

**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 October 31, 2021

OR

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

For the transition period from _____ to _____

Commission File Number: 001-40348



UiPath, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

**452 5th Avenue, 22nd Floor
New York, New York**

(Address of principal executive offices)

**90 Park Avenue, 20th Floor
New York, New York**

(Former address)

47-4333187

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

10018

(Zip Code)

10016

(Former Zip Code)

Registrant's telephone number, including area code: (844) 432-0455

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value \$0.00001 per share	PATH	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 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 Exchange Act). Yes ☐ No ☒

As of December 6, 2021, the registrant had 442,775,415 shares of Class A common stock and 82,452,748 shares of Class B common stock, each with a par value of \$0.00001 per share, outstanding.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, about UiPath, Inc. and its consolidated subsidiaries (“UiPath,” the “Company,” “we,” “us,” or “our”) and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including statements regarding our future results of operations or financial condition, business strategy, and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words such as “anticipate,” “believe,” “contemplate,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “project,” “should,” “target,” “will,” or “would” or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- our expectations regarding our annualized renewal run-rate, or ARR, revenue, expenses, and other operating results;
- our ability to acquire new customers and successfully retain existing customers;
- our ability to increase the number of users who access our platform and the number of automations built on our platform by our existing customers;
- our ability to effectively manage our growth and achieve or maintain profitability;
- future investments in our business, our anticipated capital expenditures, and our estimates regarding our capital requirements;
- the costs and success of our marketing efforts and our ability to maintain and enhance our brand;
- our growth strategies, including any further expansion into the top 25 countries as measured by gross domestic product;
- the estimated addressable market opportunity for our platform and automation generally;
- our reliance on key personnel and our ability to attract and retain highly-qualified personnel;
- our ability to obtain, maintain, protect, and enforce our intellectual property rights and any costs associated therewith;
- the effect of global events, such as the COVID-19 pandemic or other public health crises, on our business, industry, and the global economy;
- our ability to compete effectively with existing competitors and new market entrants; and
- the size and growth rates of the markets in which we compete.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report on Form 10-Q primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, and operating results. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, and other factors described in the section titled “[Risk Factors](#)” and elsewhere in this Quarterly Report on Form 10-Q. Moreover, we operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report on Form 10-Q. The results, events, and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events, or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that “we believe,” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Quarterly Report on Form 10-Q. While we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive

inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this Quarterly Report on Form 10-Q relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report on Form 10-Q to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions, or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments.

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

UiPath, Inc. Condensed Consolidated Balance Sheets *Amounts in thousands except per share data (unaudited)*

	As of	
	October 31, 2021	January 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,776,417	\$ 357,690
Restricted cash	—	7,000
Marketable securities	102,009	102,828
Accounts receivable, net of allowance for doubtful accounts of \$2,566 and \$2,879, respectively	196,427	172,286
Contract assets	63,621	34,221
Deferred contract acquisition costs	24,077	10,653
Prepaid expenses and other current assets	44,668	49,752
Total current assets	2,207,219	734,430
Restricted cash, non-current	—	6,500
Marketable securities, non-current	13,079	—
Contract assets, non-current	1,255	2,085
Deferred contract acquisition costs, non-current	77,849	32,553
Property and equipment, net	14,188	14,822
Operating lease right-of-use assets	50,895	17,260
Intangible assets, net	18,467	10,191
Goodwill	54,457	28,059
Deferred tax asset, non-current	6,846	8,118
Other assets, non-current	23,433	12,443
Total assets	\$ 2,467,688	\$ 866,461
LIABILITIES, CONVERTIBLE PREFERRED STOCK, AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Accounts payable	\$ 23,942	\$ 6,682
Accrued expenses and other current liabilities	82,439	36,660
Accrued compensation and employee benefits	107,788	110,736
Deferred revenues	253,120	211,078
Total current liabilities	467,289	365,156
Deferred revenues, non-current	58,869	61,325
Operating lease liabilities, non-current	51,164	14,152
Other liabilities, non-current	6,961	7,564
Total liabilities	584,283	448,197
Commitments and contingencies (Note 11)		
Convertible preferred stock, \$0.00001 par value per share, 0 and 297,973 shares authorized as of October 31, 2021 and January 31, 2021, respectively; 0 and 294,257 shares issued and outstanding as of October 31, 2021 and January 31, 2021, respectively	—	1,221,968
Stockholders' equity (deficit)		
Preferred stock, \$0.00001 par value per share, 20,000 and 0 shares authorized as of October 31, 2021 and January 31, 2021, respectively; 0 shares issued and outstanding as of October 31, 2021 and January 31, 2021	—	—
Class A common stock, \$0.00001 par value per share, 2,000,000 and 581,000 shares authorized as of October 31, 2021 and January 31, 2021, respectively; 442,357 and 75,177 shares issued and outstanding as of October 31, 2021 and January 31, 2021, respectively	4	1
Class B common stock, \$0.00001 par value per share, 115,741 shares authorized as of October 31, 2021 and January 31, 2021; 82,453 and 110,653 shares issued and outstanding as of October 31, 2021 and January 31, 2021, respectively	1	1
Additional paid-in capital	3,312,405	179,175
Accumulated other comprehensive income (loss)	3,831	(12,521)
Accumulated deficit	(1,432,836)	(970,360)
Total stockholders' equity (deficit)	1,883,405	(803,704)
Total liabilities, convertible preferred stock, and stockholders' equity (deficit)	\$ 2,467,688	\$ 866,461

The accompanying notes are an integral part of these condensed consolidated financial statements.

UiPath, Inc.
Condensed Consolidated Statements of Operations
Amounts in thousands except per share data
(unaudited)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2021	2020	2021	2020
Revenue:				
Licenses	\$ 111,608	\$ 78,555	\$ 307,371	\$ 221,827
Subscription services	97,963	61,508	265,924	156,636
Professional services and other	11,245	7,226	29,259	21,305
Total revenue	220,816	147,289	602,554	399,768
Cost of revenue:				
Licenses	2,626	1,720	7,514	4,773
Subscription services	15,659	6,092	42,076	17,136
Professional services and other	24,815	9,573	78,114	23,812
Total cost of revenue	43,100	17,385	127,704	45,721
Gross profit	177,716	129,904	474,850	354,047
Operating expenses:				
Sales and marketing	172,906	99,512	522,925	280,774
Research and development	61,559	27,456	212,245	80,726
General and administrative	59,498	65,951	189,747	117,461
Total operating expenses	293,963	192,919	924,917	478,961
Operating loss	(116,247)	(63,015)	(450,067)	(124,914)
Interest income	899	144	2,606	751
Other (expense) income, net	(4,300)	(6,303)	(8,743)	9,870
Loss before income taxes	(119,648)	(69,174)	(456,204)	(114,293)
Provision for income taxes	3,139	1,622	6,272	4,356
Net loss	\$ (122,787)	\$ (70,796)	\$ (462,476)	\$ (118,649)
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.23)	\$ (0.41)	\$ (1.08)	\$ (0.72)
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	531,718	171,280	426,811	164,438

The accompanying notes are an integral part of these condensed consolidated financial statements.

UiPath, Inc.
Condensed Consolidated Statements of Comprehensive Loss
Amounts in thousands
(unaudited)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2021	2020	2021	2020
Net loss	\$ (122,787)	\$ (70,796)	\$ (462,476)	\$ (118,649)
Other comprehensive income (loss), net of tax:				
Unrealized loss on available-for-sale marketable securities, net	(81)	—	(72)	—
Foreign currency translation adjustments	8,510	5,546	16,424	(10,083)
Other comprehensive income (loss), net	8,429	5,546	16,352	(10,083)
Comprehensive loss	<u>\$ (114,358)</u>	<u>\$ (65,250)</u>	<u>\$ (446,124)</u>	<u>\$ (128,732)</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

UiPath, Inc.
Condensed Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity (Deficit)
Amounts in thousands
(unaudited)

	Convertible Preferred Stock		Common Stock				Additional Paid-in Capital Amount	Accumulated Other Comprehensive Income (Loss) Amount	Accumulated Deficit Amount	Total Stockholders' (Deficit) Equity Amount
	Shares	Amount	Class A		Class B					
			Shares	Amount	Shares	Amount				
Balance as of January 31, 2021	294,257	\$ 1,221,968	75,177	\$ 1	110,653	\$ 1	\$ 179,175	\$ (12,521)	\$ (970,360)	\$ (803,704)
Issuance of convertible preferred stock, net of issuance costs	12,043	749,836	—	—	—	—	—	—	—	—
Conversion of convertible preferred stock to common stock upon initial public offering	(306,300)	(1,971,804)	306,300	3	—	—	1,971,801	—	—	1,971,804
Issuance of common stock upon initial public offering, net of underwriting discounts and commissions and other issuance costs	—	—	13,000	—	—	—	687,903	—	—	687,903
Conversion of shares of Class B common stock into shares of Class A common stock	—	—	28,200	—	(28,200)	—	—	—	—	—
Shares issued as consideration for business acquisition	—	—	543	—	—	—	30,446	—	—	30,446
Issuance of common stock upon exercise of stock options	—	—	1,881	—	—	—	3,114	—	—	3,114
Vesting of early exercised stock options	—	—	—	—	—	—	1,646	—	—	1,646
Issuance of common stock upon settlement of restricted stock units	—	—	389	—	—	—	—	—	—	—
Tax withholdings on settlement of restricted stock units	—	—	(164)	—	—	—	(9,218)	—	—	(9,218)
Stock-based compensation expense	—	—	—	—	—	—	252,986	—	—	252,986
Other comprehensive income, net of tax	—	—	—	—	—	—	—	4,227	—	4,227
Net loss	—	—	—	—	—	—	—	—	(239,663)	(239,663)
Balance as of April 30, 2021	—	\$ —	425,326	\$ 4	82,453	\$ 1	\$ 3,117,853	\$ (8,294)	\$ (1,210,023)	\$ 1,899,541
Shares issued as consideration for business acquisition	—	—	—	—	—	—	21	—	—	21
Issuance of common stock upon exercise of stock options	—	—	2,993	—	—	—	3,537	—	—	3,537
Vesting of early exercised stock options	—	—	—	—	—	—	615	—	—	615
Issuance of common stock upon settlement of restricted stock units	—	—	2,492	—	—	—	—	—	—	—
Tax withholdings on settlement of restricted stock units	—	—	(18)	—	—	—	(1,175)	—	—	(1,175)
Stock-based compensation expense	—	—	—	—	—	—	92,744	—	—	92,744
Other comprehensive income, net of tax	—	—	—	—	—	—	—	3,696	—	3,696
Net loss	—	—	—	—	—	—	—	—	(100,026)	(100,026)
Balance as of July 31, 2021	—	\$ —	430,793	\$ 4	82,453	\$ 1	\$ 3,213,595	\$ (4,598)	\$ (1,310,049)	\$ 1,898,953
Issuance of common stock upon exercise of stock options	—	—	2,848	—	—	—	3,209	—	—	3,209
Vesting of early exercised stock options	—	—	—	—	—	—	462	—	—	462
Issuance of common stock upon settlement of restricted stock units	—	—	8,720	—	—	—	—	—	—	—
Tax withholdings on settlement of restricted stock units	—	—	(4)	—	—	—	(199)	—	—	(199)
Stock-based compensation expense	—	—	—	—	—	—	95,338	—	—	95,338
Other comprehensive income, net of tax	—	—	—	—	—	—	—	8,429	—	8,429
Net loss	—	—	—	—	—	—	—	—	(122,787)	(122,787)
Balance as of October 31, 2021	—	\$ —	442,357	\$ 4	82,453	\$ 1	\$ 3,312,405	\$ 3,831	\$ (1,432,836)	\$ 1,883,405

