cakebread

Title: Chief Financial Officer

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

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

1. The Quarterly Report on Form 10-Q for the period ended April 30, 2019 (the “**Report**”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

[signature page follows]

Date: May 31, 2019

/s/ Howard Lerman

Name: Howard Lerman

Title: Chief Executive Officer

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

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

1. The Quarterly Report on Form 10-Q for the period ended April 30, 2019 (the “**Report**”) of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

[signature page follows]

Date: May 31, 2019

/s/ Steven Cakebread

Name: Steven Cakebread

Title: Chief Financial Officer