UiPath, Inc.
Condensed Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity (Deficit) (Continued)
Amounts in thousands
(unaudited)

	Convertible Preferred Stock		Common Stock				Additional Paid-In Capital Amount	Accumulated Other Comprehensive Income (Loss) Amount	Accumulated Deficit Amount	Total Stockholders Deficit Amount
			Class A		Class B					
	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of January 31, 2020	282,108	\$ 996,389	41,883	\$ —	115,741	\$ 1	\$ 72,229	\$ 6,226	\$ (877,967)	\$ (799,511)
Issuance of common stock upon exercise of stock options	—	—	2,166	—	—	—	536	—	—	536
Compensation expense related to secondary transactions	—	—	—	—	—	—	35	—	—	35
Stock-based compensation expense	—	—	—	—	—	—	8,166	—	—	8,166
Other comprehensive income, net of tax	—	—	—	—	—	—	—	8,313	—	8,313
Net loss	—	—	—	—	—	—	—	—	(52,840)	(52,840)
Balance as of April 30, 2020	282,108	\$ 996,389	44,049	\$ —	115,741	\$ 1	\$ 80,966	\$ 14,539	\$ (930,807)	\$ (835,301)
Issuance of convertible preferred stock, net of issuance costs	12,149	225,579	—	—	—	—	—	—	—	—
Issuance of common stock upon exercise of stock options	—	—	7,600	1	—	—	2,183	—	—	2,184
Stock-based compensation expense	—	—	—	—	—	—	8,829	—	—	8,829
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	(23,942)	—	(23,942)
Net income	—	—	—	—	—	—	—	—	4,987	4,987
Balance as of July 31, 2020	294,257	\$ 1,221,968	51,649	\$ 1	115,741	\$ 1	\$ 91,978	\$ (9,403)	\$ (925,820)	\$ (843,243)
Issuance of common stock upon exercise of stock options	—	—	9,097	—	—	—	9,348	—	—	9,348
Vesting of early exercised stock options	—	—	—	—	—	—	1,544	—	—	1,544
Issuance of common stock upon vesting of restricted stock awards	—	—	3	—	—	—	121	—	—	121
Compensation expense related to secondary transactions	—	—	2,625	—	(2,625)	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	—	—	48,643	—	—	48,643
Other comprehensive income, net of tax	—	—	—	—	—	—	—	5,546	—	5,546
Net loss	—	—	—	—	—	—	—	—	(70,796)	(70,796)
Balance as of October 31, 2020	294,257	\$ 1,221,968	63,374	\$ 1	113,116	\$ 1	\$ 151,634	\$ (3,857)	\$ (996,616)	\$ (848,837)

The accompanying notes are an integral part of these condensed consolidated financial statements.

UiPath, Inc.
Condensed Consolidated Statements of Cash Flows
Amounts in thousands
(unaudited)

	Nine Months Ended October 31,	
	2021	2020
Cash flows from operating activities		
Net loss	\$ (462,476)	\$ (118,649)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	10,697	9,383
Amortization of deferred contract acquisition costs	19,904	28,478
Amortization of deferred loan cost	199	—
Net amortization of premium on marketable securities	1,391	—
Loss on fixed asset disposal	772	—
Stock-based compensation expense	438,551	65,794
Amortization of operating lease right-of-use assets	6,013	5,522
(Benefit from) provision for bad debt	(194)	1,382
Provision for uncertain tax position	822	—
Deferred income taxes	(357)	68
Changes in operating assets and liabilities:		
Accounts receivable	(27,028)	(34,191)
Contract assets	(29,994)	(18,459)
Deferred contract acquisition costs	(80,720)	(28,885)
Prepaid expenses and other assets	(2,295)	208
Accounts payable	17,549	1,983
Accrued expense and other liabilities	17,756	8,009
Accrued compensation and employee benefits	(822)	24,233
Operating lease liabilities, net	(5,261)	(6,075)
Deferred revenue	46,544	72,197
Net cash (used in) provided by operating activities	(48,949)	10,998
Cash flows from investing activities		
Purchases of marketable securities	(161,214)	—
Sales of marketable securities	89,383	—
Maturities of marketable securities	58,109	—
Purchases of property and equipment	(5,719)	(989)
Capitalization of software development costs	(2,950)	—
Payment related to business acquisition, net of cash acquired	(5,498)	(19,690)
Purchases of intangible assets	(1,231)	—
Net cash used in investing activities	(29,120)	(20,679)
Cash flows from financing activities		
Proceeds from initial public offering, net of underwriting discounts and commissions	692,369	—
Payments of initial public offering costs	(3,734)	—
Proceeds from issuance of convertible preferred stock	750,000	225,903
Payments of issuance costs for convertible preferred stock	(164)	(324)
Proceeds from exercise of stock options	9,687	19,837
Payments of tax withholdings on net settlement of equity awards	(10,300)	—
Net receipts of tax withholdings on sell-to-cover equity award transactions	20,418	—
Proceeds from employee stock purchase plan contributions	13,766	—
Proceeds from credit facility	—	78,587
Repayments of credit facility	—	(78,587)
Payment of deferred loan costs related to senior secured credit facility	—	(808)
Net cash provided by financing activities	1,472,042	244,608
Effect of exchange rate changes	11,254	(8,402)
Net increase in cash, cash equivalents and restricted cash	1,405,227	226,525
Cash, cash equivalents and restricted cash - beginning of period	371,190	234,131
Cash, cash equivalents and restricted cash - end of period	\$ 1,776,417	\$ 460,656
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 512	\$ 1,510
Cash paid for income taxes	6,680	2,642
Supplemental disclosure of non-cash investing and financing activities		
Stock-based compensation capitalized for software development	\$ 4,487	\$ —
Value of shares issued in payment of business acquisition	30,467	—
Reduction in accrued expenses and other liabilities for vesting of early exercised stock options	2,723	1,544
Tax withholdings on net settlement of restricted stock units, accrued and unpaid	445	—

The accompanying notes are an integral part of these consolidated financial statements.

UiPath, Inc.
Notes to Condensed Consolidated Financial Statements
(unaudited)

1. Organization and Description of Business

Description of Business

UiPath, Inc. (the “Company,” “we,” “us,” or “our”) was incorporated in Delaware in June 2015 and is headquartered in New York. We offer an end-to-end automation platform which provides a range of robotic process automation (“RPA”) solutions via a suite of interrelated software offerings, including:

- UiPath Studio (“Studio”) – Studio is an easy to use, drag-and-drop development platform designed for RPA developers looking to build complex process automations with built-in governance capabilities. Studio features robust debugging tools, application programming interface (“API”) automation, wizards to automate desktop or web applications, the ability to leverage custom code, and a simple way to integrate machine learning models into production workflows.
- UiPath Robots (“Robots”) – Robots emulate human behavior to execute the processes built in Studio. Robots can work unattended (without human supervision in any environment) or attended (with a human triggering the process).
- UiPath Orchestrator (“Orchestrator”) – Orchestrator tracks and logs Robot activity, along with what people do in tandem, to maintain strict compliance and governance through dashboards and visualization tools. Orchestrator enables seamless integration with our marketplace, which is UiPath’s database of vetted, pre-built, and reusable automation activities and components, software, and third-party products, giving users the opportunity to leverage our global RPA community and deploy automations across cloud, on-premises, and hybrid environments.

We derive revenue primarily from the sale of: (1) software licenses for use of our proprietary software and related maintenance and support; (2) the right to access certain software products we host (i.e., software as a service, or “SaaS”); (3) hybrid solutions (which are comprised of three performance obligations, consisting of a term license, maintenance and support, and SaaS); and (4) professional services.

We have legal presence in 31 countries, with our principal operations in the United States, Romania, and Japan.

Initial Public Offering

On April 23, 2021, we completed our initial public offering (“IPO”), in which we issued and sold 13.0 million shares of our Class A common stock at a public offering price of \$56.00 per share, including 3.6 million shares of Class A common stock pursuant to the exercise in full of the underwriters’ option to purchase additional shares. We received net proceeds of \$692.4 million after deducting underwriting discounts and commissions of \$ 35.6 million. In addition, the selling stockholders, named in our final prospectus that forms a part of the Registration Statement on Form S-1 (File No. 333-254738) for the IPO filed with the Securities and Exchange Commission (“SEC”) pursuant to Rule 424(b)(4) on April 21, 2021 (the “Final Prospectus”), sold an additional 14.5 million shares, for which we did not receive any proceeds. In connection with the IPO, all shares of convertible preferred stock then outstanding automatically converted into an aggregate of 306.3 million shares of Class A common stock.

As of January 31, 2021, \$1.5 million of deferred offering costs, which consisted primarily of accounting, legal and other fees related to the IPO, were capitalized within other assets, non-current in the condensed consolidated balance sheets. Upon the consummation of the IPO, \$4.5 million of deferred offering costs were reclassified into stockholders’ equity as an offset to IPO proceeds. Deferred offering costs were paid in full as of the end of the second quarter of fiscal 2022.

UiPath, Inc.
Notes to Condensed Consolidated Financial Statements (Continued)
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2. Summary of Significant Accounting Policies

The Company's significant accounting policies are discussed in Note 2, *Summary of Significant Accounting Policies*, in the Notes to Consolidated Financial Statements in the Final Prospectus. There have been no significant changes to these policies during the nine months ended October 31, 2021.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and applicable regulations of the SEC regarding interim financial reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by U.S. GAAP may be condensed or omitted. The accompanying unaudited condensed consolidated financial statements and related financial information should be read in conjunction with the audited consolidated financial statements and the accompanying notes thereto for the fiscal year ended January 31, 2021, which are contained in the Final Prospectus.

The unaudited condensed consolidated financial statements have been prepared on the same basis as the Company's audited consolidated financial statements and, in the opinion of management, reflect all adjustments, consisting only of normal recurring adjustments, that are necessary for the fair presentation of the Company's financial information. The unaudited condensed consolidated financial statements include the financial statements of UiPath, Inc. and its wholly owned subsidiaries in which we hold a controlling financial interest or of which we are the primary beneficiary. Intercompany transactions and accounts have been eliminated in consolidation.

During the third quarter of fiscal 2022, maintenance and support revenue was renamed subscription services revenue, and services and other revenue was renamed professional services and other revenue. The Company believes that the new captions better reflect the composition of the revenue streams included in these line items on the condensed consolidated statements of operations.

The results of operations for the three and nine months ended October 31, 2021 and 2020 are not necessarily indicative of the results to be expected for the fiscal year ending January 31, 2022 or for any other future interim or annual period.

Fiscal Year

Our fiscal year ends on January 31. References to fiscal year 2022, for example, refer to the fiscal year ending January 31, 2022.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities at the balance sheet date and the amounts of revenue and expenses reported during the period. We evaluate estimates based on historical and anticipated results, trends, and various other assumptions. Such estimates include, but are not limited to, revenue recognition, estimated expected benefit period for deferred contract acquisition costs, allowance for doubtful accounts, fair value of financial assets and liabilities including accounting for and fair value of derivatives, fair value of acquired assets and assumed liabilities, useful lives of long-lived assets, capitalized software development costs, carrying value of operating lease right-of-use ("ROU") assets, incremental borrowing rates for operating leases, amount of stock-based compensation expense including determination of fair value of common stock prior to the IPO, timing and amount of contingencies, and valuation allowance for deferred income taxes. Actual results could differ from these estimates and assumptions.

Foreign Currency

The functional currency of our non-U.S. subsidiaries is the local currency. Asset and liability balances denominated in non-U.S. dollar currencies are translated into U.S. dollars using period-end exchange rates, while revenue and expenses are translated using the average monthly exchange rates. Differences are included in stockholders' equity (deficit) as a component of accumulated other comprehensive income (loss). Financial assets and liabilities denominated in currencies other than the functional currency are recorded at the exchange rate at the

UiPath, Inc.
Notes to Condensed Consolidated Financial Statements (Continued)
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time of the transaction and subsequent gains and losses related to changes in the foreign currency are included in other (expense) income, net in the condensed consolidated statements of operations. For the three months ended October 31, 2021 and 2020, we recognized transaction losses of \$ 6.5 million and \$4.8 million, respectively. For the nine months ended October 31, 2021 and 2020, we recognized transaction losses of \$ 11.7 million and transaction gains of \$12.2 million, respectively.

Derivative Financial Instruments

Since fiscal year 2021, we use derivative financial instruments, such as foreign currency forward contracts, to manage foreign currency exposures. We account for our derivative financial instruments as either assets or liabilities and carry them at fair value. These foreign currency contracts are not designated and do not qualify as hedging instruments, as defined by Accounting Standards Codification ("ASC") 815, *Derivatives and Hedging*.

As of October 31, 2021 and January 31, 2021, derivative financial instruments with a fair value totaling \$ 0.2 million and \$(0.6) million, respectively, were recorded in prepaid expenses and other current assets, and accrued expenses and other current liabilities within the condensed consolidated balance sheets, respectively. We record changes in the fair value of these derivatives as a component of other (expense) income net, in the condensed consolidated statements of operations. The notional amount of foreign currency forward contracts outstanding was \$123.0 million and \$138.6 million as of October 31, 2021 and January 31, 2021, respectively. The net gain associated with foreign currency forward contracts was \$3.1 million and \$5.1 million for the three and nine months ended October 31, 2021, respectively. We did not have foreign currency forward contracts during the three and nine months ended October 31, 2020.

Concentration of Risks

Financial instruments that potentially subject us to significant concentrations of credit risk consist principally of cash and cash equivalents, marketable securities, and accounts receivable. We maintain our cash balance at financial institutions that management believes are high-credit, quality financial institutions, where our deposits, at times, exceed Federal Deposit Insurance Corporation ("FDIC") limits. As of October 31, 2021 and January 31, 2021, 99% and 92%, respectively, of our cash, cash equivalents, and restricted cash were concentrated in the United States, European Union ("EU") countries, and Japan.

We extend differing levels of credit to customers based on creditworthiness, do not require collateral deposits, and when necessary maintain reserves for potential credit losses based upon the expected collectability of accounts receivable. We manage credit risk related to our customers by performing periodic evaluations of creditworthiness and applying other credit risk monitoring procedures.

Significant customers are those that represent 10% or more of our total revenue for the period or accounts receivable at the balance sheet date. For the three and nine months ended October 31, 2021 and 2020, no single customer accounted for 10% or more of our total revenue. As of October 31, 2021 and January 31, 2021, no single customer accounted for 10% or more of our accounts receivable.

Revenue Recognition

In accordance with ASC 606, *Revenue from Contracts with Customers*, revenue is recognized when or as a customer obtains control of the promised goods and services. The amount of revenue recognized reflects the consideration to which we expect to be entitled in exchange for those goods or services. To achieve the core principle of ASC 606, we apply the following five steps:

1. Identification of the contract, or contracts, with the customer;
2. Identification of the performance obligations in the contract;
3. Determination of the transaction price;
4. Allocation of the transaction price to the performance obligations in the contract; and
5. Recognition of the revenue when, or as, a performance obligation is satisfied.

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Notes to Condensed Consolidated Financial Statements (Continued)
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Our significant performance obligations and our application of ASC 606 to each of those performance obligations are discussed in further detail below.

Licenses

We primarily sell term licenses (including the term license portion of hybrid offerings), which provide customers the right to use software for a specified period of time (i.e. on a subscription basis), and perpetual licenses, which provide customers the right to use software for an indefinite period of time. For both types of licenses, revenue is recognized at the point in time at which the customer is able to use and benefit from the software, which is generally upon delivery to the customer or upon commencement of the renewal term. For licenses revenue, we generally invoice when the license(s) are provided.

Subscription Services

We generate subscription services revenue through the provision of maintenance and support services, which include technical support and unspecified updates and upgrades on a when-and-if-available basis for both term and perpetual license arrangements. Maintenance and support for perpetual licenses is renewable, generally on an annual basis, at the option of the customer. Maintenance and support services represent stand-ready obligations for which revenue is recognized ratably over the term of the arrangements. For maintenance and support, we generally invoice when the associated license(s) are provided and upon renewals. Subscription services also includes revenue from our SaaS products, including those sold as a component of our hybrid offerings, for which customers do not have the contractual right to take possession of the underlying software without significant penalty, or for which it is not feasible for the customer to run the software on their own hardware or contract with a third party to host the software. SaaS products are stand-ready obligations to provide access to our products, and the related revenue is recognized on a ratable basis over the contractual period of the arrangement, as control of the services is transferred to the customer. We generally invoice for our SaaS products when the customer is provided access and may begin using the SaaS products.

Professional Services and Other

Revenue from professional services and other consists of fees associated with professional services for process automation, customer education and training services. A substantial majority of our professional services contracts are recognized on a time and materials basis, and the related revenue is recognized as the services are rendered. For professional services, we invoice as the services are provided or in advance.

Material Rights

Contracts with customers may include material rights, which are also performance obligations. Material rights primarily arise when the contract gives the customer the right to renew or to receive products or services at a greater discount in the future. The revenue associated with material rights is recognized at the earlier of the time of exercise or expiration of the customer's rights.

Contracts with Multiple Performance Obligations

Most contracts with customers contain multiple performance obligations. The transaction price is allocated to the separate performance obligations on a relative stand-alone selling price ("SSP") basis. When possible, we determine our SSP by reference to observable prices of our products and services in standalone sales. When we do not have such observable prices, we maximize the use of observable inputs when estimating the SSP; such observable inputs include historical contract pricing and industry pricing data available to the public. Our SSP reflects the amount we would charge for each performance obligation if it were sold separately in a standalone sale to similar customers in similar circumstances.

Other Policies and Judgments

Payment terms and conditions vary by contract type, although terms generally require payment within 30 to 60 days of the invoice date. In certain arrangements, we receive payment from a customer either before or after the performance obligation has been satisfied; however, our contracts do not contain a significant financing component. The primary purpose of our invoicing terms is to provide customers with simplified and predictable ways of

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Notes to Condensed Consolidated Financial Statements (Continued)
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purchasing our products and services, not to receive financing from our customers or to provide customers with financing. We apply the practical expedient in ASC 606 and do not evaluate payment terms of one year or less for the existence of a significant financing component. Revenue is recorded net of sales tax. We generally do not offer a right of refund in our contracts.

Contract Balances

Contract assets consist of unbilled accounts receivable, which occur when a right to consideration for our performance under the customer contract occurs before invoicing the customer. Accounts receivable are recorded when the customer has been billed and the right to consideration is unconditional.

Contract liabilities consist of deferred revenue. Revenue is deferred when we invoice in advance of performance under a contract.

Deferred Contract Acquisition Costs

We defer sales commissions that are incremental to the acquisition of customer contracts. These costs are recorded as deferred contract acquisition costs on the condensed consolidated balance sheets. We determine whether costs should be deferred based on the terms of our sales compensation plans and whether the sales commissions are incremental to a customer contract (i.e. would not have occurred absent the customer contract).

During fiscal year 2021, sales commissions for renewals of subscription contracts were commensurate with the sales commissions paid for the acquisition of the initial subscription contract. Sales commissions paid upon the initial acquisition of a contract were therefore amortized over the contract term, while sales commissions paid related to renewal contracts were amortized over the renewal term. When the amortization period would have been one year or less, we applied the practical expedient in ASC 340-40, *Other Assets, Deferred Costs*, which allows for expensing of these costs as incurred.

At the end of fiscal year 2021, we approved a new sales incentive plan for fiscal year 2022 under which sales commissions for renewals of subscription contracts are not commensurate with the commissions paid on initial contracts. Under the new sales incentive plan, we defer incremental commissions related to initial contracts and amortize such costs over the expected period of benefit, which we determined to be five years. Renewal commissions are amortized over the renewal period except when such period is one year or less and the practical expedient applies.

Amortization is recognized consistently with the pattern of revenue recognition of the respective performance obligations to which the contract costs relate. Amortization of deferred contract acquisition costs is included in sales and marketing expense in the condensed consolidated statements of operations.

We periodically review deferred contract acquisition costs to determine whether events or changes in circumstances have occurred that could impact the period of benefit. There were no impairment losses recorded during the three and nine months ended October 31, 2021 and 2020.

Cost of Revenue

Licenses

Cost of licenses revenue consists of all direct costs to deliver our licenses to customers, amortization of software development costs, direct costs related to third-party software resales, and amortization of acquired developed technology.

Subscription Services

Cost of subscription services revenue primarily consists of personnel-related expenses of our customer support and technical support teams, including salaries and bonuses, stock-based compensation expense, and employee benefit costs. Cost of subscription services revenue also includes third-party consulting services, hosting costs related to our SaaS products, amortization of acquired developed technology and capitalized software

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Notes to Condensed Consolidated Financial Statements (Continued)
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development costs related to SaaS products, and allocated overhead. Overhead is allocated to cost of subscription services revenue based on applicable headcount. We recognize these expenses as they are incurred.

Professional Services and Other

Cost of professional services and other revenue primarily consists of personnel-related expenses of our professional services team, including salaries and bonuses, stock-based compensation expense, and employee benefit costs. Cost of professional services and other revenue also includes third-party consulting services and allocated overhead. Overhead is allocated to cost of professional services and other revenue based on applicable headcount. We recognize these expenses as they are incurred.

Stock-Based Compensation

We recognize stock-based compensation expense in accordance with the provisions of ASC 718, *Compensation—Stock Compensation*. ASC 718 requires the measurement and recognition of compensation expense for all stock-based awards made to employees, directors, and non-employees based on the grant date fair value of the awards. The fair value of each stock option is determined using the Black-Scholes pricing model. The fair value of each restricted stock unit (“RSU”) and restricted stock award (“RSA”) is determined based on the fair value of the Company’s Class A common stock on the grant date. The fair value of employee stock purchase plan shares is determined using the Black-Scholes pricing model.

Prior to the IPO, the Company estimated the fair value of its Class A common stock for financial reporting purposes as of each grant date based on numerous objective and subjective factors and management’s judgement. Subsequent to the IPO, the Company determines the fair value using the market closing price of its Class A common stock on the date of grant.

Stock-based compensation expense is included in cost of revenue and operating expenses within our condensed consolidated statements of operations based on the expense classification of the individual earning the award. The fair value of awards with only service-based vesting conditions is recognized as expense over the requisite service period on a straight-line basis. The fair value of awards that contain both service-based and performance-based vesting conditions, such as RSUs that were granted under the UiPath, Inc. 2018 Stock Plan (the “2018 Plan”) before our IPO, are recognized as expense using the accelerated attribution method once it is probable that the performance condition will be met.

Segment Information

Operating segments are defined as components of an entity for which discrete financial information is available and is regularly reviewed by the Chief Operating Decision Maker (“CODM”) in making decisions regarding resource allocation and performance assessment. The Company’s CODM is its Chief Executive Officer. The Company has determined that it has one operating and reportable segment as the CODM reviews financial information presented on a consolidated basis for purposes of allocating resources and evaluating financial performance.

Internal-Use Software

Pursuant to ASC 350-40, Internal Use Software, we capitalize costs incurred to implement cloud computing arrangements that are service contracts and costs incurred to develop internal-use software, including our SaaS products. ASC 350-40 prescribes capitalization of costs incurred during the application development stage, costs incurred to develop or obtain software that allows for access to or conversion of old data by new systems, and costs incurred in connection with upgrades and enhancements to internal-use software if it is probable that such expenditures will result in additional functionality. These capitalized costs exclude training costs, project management costs, and data migration costs. We evaluate our long-lived assets, including these capitalized costs, for indicators of possible impairment when events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable.

Capitalized costs related to the implementation of cloud computing arrangements are amortized on a straight-line basis over the terms of the associated hosting arrangements and are recorded under operating expenses in the same line item on the condensed consolidated statements of operations as the associated hosting arrangement

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Notes to Condensed Consolidated Financial Statements (Continued)
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fees. These capitalized costs were \$2.7 million and \$2.6 million as of October 31, 2021 and January 31, 2021, respectively, and are recorded in other assets, non-current on our condensed consolidated balance sheets. Related amortization expense for the three months ended October 31, 2021 and 2020 was \$0.2 million and \$0.1 million, respectively. Related amortization expense for the nine months ended October 31, 2021 and 2020 was \$ 0.6 million and \$0.3 million, respectively.

Costs incurred to develop our SaaS products are capitalized and amortized on a straight-line basis over the product's estimated useful life of five years and are included in cost of subscription services revenue on the condensed consolidated statements of operations. Capitalized costs include salaries, benefits, and stock-based compensation charges for employees that are directly involved in developing our SaaS products. These capitalized costs are included in other assets, non-current on the condensed consolidated balance sheets and were \$10.2 million and \$4.4 million as of October 31, 2021 and January 31, 2021, respectively. Related amortization expense was \$0.3 million and \$0.1 million for the three months ended October 31, 2021 and 2020, respectively. Related amortization expense for the nine months ended October 31, 2021 and 2020 was \$0.8 million and \$0.2 million, respectively.

Software Development Costs

We account for costs incurred to develop software to be licensed in accordance with ASC 985-20, *Costs of Software to be Sold, Leased or Marketed*. ASC 985-20 requires all costs incurred to establish technological feasibility to be expensed as they are incurred. Technological feasibility is established when the working model is complete. Costs incurred subsequent to establishing technological feasibility are capitalized until the product is available for general release to customers, at which point they are amortized on a product by product basis. Capitalized costs are included in other assets, non-current on the condensed consolidated balance sheets. These costs are amortized on a straight-line basis over the software's estimated useful life of five years and are included in cost of licenses revenue in the condensed consolidated statements of operations. Management evaluates the remaining useful life of these assets on an annual basis and tests for impairment whenever events or changes in circumstances occur that could impact the recoverability of these assets. Capitalized software development costs were \$4.4 million and \$2.9 million as of October 31, 2021 and January 31, 2021, respectively. Related amortization expense was \$0.1 million and \$0.2 million for the three months ended October 31, 2021 and 2020, respectively. Related amortization expense for the nine months ended October 31, 2021 and 2020 was \$0.4 million and \$0.5 million, respectively.

Variable Interest Entity

When we make an initial investment in or establish other variable interests in an entity, we determine whether that entity is considered a variable interest entity ("VIE"), and, if so, whether we are the primary beneficiary of that VIE. The primary beneficiary of a VIE is a party that meets both of the following criteria: (1) it has the power to direct the activities that most significantly impact the economic performance of the VIE; and (2) it has the obligation to absorb losses or the right to receive benefits that could be potentially significant to the VIE. Periodically, we assess whether any change in our interest in or relationship with the entity affects our determination as to whether the entity is still a VIE, and, if so, whether we are the primary beneficiary.

We consolidate any VIE of which we are the primary beneficiary. If we are not the primary beneficiary of a VIE, we account for the investment or other variable interests in that VIE in accordance with the applicable accounting guidance.

During the third quarter of fiscal 2022, we entered into an agreement whereby we have acquired a variable interest in a special purpose limited liability company ("the LLC") owned by our Chief Executive Officer, that owns a specific aircraft. This arrangement allows us to use the aircraft, when available, for business purposes in the course of our normal operations at rates that approximate the cost of operating the aircraft but that do not exceed current market rates. We determined at the inception of this agreement that the LLC is a VIE. Our variable interest is limited to sharing cost savings; we do not have any obligation to fund losses of the LLC, do not have a minimum commitment related to our use of the aircraft, have not guaranteed the VIE's debt, and do not have any other involvement with the LLC. We have determined that the governance structure of the LLC does not allow us to direct the activities that would significantly impact its economic performance, such as approving terms or pricing associated with the chartering of the aircraft or participating in decision-making related to financing. As such, we are

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Notes to Condensed Consolidated Financial Statements (Continued)
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not the primary beneficiary of the LLC and accordingly do not consolidate it in our condensed consolidated financial statements.

Recently Adopted Accounting Pronouncements

As an emerging growth company, the Jumpstart Our Business Startups Act ("JOBS Act") allows us to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. We have elected to use this extended transition period under the JOBS Act.

In August 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40)*. ASU No. 2020-06 simplifies accounting for convertible instruments by removing certain separation models required under current U.S. GAAP. ASU No. 2020-06 also removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception, and it revises the guidance in ASC 260, *Earnings Per Share*, to require entities to calculate diluted earnings per share for convertible instruments by using the if-converted method. We early adopted ASU No. 2020-06 on a retrospective basis on February 1, 2021, and the adoption did not have a material impact on our condensed consolidated financial statements.

Recently Issued Accounting Pronouncements

In October 2021, the FASB issued ASU No. 2021-08, *Business Combinations (Topic 805)—Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, to amend the current accounting guidance in ASC 805 to require entities to apply ASC 606 to recognize and measure contract assets and contract liabilities acquired in a business combination. ASU No. 2021-08 will be effective for us beginning February 1, 2024. Early adoption is permitted. We are currently evaluating the impact of this pronouncement on our condensed consolidated financial statements.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740)—Simplifying the Accounting for Income Taxes*, which is intended to simplify various aspects related to accounting for income taxes. ASU No. 2019-12 removes certain exceptions associated with (i) intraperiod tax allocations, (ii) recognition of deferred tax liabilities for equity method investments of foreign subsidiaries, and (iii) the calculation of income taxes in an interim period when in a loss position within the framework of ASC 740. ASU No. 2019-12 also clarifies and amends existing guidance to improve consistent application. ASU No. 2019-12 will be effective for us beginning February 1, 2022, and for interim periods in fiscal years beginning February 1, 2023. We are currently evaluating the impact of this pronouncement on our condensed consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, to amend the current accounting guidance which requires the measurement of all expected losses to be based on historical experience, current conditions, and reasonable and supportable forecasts. For trade receivables, contract assets, and other financial instruments, we will be required to use a forward-looking expected loss model that reflects probable losses rather than the incurred loss model for recognizing credit losses. ASU No. 2016-13 will be effective for us beginning February 1, 2023. Early adoption is permitted. We are currently evaluating the impact of this pronouncement on our condensed consolidated financial statements.

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3. Revenue Recognition

Disaggregation of Revenue

The following tables present revenue by region, according to the location of those customers from which the revenue was generated (in thousands except percentages):

	Three Months Ended October 31,			
	2021		2020	
	Amount	Percentage of Revenue	Amount	Percentage of Revenue
Americas ⁽¹⁾	\$ 111,302	50 %	\$ 68,426	46 %
Europe, Middle East, and Africa	63,333	29 %	42,228	29 %
Asia-Pacific ⁽²⁾	46,181	21 %	36,635	25 %
Total revenue	\$ 220,816	100 %	\$ 147,289	100 %

(1) Revenue from the United States represented 44% and 41% of our total revenues for the three months ended October 31, 2021 and 2020, respectively.

(2) Revenue from Japan represented 9% and 12% of our total revenues for the three months ended October 31, 2021 and 2020, respectively.

	Nine Months Ended October 31,			
	2021		2020	
	Amount	Percentage of Revenue	Amount	Percentage of Revenue
Americas ⁽¹⁾	\$ 285,194	47 %	\$ 171,320	43 %
Europe, Middle East, and Africa	173,822	29 %	118,391	30 %
Asia-Pacific ⁽²⁾	143,538	24 %	110,057	27 %
Total revenue	\$ 602,554	100 %	\$ 399,768	100 %

(1) Revenue from the United States represented 42% and 38% of our total revenues for the nine months ended October 31, 2021 and 2020, respectively.

(2) Revenue from Japan represented 12% and 15% of our total revenues for the nine months ended October 31, 2021 and 2020, respectively.

Deferred Revenue

During the nine months ended October 31, 2021 and 2020, we recognized \$ 179.3 million and \$107.1 million of revenue that was included in the deferred revenue balance as of January 31, 2021 and 2020, respectively.

Remaining Performance Obligations

Our remaining performance obligations are comprised of licenses, subscription services, and professional services and other revenue not yet delivered. As of October 31, 2021, the aggregate amount of transaction price allocated to remaining performance obligations was \$579.5 million, which consists of \$312.0 million of billed consideration and \$267.5 million of unbilled consideration. Of this aggregate amount, we expect to recognize 62% as revenue over the next 12 months, and the remainder thereafter.

Deferred Contract Acquisition Costs

Our deferred contract acquisition costs are comprised of sales commissions that represent incremental costs to obtain customer contracts, and are determined based on sales compensation plans. Amortization of deferred contract acquisition costs was \$8.9 million and \$9.5 million for the three months ended October 31, 2021 and 2020, respectively, and \$19.9 million and \$28.5 million for the nine months ended October 31, 2021 and 2020, respectively.

UiPath, Inc.
Notes to Condensed Consolidated Financial Statements (Continued)
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4. Marketable Securities

The following is a summary of our marketable securities (in thousands):

As of October 31, 2021				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Commercial paper	\$ 11,997	\$ —	\$ —	\$ 11,997
Corporate bonds	96,549	—	(90)	96,459
Municipal bonds	6,631	1	—	6,632
Total marketable securities	\$ 115,177	\$ 1	\$ (90)	\$ 115,088

As of January 31, 2021				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Commercial paper	\$ 23,171	\$ —	\$ —	\$ 23,171
Corporate bonds	79,674	7	(24)	79,657
Total marketable securities	\$ 102,845	\$ 7	\$ (24)	\$ 102,828

As of October 31, 2021, \$13.1 million of our marketable securities had remaining contractual maturities of one year or more, and the remainder had contractual maturities of less than one year. As of January 31, 2021, the contractual maturities of all of our marketable securities were less than one year. To determine whether any decline in the fair value of our marketable securities is other-than temporary, we evaluate, among other factors, the duration and extent to which the fair value has been less than the carrying value and our intent and ability to retain the marketable securities for a period of time sufficient to allow for any anticipated recovery in fair value. Based on available evidence, we concluded that the gross unrealized losses on our marketable securities as of October 31, 2021 and January 31, 2021 are temporary in nature.

5. Fair Value Measurement

The following tables present the fair value hierarchy of our financial assets and liabilities measured at fair value on a recurring basis as of October 31, 2021 and January 31, 2021 (in thousands):

As of October 31, 2021			
	Level 1	Level 2	Total
Financial assets:			
Money market	\$ 1,105,537	\$ —	\$ 1,105,537
Corporate bonds	—	1,174	1,174
Total cash equivalents	1,105,537	1,174	1,106,711
Commercial paper	—	11,997	11,997
Corporate bonds	—	96,459	96,459
Municipal bonds	—	6,632	6,632
Total marketable securities	—	115,088	115,088
Foreign currency derivative	—	187	187
Total	\$ 1,105,537	\$ 116,449	\$ 1,221,986

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Notes to Condensed Consolidated Financial Statements (Continued)
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	As of January 31, 2021		
	Level 1	Level 2	Total
Financial assets:			
Money market	\$ 198,523	\$ —	\$ 198,523
Commercial paper	—	19,999	19,999
Corporate bonds	—	1,477	1,477
Total cash equivalents	198,523	21,476	219,999
Commercial paper	—	23,171	23,171
Corporate bonds	—	79,657	79,657
Total marketable securities	—	102,828	102,828
Total	\$ 198,523	\$ 124,304	\$ 322,827
Financial liabilities:			
Foreign currency derivative	\$ —	\$ 571	\$ 571
Total	\$ —	\$ 571	\$ 571

Our money market funds are classified within Level 1 of the fair value hierarchy because they are valued based on quoted market prices in active markets. We classify commercial paper, corporate bonds, and municipal bonds within Level 2 because they are valued using inputs other than quoted prices which are directly or indirectly observable in the market, including readily available pricing sources for the identical underlying security which may not be actively traded. Our derivative financial instruments consist principally of foreign currency forward contracts that are valued using significant observable inputs. As such, they are classified within Level 2 of the fair value hierarchy. None of our financial instruments were classified in the Level 3 category as of October 31, 2021 or January 31, 2021.

6. Business Acquisition

On March 19, 2021, we acquired all of the outstanding capital stock of Cloud Elements Inc. ("Cloud Elements"), the provider of an API integration platform for SaaS application providers and the digital enterprise. The acquisition of Cloud Elements brings technology and an experienced team which we believe will accelerate our technology roadmap in areas such as native integrations and system event automation triggers.

The total purchase consideration for the acquisition of Cloud Elements was \$ 36.1 million, which consisted of the following (in thousands):

	Amount
Cash	\$ 5,660
Fair value of common stock	30,467
Total	\$ 36,127

The following table summarizes the preliminary fair values of the assets acquired and liabilities assumed as of the acquisition date (in thousands):

	March 19, 2021
Cash	\$ 162
Accounts receivable	743
Other assets	1,996
Intangible assets	11,200
Goodwill	27,686
Total assets acquired	41,787
Total liabilities assumed	(5,660)
Total	\$ 36,127

UiPath, Inc.
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The following table sets forth the components of identifiable intangible assets acquired and their estimated useful lives as of the date of acquisition:

	Fair Value (in thousands)	Estimated Useful Life (in years)
Developed technology	\$ 6,600	5.0
Customer relationships	4,500	3.0
Trade name	100	3.0
Total	\$ 11,200	

The acquisition of Cloud Elements generated \$27.7 million in goodwill due to the synergies expected and the skilled workforce acquired. None of this goodwill is deductible for tax purposes.

The Company incurred transaction costs in connection with the Cloud Elements acquisition of \$ 1.1 million. Of these transaction costs, \$ 0.9 million was included in general and administrative expenses in the condensed consolidated statements of operations for the nine months ended October 31, 2021, and the remainder was recognized previously.

7. Intangible Assets and Goodwill

Intangible Assets, Net

Acquired intangible assets, net consisted of the following as of October 31, 2021 (dollars in thousands):

	Intangible Assets, Gross	Accumulated Amortization	Intangible Assets, Net	Weighted- Average Remaining Useful Life (in years)
Developed technology	\$ 19,043	\$ (5,821)	\$ 13,222	3.6
Customer relationships	5,028	(1,086)	3,942	2.5
Trade names and trademarks	276	(173)	103	2.1
Other intangibles	1,231	(31)	1,200	8.5
Total	\$ 25,578	\$ (7,111)	\$ 18,467	

Acquired intangible assets, net consisted of the following as of January 31, 2021 (dollars in thousands):

	Intangible Assets, Gross	Accumulated Amortization	Intangible Assets, Net	Weighted- Average Remaining Useful Life (in years)
Developed technology	\$ 13,083	\$ (3,350)	\$ 9,733	3.7
Customer relationships	527	(111)	416	3.8
Trade names and trademarks	66	(24)	42	1.8
Total	\$ 13,676	\$ (3,485)	\$ 10,191	

We record amortization expense associated with acquired developed technology in cost of licenses revenue and cost of subscription services revenue, trade names and trademarks in sales and marketing expense, customer relationships in sales and marketing expense, and other intangibles in general and administrative expense in the condensed consolidated statements of operations. Amortization of acquired intangible assets for the three months ended October 31, 2021 and 2020 was \$1.4 million and \$0.7 million, respectively. Amortization of acquired intangible assets for the nine months ended October 31, 2021 and 2020 was \$3.7 million and \$ 1.9 million, respectively.

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The expected future amortization expenses related to intangible assets as of October 31, 2021 were as follows (in thousands):

	Amount
Remainder of year ending January 31, 2022	\$ 1,414
Year ending January 31,	
2023	5,643
2024	5,612
2025	3,601
2026	1,449
Thereafter	748
Total	\$ 18,467

Goodwill

The changes in the carrying amounts of goodwill during the period were as follows (in thousands):

	Carrying Amount
Balance as of January 31, 2021	\$ 28,059
Acquisition of Cloud Elements	27,686
Effect of foreign currency translation	(1,288)
Balance as of October 31, 2021	\$ 54,457

8. Operating Leases

Our operating leases consist of real estate and vehicles and have remaining lease terms of one year to 16 years. For purposes of calculating operating lease liabilities, lease terms may be deemed to include options to extend the lease when it is reasonably certain that we will exercise those options. Our operating lease arrangements do not contain any material restrictive covenants or residual value guarantees.

On September 24, 2021, we entered into an agreement of lease for office space on the 60th floor of One Vanderbilt Avenue, New York, New York, to serve as our new corporate headquarters. The initial term of the lease extends through March 31, 2038. Annual rent of approximately \$4.0 million is payable on a monthly basis beginning in March 2023, and is subject to escalation every five years thereafter.

Lease costs are presented below (in thousands):

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2021	2020	2021	2020
Operating lease cost	\$ 2,433	\$ 1,814	\$ 6,013	\$ 5,522
Short-term lease cost	1,133	1,744	2,989	7,888
Variable lease cost	139	50	413	609
Total	\$ 3,705	\$ 3,608	\$ 9,415	\$ 14,019

Weighted-average lease term and discount rate related to our operating lease right-of-use assets and lease liabilities were as follows:

	As of	
	October 31, 2021	January 31, 2021
Weighted-average remaining lease term (years)	13.5	3.8
Weighted-average discount rate	6 %	8 %

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Future undiscounted lease payments for our operating lease liabilities as of October 31, 2021 were as follows (in thousands):

	Amount
Remainder of year ending January 31, 2022	\$ 2,188
Year ending January 31,	
2023	4,185
2024	9,838
2025	7,908
2026	5,667
Thereafter	54,084
Total operating lease payments	83,870
Less: imputed interest	(29,571)
Total operating lease liabilities	\$ 54,299

As of October 31, 2021, we had non-cancellable commitments in the amount of \$ 0.8 million related to operating leases of real estate facilities that have not yet commenced.

Supplemental cash flow information related to leases for the three and nine months ended October 31, 2021 and 2020 was as follows (in thousands):

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2021	2020	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:				
Cash paid for operating leases	\$ 1,606	\$ 1,435	\$ 5,457	\$ 6,074
Non-cash activities:				
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 33,492	\$ —	\$ 35,082	\$ 76

Current operating lease liabilities of \$3.1 million and \$5.9 million were included in accrued expenses and other current liabilities on the Company's condensed consolidated balance sheets as of October 31, 2021 and January 31, 2021, respectively.

9. Condensed Consolidated Balance Sheet Components

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following (in thousands):

	As of	
	October 31, 2021	January 31, 2021
Prepaid expenses	\$ 28,194	\$ 21,302
Value-added taxes receivable	3,125	7,178
Other receivables	6,059	4,002
Supplier advances	7,103	17,270
Other	187	—
Prepaid expenses and other current assets	\$ 44,668	\$ 49,752

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Notes to Condensed Consolidated Financial Statements (Continued)
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Property and Equipment, Net

Property and equipment, net consisted of the following (in thousands):

	As of	
	October 31, 2021	January 31, 2021
Computers and equipment	\$ 20,499	\$ 16,408
Leasehold improvements	9,442	10,711
Furniture and fixtures	4,958	5,590
Other	267	177
Property and equipment, gross	35,166	32,886
Less: accumulated depreciation	(20,978)	(18,064)
Property and equipment, net	\$ 14,188	\$ 14,822

Depreciation expense for the three months ended October 31, 2021 and 2020 was \$ 1.7 million and \$2.1 million, respectively. Depreciation expense for the nine months ended October 31, 2021 and 2020 was \$5.2 million and \$6.5 million, respectively.

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

	As of	
	October 31, 2021	January 31, 2021
Accrued expenses	\$ 18,461	\$ 11,955
Withholding tax from employee equity transactions	28,982	—
Employee stock purchase plan withholdings	13,626	—
Payroll taxes payable	3,714	2,035
Income tax payable	4,829	4,022
Value-added taxes payable	3,356	8,945
Operating lease liabilities, current	3,135	5,924
Other	6,336	3,779
Accrued expenses and other current liabilities	\$ 82,439	\$ 36,660

10. Credit Agreement and Facility

On October 30, 2020, we entered into a Senior Secured Credit Facility (the “Credit Facility”) with HSBC Ventures USA Inc., Silicon Valley Bank, Sumitomo Mitsui Banking Corporation, and Mizuho Bank, LTD. The Credit Facility replaced the two-year \$100.0 million senior secured revolving credit agreement described in the Final Prospectus, which was repaid in full in July 2020. Substantive changes from that agreement include a credit limit of \$200.0 million, an extension of maturity to October 30, 2023 and the removal of certain financial covenants. The Credit Facility contains certain customary covenants, including, but not limited to, those relating to additional indebtedness, liens, asset divestitures, and affiliate transactions. We may use the proceeds of future borrowings under the Credit Facility for refinancing other indebtedness, working capital, capital expenditures and other general corporate purposes, including permitted business acquisitions. Our obligations under the Credit Facility are secured by substantially all of our assets, except for our intellectual property.

As of October 31, 2021 and January 31, 2021, there were no amounts outstanding and we were in compliance with all covenants under the Credit Facility.

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Notes to Condensed Consolidated Financial Statements (Continued)
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11. Commitments and Contingencies

Letters of Credit

We had a total of \$5.2 million and \$4.1 million in letters of credit outstanding in favor of certain landlords for office space and for credit line facilities as of October 31, 2021 and January 31, 2021, respectively. These letters of credit renew annually and expire on various dates through fiscal year 2023.

Indemnification

In the ordinary course of business, we may provide indemnification of varying scope and terms to customers, vendors, investors, directors, and officers with respect to certain matters, including, but not limited to, losses arising out of our breach of such agreements, services to be provided by us, or from intellectual property infringement claims made by third parties.

These indemnification provisions may survive termination of the underlying agreement and the potential amount of future payments we could be required to make under these indemnification provisions may not be subject to maximum loss clauses. The maximum potential amount of future payments we could be required to make under these indemnification provisions is indeterminable. As of October 31, 2021 and January 31, 2021, we have not accrued a liability for these indemnification arrangements because the likelihood of incurring a payment obligation, if any, in connection with these indemnification arrangements was remote.

Defined Contribution Plans

We sponsor defined contribution plans for qualifying employees, including a 401(k) Plan in the United States to which we make matching contributions of 50% of participating employee contributions. Our total matching contribution to the 401(k) Plan was \$ 1.4 million and \$0.7 million for the three months ended October 31, 2021 and 2020, respectively, and \$6.1 million and \$3.7 million for the nine months ended October 31, 2021 and 2020, respectively.

Litigation

From time to time, we may be involved in lawsuits, claims, investigations, and proceedings, consisting of intellectual property, commercial, employment, and other matters, which arise in the ordinary course of business. In accordance with ASC 450, *Contingencies*, we make a provision for a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated.

We are not presently a party to any litigation the outcome of which we believe, if determined adversely to us, would individually or taken together have a material adverse effect on our business, operating results, cash flows, or financial condition. We have determined that the existence of a material loss is neither probable nor reasonably possible.

Warranty

We warrant to customers that our platform will operate substantially in accordance with its specifications. Historically, no significant costs have been incurred related to product warranties. Based on such historical experience, the probability of incurring such costs in the future is deemed remote. As such, no accruals for product warranty costs have been made.

Other Commitments

Certain executives' employment agreements contain provisions providing for severance upon termination.

Due to the growth in the fair value of our common stock combined with the timing between when certain employees began employment with us and the date that their stock options were granted, the actual exercise price of the grants made to certain employees was higher than the price in effect at the time of their hire. In order to compensate the individuals for the increased exercise price, we have granted long-term incentive awards consisting of cash payments equal to the difference between the exercise price in effect at the hire date of these employees

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and the actual granted exercise price multiplied by the number of shares of common stock subject to the stock options granted. We have recorded \$ 0.3 million and \$0.9 million within accrued expenses and other current liabilities on the condensed consolidated balance sheets and have additional unrecorded commitments to these employees of \$1.1 million and \$3.4 million as of October 31, 2021 and January 31, 2021, respectively.

Non-Cancelable Purchase Obligations

In the normal course of business, we enter into non-cancelable purchase commitments with various parties mainly for hosting services and software products and services. As of October 31, 2021, we had outstanding non-cancelable purchase obligations with a term of 12 months or longer as follows (in thousands):

	Amount
Remainder of year ending January 31, 2022	\$ 2,492
Year ending January 31,	
2023	14,501
2024	11,989
2025	5,052
2026	13
Thereafter	—
Total	\$ 34,047

12. Convertible Preferred Stock and Stockholders' Equity (Deficit)

Convertible Preferred Stock

In February 2021, we issued to certain investors approximately 12.0 million shares of Series F convertible preferred stock at a purchase price of \$ 62.28 per share, for an aggregate purchase price of \$750.0 million.

Immediately prior to the completion of the IPO, all convertible preferred stock outstanding, totaling approximately 306.3 million shares, was automatically converted into an equivalent number of shares of Class A common stock on a one-to-one basis and their carrying value of \$ 1,971.8 million was reclassified to stockholders' equity.

Preferred Stock

In April 2021, we amended and restated our certificate of incorporation, which authorized 20.0 million shares of preferred stock.

Common Stock

In April 2021, we amended and restated our certificate of incorporation, which authorized a total of 2.0 billion shares of Class A common stock and 115.7 million shares of Class B common stock.

Each share of Class B common stock will convert automatically into Class A common stock, on a one-to-one basis, upon certain circumstances, including: (1) the sale or transfer of such share of Class B common stock (except under certain circumstances described in the amended and restated certificate of incorporation), (2) a date fixed by the board of directors that is no less than 120 days and no more than 180 days following the date that the number of shares of Class B common stock outstanding is less than 20% of the number of shares of Class B common stock outstanding immediately prior to the completion of the IPO, or (3) six months after the death or incapacity of Daniel Dines. The Class A common stock is entitled to one vote per share and the Class B common stock is entitled to thirty-five votes per share.

We have reserved 2.8 million shares of our Class A common stock to fund our social impact and environmental, social, and governance initiatives.

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Accumulated Other Comprehensive Income (Loss)

For the nine months ended October 31, 2021 and 2020, changes in the components of accumulated other comprehensive income (loss) were as follows (in thousands):

	Foreign Currency Translation Adjustments	Unrealized Gain (Loss) on Marketable Securities	Accumulated Other Comprehensive Income (Loss)
Balance as of January 31, 2021	\$ (12,504)	\$ (17)	\$ (12,521)
Other comprehensive income (loss), net of tax	16,424	(72)	16,352
Balance as of October 31, 2021	\$ 3,920	\$ (89)	\$ 3,831

	Foreign Currency Translation Adjustments	Unrealized Gain (Loss) on Marketable Securities	Accumulated Other Comprehensive Income (Loss)
Balance as of January 31, 2020	\$ 6,226	\$ —	\$ 6,226
Other comprehensive (loss), net of tax	(10,083)	—	(10,083)
Balance as of October 31, 2020	\$ (3,857)	\$ —	\$ (3,857)

13. Equity Incentive Plans and Stock-Based Compensation

Prior Stock Plans

In June 2015, we adopted our 2015 Stock Plan (the “2015 Plan”). The 2015 Plan was terminated in June 2018 in connection with the adoption of the 2018 Plan. Accordingly, no shares are available for future issuances under the 2015 Plan following the adoption of the 2018 Plan.

In June 2018, we adopted the 2018 Plan, which provides for grants of stock-based awards, including RSUs, RSAs, and stock options. The 2018 Plan was terminated in April 2021 in connection with the adoption of our 2021 Stock Plan (the “2021 Plan”). Accordingly, no shares are available for future issuances under the 2018 Plan following the adoption of the 2021 Plan.

2021 Stock Plan

In April 2021, prior to and in connection with the IPO, we adopted the 2021 Plan, which provides for grants of incentive stock options, nonstatutory stock options, stock appreciation rights, RSAs, RSUs, performance awards, and other forms of awards. We have reserved 118.8 million shares of our Class A common stock to be issued under the 2021 Plan. In addition, the number of shares of our Class A common stock reserved for issuance under the 2021 Plan will automatically increase on February 1 of each year for a period of ten years, beginning on February 1, 2022 and continuing through February 1, 2031, in an amount equal to (1) 5% of the total number of shares of our common stock (both Class A and Class B) outstanding on the preceding January 31, or (2) a lesser number of shares determined by our board of directors no later than the February 1 increase.

2021 Employee Stock Purchase Plan

In April 2021, prior to and in connection with the IPO, we adopted our 2021 Employee Stock Purchase Plan (the “2021 ESPP”). The 2021 ESPP authorizes the issuance of 10.5 million shares of our Class A common stock under purchase rights granted to our employees or to employees of any of our designated affiliates. The number of shares of our Class A common stock reserved for issuance will automatically increase on February 1 of each year for a period of ten years, beginning on February 1, 2022 and continuing through February 1, 2031, by the lesser of (i) 1% of the total number of shares of our common stock (both Class A and Class B) outstanding on the preceding January 31; and (ii) 15.5 million shares, except before the date of any such increase, our board of directors may determine that such increase will be less than the amount set forth in clauses (i) and (ii) above. The initial offering period began on April 21, 2021, and the first purchase date will fall on December 20, 2021, on which date participants will purchase shares at the lesser of (1) 85% of the fair market value our Class A common stock on April

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21, 2021, and (2) 85% of the fair market value of our Class A common stock on December 20, 2021. As of October 31, 2021, total unrecognized compensation expense related to the 2021 ESPP was approximately \$1.9 million, which is to be recognized over a weighted-average remaining period of 0.1 years.

Stock Options

Stock option activity during the nine months ended October 31, 2021 consisted of the following:

	Stock Options (in thousands)	Weighted- Average Exercise Price	Weighted-Average Remaining Contractual Life (years)	Aggregate Intrinsic Value (in thousands)
Outstanding as of January 31, 2021	23,013	\$ 1.58	7.9	\$ 1,207,831
Granted	779	\$ 0.10		
Exercised	(7,723)	\$ 1.18		
Forfeited	(380)	\$ 2.44		
Expired	(7)	\$ 2.40		
Outstanding as of October 31, 2021	15,682	\$ 1.69	7.4	\$ 761,567
Vested and exercisable as of October 31, 2021	7,915	\$ 1.30	6.9	\$ 387,410

The weighted-average grant date fair value of stock options granted during the nine months ended October 31, 2021 and 2020 was \$ 64.48 and \$10.42 per share, respectively. The intrinsic value of stock options exercised during the nine months ended October 31, 2021 and 2020 was \$460.4 million and \$92.2 million, respectively.

During the nine months ended October 31, 2021 and 2020, our compensation committee approved modifications to certain stock options, including acceleration of the service-based vesting condition of certain employee stock options upon termination and extension of the exercise period of certain outstanding employee stock options. Incremental expense associated with these modifications was \$2.9 million and \$3.2 million for the nine months ended October 31, 2021 and 2020, respectively.

Unrecognized compensation expense associated with unvested stock options granted and outstanding as of October 31, 2021, was \$ 110.5 million, which is to be recognized over a weighted-average remaining period of 2.8 years.

Early Exercised Options

Certain stock option holders have the right to exercise unvested options, subject to a repurchase right held by us at the original exercise price, in the event of voluntary or involuntary termination of employment of the option holders, until the options are fully vested. As of October 31, 2021, there were outstanding 1.0 million shares underlying unvested stock options that had been early exercised. The cash proceeds associated with these early exercises are recorded within accrued expenses and other current liabilities and other liabilities, non-current in our condensed consolidated balance sheets, depending upon the future vesting dates of the associated options. Such accrued amounts totaled \$3.1 million and \$5.9 million as of October 31, 2021 and January 31, 2021, respectively. Proceeds are transferred to additional paid-in capital at the time of option vesting.

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Restricted Stock Units

RSU activity during the nine months ended October 31, 2021 consisted of the following:

	RSUs (in thousands)	Weighted-Average Grant Date Fair Value Per Share
Unvested as of January 31, 2021	34,753	\$ 10.80
Granted	7,721	\$ 61.97
Vested ⁽¹⁾	(22,941)	\$ 8.59
Forfeited	(1,089)	\$ 20.24
Unvested as of October 31, 2021	18,444	\$ 34.55

(1) Class A common stock has not been issued in connection with 11,341 vested RSUs because such RSUs were unsettled as of October 31, 2021.

The vesting date fair value of RSUs that vested during the nine months ended October 31, 2021 and 2020 was \$ 1,309.2 million and none, respectively.

Prior to the IPO, the Company granted RSUs that vested on the satisfaction of both a service-based condition and a performance-based condition. The performance-based vesting condition was deemed satisfied on April 23, 2021, the date that the Company completed the IPO. Upon closing of the IPO, the Company recognized \$233.0 million of cumulative stock-based compensation expense for the portion of these RSUs for which the service-based vesting condition had been fully or partially satisfied.

During the nine months ended October 31, 2021, our compensation committee approved modifications to allow accelerated vesting of approximately 0.2 million RSUs, resulting in the recognition of \$10.9 million of incremental expense. In addition, during the nine months ended October 31, 2021, our compensation committee approved adjustments to the vesting schedules of our unvested RSUs which standardize their future vesting schedules by shifting each vesting date to the first day of the calendar quarter in which that vesting date was originally scheduled to occur. These adjustments caused a slight reduction in service periods for the affected tranches and resulted in \$2.2 million of expense acceleration for the nine months ended October 31, 2021.

As of October 31, 2021, total unrecognized compensation expense related to unvested RSUs was approximately \$ 447.7 million, which is to be recognized over a weighted-average remaining period of 2.8 years.

Restricted Stock Awards

In September 2020, we issued approximately 0.1 million RSAs to a member of our board of directors at a grant date fair value of \$ 33.22 per share, totaling \$4.0 million. Such RSAs vest monthly over four years from the grant date. The unvested shares are subject to a repurchase right held by us at the original purchase price. As of October 31, 2021, total unrecognized compensation expense related to unvested RSAs was \$2.9 million and will be recognized over the remaining vesting period of 2.9 years.

Tax Withholdings on Employee Equity Transactions

For the majority of our tax jurisdictions, we have adopted sell-to-cover as the tax withholding method for equity awards upon settlement, pursuant to which shares with a market value equivalent to the tax withholding obligations are sold on behalf of the holder of the awards to cover the tax withholding liability, and the cash proceeds from such sales are remitted by the Company to taxing authorities. For certain other tax jurisdictions where selling restrictions exist, the Company may issue net shares and remit tax liabilities to the relevant tax authorities on behalf of the award holders, or may accept employee payment of tax withholdings in cash.

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Stock-based Compensation Expense

We classified stock-based compensation expense in the condensed consolidated statements of operations as follows (in thousands):

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2021	2020	2021	2020
Cost of revenue	\$ 6,350	\$ 665	\$ 37,056	\$ 1,688
Sales and marketing	41,823	5,116	202,122	10,744
Research and development	24,866	3,169	114,460	7,796
General and administrative	22,064	39,814	84,913	45,566
Total	\$ 95,103	\$ 48,764	\$ 438,551	\$ 65,794

The expense presented in the above table is net of capitalized stock-based compensation relating to software development costs of \$ 2.2 million and \$4.5 million for the three and nine months ended October 31, 2021, respectively. There was no capitalized stock-based compensation relating to software development costs for the three and nine months ended October 31, 2020.

14. Income Taxes

Our tax provision for interim periods is determined using an estimated annual effective tax rate, adjusted for discrete items arising in the applicable quarter. In each quarter, we update the estimated annual effective tax rate and make a year-to-date adjustment to the provision. The estimated annual effective tax rate is subject to significant volatility due to several factors, including our ability to accurately predict the proportion of our pretax income in multiple jurisdictions and certain book-tax differences.

We had a provision for income taxes of \$3.1 million and \$1.6 million for the three months ended October 31, 2021 and 2020, respectively. Our effective tax rate was (2.6%) and (2.3%) for the three months ended October 31, 2021 and 2020, respectively. For the three months ended October 31, 2021 and 2020, the provision for income taxes differed from the U.S. federal statutory rate primarily as a result of not recognizing deferred tax assets for losses due to a full valuation allowance and due to tax rate differences between the United States and foreign countries.

We had a provision for income taxes of \$6.3 million and \$4.4 million for the nine months ended October 31, 2021 and 2020, respectively. Our effective tax rate was (1.4%) and (3.8%) for the nine months ended October 31, 2021 and 2020, respectively. For the nine months ended October 31, 2021 and 2020, the provision for income taxes differed from the U.S. federal statutory rate primarily as a result of not recognizing deferred tax assets for losses due to a full valuation allowance and due to tax rate differences between the United States and foreign countries.

The realization of tax benefits of net deferred tax assets ("DTAs") is dependent upon future levels of taxable income of an appropriate character in the periods the items are expected to be deductible or taxable. Based on the available objective evidence during the nine months ended October 31, 2021, we believe it is more likely than not that the tax benefits of DTAs associated with the U.S. and Romania may not be realized. Accordingly, we recorded a full valuation allowance against the U.S. and Romania DTAs. We intend to maintain each of these full valuation allowances until sufficient positive evidence exists to support a reversal of, or decrease in, the valuation allowance. As of October 31, 2021, there is no valuation allowance recorded against DTAs associated with Japan, as we believe it is more likely than not that we will realize such assets during the prescribed statutory period.

As of October 31, 2021, we had gross unrecognized tax benefits totaling \$ 2.2 million related to income taxes, which would impact the effective tax rate if recognized. Of this amount, the total liability pertaining to uncertain tax positions was \$0.5 million, excluding interest and penalties, which are accounted for as a component of our income tax provision. The tax positions of the Company and its subsidiaries are subject to income tax audits in multiple tax jurisdictions globally, and the Company believes that it has provided adequate reserves for its income tax uncertainties in all open tax years. At this time, we do not expect any significant changes in the next 12 months.

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15. Net Loss Per Share Attributable to Common Stockholders

The following tables set forth the computation of basic and diluted net loss per share attributable to common stockholders for the periods presented (in thousands except per share amounts):

	Three Months Ended October 31,			
	2021		2020	
	Class A	Class B	Class A	Class B
Numerator:				
Net loss	\$ (103,747)	\$ (19,040)	\$ (22,969)	\$ (47,827)
Denominator:				
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	449,265	82,453	55,570	115,710
Net loss per share attributable to common stockholders, basic and diluted	\$ (0.23)	\$ (0.23)	\$ (0.41)	\$ (0.41)

	Nine Months Ended October 31,			
	2021		2020	
	Class A	Class B	Class A	Class B
Numerator:				
Net loss	\$ (364,403)	\$ (98,073)	\$ (35,144)	\$ (83,505)
Denominator:				
Weighted-average shares used in computing net loss per share attributable to common stockholders, basic and diluted	336,301	90,510	48,707	115,731
Net loss per share attributable to common stockholders, basic and diluted	\$ (1.08)	\$ (1.08)	\$ (0.72)	\$ (0.72)

Anti-dilutive common stock equivalents excluded from the computation of diluted net loss per share attributable to common stockholders are as follows (in thousands):

	Three Months Ended October 31,			
	2021		2020	
	Class A	Class B	Class A	Class B
Convertible preferred stock	—	—	294,257	—
Unvested RSUs	19,491	—	32,982	—
Outstanding stock options	17,308	—	35,250	—
Shares subject to repurchase from RSAs and early exercised stock options	1,260	—	2,315	—
Shares issuable under 2021 ESPP	422	—	—	—
Total weighted-average anti-dilutive common stock equivalents	38,481	—	364,804	—

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	Nine Months Ended October 31,			
	2021		2020	
	Class A	Class B	Class A	Class B
Convertible preferred stock	90,936	—	287,207	—
Unvested RSUs	24,917	—	30,109	—
Outstanding stock options	19,664	—	41,443	—
Shares subject to repurchase from RSAs and early exercised stock options	1,729	—	1,062	—
Shares issuable under 2021 ESPP	270	—	—	—
Total weighted-average anti-dilutive common stock equivalents	137,516	—	359,821	—

16. Related Party Transactions

In March 2021, we granted an immediate family member of our Chief Executive Officer, Co-Founder, and Chairman options to purchase 7 thousand shares of Class A common stock at an exercise price of \$0.10 per share, with an aggregate estimated fair value of \$ 0.4 million.

Beginning in the third quarter of fiscal 2022, we have made use of an aircraft owned by our Chief Executive Officer through a special purpose limited liability company in which we have a variable interest. The aircraft is operated by a third-party aircraft management company. The Chief Executive Officer, through the special purpose limited liability company, obtained financing for the aircraft and bears all associated operating, personnel, and maintenance costs. For the three months ended October 31, 2021, we incurred expenses of \$0.6 million related to our business use of the aircraft.

17. Subsequent Events

During November 2021, the compensation committee of our board of directors granted approximately 0.3 million RSUs and stock options to certain executives and employees. These equity awards have an approximate aggregate fair value of \$13.6 million and vest over a weighted-average period of 3.8 years from the grant date.

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 unaudited condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q and our audited consolidated financial statements and the related notes and the discussion under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" for the fiscal year ended January 31, 2021 included in our final prospectus, or the Final Prospectus, that forms a part of the Registration Statement on Form S-1 (File No. 333-254738) for our initial public offering, or our IPO, dated as of April 20, 2021, and filed with the Securities and Exchange Commission, or the SEC, pursuant to Rule 424(b)(4) under the Securities Act on April 21, 2021. This discussion, particularly information with respect to our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, includes forward-looking statements that involve risks and uncertainties as described under the heading "[Special Note Regarding Forward-Looking Statements](#)" in this Quarterly Report on Form 10-Q. You should review the disclosure under the heading "[Risk Factors](#)" in this Quarterly Report on Form 10-Q for a discussion of important factors that could cause our actual results to differ materially from those anticipated in these forward-looking statements.

Overview

We are at the forefront of technology innovation and thought leadership in automation, creating an end-to-end platform that provides automation with user emulation at its core. Our platform leverages computer vision and artificial intelligence, or AI, to empower software robots to emulate human behavior and execute specific business processes, eliminating the need for employees to execute certain manual and mundane tasks. Our platform allows employees to focus on more value-added work and enables organizations to seamlessly automate business processes ranging from those in legacy information technology, or IT, systems and on-premises applications to new cloud-native infrastructure and applications without requiring significant changes to the organization's underlying technology infrastructure. Our platform is purpose-built to be used by employees throughout a company and to address a wide variety of use cases, from simple tasks to long-running, complex business processes.

Our platform is designed to transform the way humans work. We provide our customers with a robust set of capabilities to discover automation opportunities and to build, manage, run, engage, measure, and govern automations across departments within an organization. Our platform leverages the power of AI-based computer vision to enable our robots to perform a vast array of actions as a human would when executing business processes. These actions include, but are not limited to, logging into applications, extracting information from documents, moving folders, filling in forms, and updating information fields and databases. Our robots' ability to learn from and replicate workers' steps in executing business processes drives continuous improvements in operational efficiencies and enables companies to deliver on key digital initiatives with greater speed, agility, and accuracy.

Our platform is designed to interact with and automate processes across a company's existing enterprise stack. As a result, our customers can leverage the power of our platform without the need to replace or change existing business applications and with lower overall IT infrastructure cost. Our platform enables employees to quickly build automations for both existing and new processes. Employees can seamlessly maintain and scale automations across multiple deployment options, constantly improve and evolve automations, and continuously track and measure the performance of automations, all without substantial technical experience.

At the core of our automation platform is a set of capabilities that emulates human behavior, which provides our customers with the ability to automate both simple and complex use cases. Automations on our platform can be built, consumed, managed, and governed by any employee who interacts with computers, resulting in the potential for broad applicability of our platform across departments within an organization. Society is at a turning point in how organizations execute work, and we believe the ability to leverage software to enrich the employee experience will unlock tremendous value and efficiency opportunities. While we are still in the early days of a multi-year journey to the fully automated enterprise, momentum is growing as organizations across the world are only now beginning to understand the power of automation.

We offer a comprehensive range of automation solutions via a suite of interrelated software offerings. We generate revenue from the sale of licenses for our proprietary software, maintenance and support for our licenses, right to access certain products that are hosted by us (i.e., software as a service, or SaaS), and other services, including professional services. Our license fees are based primarily on the number of users who access our software and the number of automations running on our platform. Our license agreements generally have annual

terms, and some of our license agreements have multi-year terms. We generally do not sell standalone licenses with a term of less than one year. However, during the term of an annual contract or the last year of a multi-year contract, our customers may enter into an additional license agreement with a termination date that is coterminous with the anniversary date of such annual contract. Additionally, we provide maintenance and support for our software as well as non-recurring professional services such as training and implementation services to facilitate the adoption of our platform. Our professional services complement the capabilities of our customers and partners as they improve customers' time-to-market and optimize business outcomes using our platform. Our non-recurring professional services include use case development and deployment, solutions architecting, implementation consulting, and training. We have an efficient go-to-market model, which consists primarily of an enterprise field sales force supplemented by a high velocity inside sales team focused on small and mid-sized customers, as well as a global strategic sales team focused on the largest global customers. As of October 31, 2021, we had more than 9,600 customers.

Many of our customers expand the scope and size of use cases of our platform across their organizations as they quickly realize the power of our platform. We believe that the success of our land-and-expand business model is centered on our ability to deliver significant value in a very short time. We grow with our customers as they identify and expand the number of business processes to automate, which increases the number of robots deployed and the number of users interacting with our robots.

A crucial component of our go-to-market strategy is our partner and channel ecosystem, which extends our local and global reach and helps to ensure that customers are able to rapidly build, deploy, and scale automations on our platform. Our business partners include more than 4,900 global and regional system integrators, value-added resellers, and business consultants. We provide tiering recognition through Diamond, Gold, Silver, and Registered levels for partners that meet competency requirements and deliver and maintain a specified number of satisfied customers. These partnerships enhance our market presence and drive greater sales efficiencies. In addition, we have built strong technology partnerships and alliances to enable a large number of connectors and other technical capabilities necessary to meet the breadth of our customer needs.

We have experienced rapid growth. Our annualized renewal run-rate, or ARR, was \$818.4 million and \$518.4 million at October 31, 2021 and 2020, respectively, representing a growth rate of 58%. We generated revenue of \$220.8 million and \$147.3 million, representing a growth rate of 50%, and incurred a net loss of \$122.8 million and \$70.8 million in the three months ended October 31, 2021 and 2020, respectively. We generated revenue of \$602.6 million and \$399.8 million, representing a growth rate of 51%, and incurred a net loss of \$462.5 million and \$118.6 million in the nine months ended October 31, 2021 and 2020, respectively. Our operating cash flows were \$(48.9) million and \$11.0 million for the nine months ended October 31, 2021 and 2020, respectively.

Impact of COVID-19

When the COVID-19 pandemic began to unfold, we took decisive action across our internal and customer operations to ensure the resilience of our company and the safety of our employees. We temporarily shut down all offices and offered our employees technology stipends to encourage remote working, postponed most of our physical conferences and other customer and promotional events, implemented global travel restrictions, reduced headcount and expenses related to event marketing, and engaged in other discretionary cost-saving measures. Although we have recently selectively reopened certain of our offices and have begun permitting some travel and in-person meetings and events in compliance with applicable government orders and public health guidelines, the majority of our employees continue to work remotely. We have a distributed workforce and our employees are accustomed to remote work. Our operational rigor, digital infrastructure, and global footprint have enabled us to support our customers navigating new challenges presented by the pandemic and existing needs to automate. Global demand for automation has continued to accelerate as automation becomes ever more critical for business execution and performance in a remote working environment, and we have continued to invest in the development and marketing of our automation platform to meet that demand. For further information, see the section titled "[Risk Factors](#)" included elsewhere in this Quarterly Report on Form 10-Q.

Key Performance Metric

We monitor the following key performance metric to help us measure and evaluate the effectiveness of our operations:

	As of October 31,			
	2021	2020	Change	Change %
	(dollars in thousands)			
Annualized renewal run-rate (ARR)	\$ 818,406	\$ 518,404	\$ 300,002	58 %

ARR is the key performance metric we use in managing our business because it illustrates our ability to acquire new subscription customers and to maintain and expand our relationship with existing subscription customers. We define ARR as annualized invoiced amounts per solution SKU from subscription licenses and maintenance obligations assuming no increases or reductions in their subscriptions. ARR does not include the costs we may incur to obtain such subscription licenses or provide such maintenance, and does not reflect any actual or anticipated reductions in invoiced value due to contract non-renewals or service cancellations other than for specific bad debt or disputed amounts. At October 31, 2021 and 2020, our ARR was \$818.4 million and \$518.4 million, respectively, representing a growth rate of 58%. Approximately 25% of this growth rate was due to new customers and approximately 75% was due to existing customers. Our ARR may fluctuate as a result of a number of factors, including customers' satisfaction or dissatisfaction with our platform and professional services, pricing, competitive offerings, economic conditions, or overall changes in our customers' spending levels. ARR should be viewed independently of revenue and deferred revenue as ARR is an operating metric and is not intended to be combined with or to replace these items. For clarity, we use annualized invoiced amounts per solution SKU rather than revenue calculated in accordance with accounting principles generally accepted in the United States, or GAAP, to calculate our ARR. Our invoiced amounts are not matched to the performance obligations associated with the underlying subscription licenses and maintenance obligations as they are with respect to our GAAP revenue. This can result in timing differences between our GAAP revenue and ARR calculations. Our ARR calculation simply takes our invoiced amounts per solution SKU under a subscription license or maintenance agreement and divides that amount by the invoice term and multiplies by 365 days to derive the annualized value. In contrast, for our revenue calculated in accordance with GAAP, subscription licenses revenue derived from the sale of term-based licenses hosted on-premises is recognized at the point in time when the customer is able to use and benefit from our software, which is generally upon delivery to the customer or upon the commencement of the renewal term, and maintenance, support, and SaaS revenue is recognized ratably over the term of the arrangement. ARR is not a forecast of future revenue, which can be impacted by contract start and end dates, duration, and renewal rates, and does not include invoiced amounts reported as perpetual licenses or professional services revenue in our condensed consolidated statements of operations. In addition, investors should not place undue reliance on ARR as an indicator of our future or expected results. Moreover, ARR may differ from similarly titled metrics presented by other companies and may not be comparable to such other metrics. See the section titled "[Risk Factors](#)—Risks Related to Our Business, Products, Operations, and Industry" included elsewhere in this Quarterly Report on Form 10-Q.

Key Factors Affecting Our Performance

Our results of operations and financial condition are impacted by the macro factors affecting our industry, including the proliferation of cloud-based applications, the cost of skilled human capital, and the global demand for automation solutions. While our business is influenced by these macro factors, our results of operations are more directly affected by certain company specific factors, including:

Growing Our Global Customer Base

We believe there is a substantial opportunity to continue to grow our customer base. Additionally, we believe that as more organizations adopt our automation platform and experience quantifiable competitive advantages, other organizations will also adopt automation as a necessary tool to compete. While we sell to organizations of all sizes and across a broad range of industries, our go-to-market team's key focus is on the largest organizations, including large enterprises and governments. We also use an inside sales team focused on small and mid-sized businesses. We plan to continue to invest in our go-to-market team to grow our customer base both domestically and internationally. We intend to continue to grow our customer base by focusing on the top 25 countries as measured by gross domestic product. Although these investments may adversely affect our operating results in the near term, we believe that they will contribute to our long-term growth. Our ability to attract new customers will also

depend on a number of other factors, including our ability to drive awareness of the benefits and power of automation in the industry and at our existing and prospective customers, the effectiveness and pricing of our products, the offerings of our competitors, and competition among resellers.

We define our number of customers as the number of accounts with a unique account identifier for which we have an active subscription in the period indicated and include in our customer count entities to which we have sold our products either directly or through a channel partner. Users of our free trials or tier are not included in our customer count. A single organization with multiple divisions, segments, or subsidiaries is counted as a single customer. Our customer count is subject to adjustments for acquisitions, consolidations, spin-offs, and other market activity, and specifically excludes non-paying partners and resellers.

Expanding Within Our Existing Customer Base

Our customer base represents a significant opportunity for further sales expansion. As of October 31, 2021 and 2020, we had over 9,600 customers and over 7,800 customers, respectively. We employ a land-and-expand business model centered around offering products that are easy to adopt and have a short time to value. We believe there is significant opportunity for us to become a strategic partner to our customers in their automation journeys and drive further sales expansion through the following vectors:

- deploy more robots across different departments;
- provide more employees with their own robot assistants;
- increase adoption of platform products; and
- expand use cases for automation in the enterprise to drive increased usage of robots and capacity consumption of our various products.

Our customers often expand the deployment of our platform across large teams and more broadly within the enterprise as they find new use cases for our platform and their employees increasingly interact with and gain confidence working with robots. Evidence of the power of our land-and-expand model is our customers that exceed significant ARR thresholds. For example, as of October 31, 2021, we had 1,363 customers with ARR of \$100 thousand or more and 135 customers with ARR of \$1.0 million or more, which accounted for approximately 77% and 41% of our revenue, respectively, for the period then ended. As of October 31, 2020, we had 899 customers with ARR of \$100 thousand or more and 74 customers with ARR of \$1.0 million or more, which accounted for approximately 72% and 33% of our revenue, respectively, for the period then ended.

We intend to continue to invest in enhancing awareness of our brand and developing more products, features, and functionality, which we believe are important factors to achieve widespread adoption of our platform. Our ability to increase sales to existing customers will depend on a number of factors, including our customers' satisfaction with our solution, competition, pricing, and overall changes in our customers' spending levels.

Driving Preference and Share of System Integrators, Value-Added Resellers, and Business Consultants Selling the Value Propositions and Capabilities of Digital Transformation

We are focused on maintaining and growing our ecosystem of partners that build, train, and certify skills in our technology as well as deploy our technology on behalf of their customers. We have built a global partner ecosystem of more than 4,900 systems integrators, value-added resellers, business consultants, technology partners and public cloud vendors. Our partner network includes, among others, Accenture LLP, Capgemini SE, CGI Inc., Cognizant Technology Solutions Corporation, Deloitte, EY, International Business Machines Corporation, and PwC. We provide a tiering recognition through Diamond, Gold, Silver, and Registered levels for partners that meet competency requirements and deliver and maintain a tiered number of satisfied customers. In 2020, we launched the UiPath Services Network, or USN, program to recognize an elite network of partners accredited with advanced delivery skills, and over 50 partners have earned USN certification. We also offer a professional services capability that augments our partners' efforts where necessary. Our ability to grow our partnership base depends on the competitiveness of our platform and the profitability of our relationship for our partners and potential partners.

Sustaining Innovation and Automation Leadership

Our success is dependent on our ability to sustain innovation and automation leadership in order to maintain our competitive advantage. We believe that we have built a differentiated automation platform and intend to

continually increase the value we provide to our customers by investing in extending the capabilities of our platform. We have made and will continue to make significant investments in research and development to bolster our existing technology and enhance usability to improve our customers' productivity. In May 2021, we released version 21.4 of the UiPath Platform. Innovations included the all-new Automation Ops, designed to help customers manage and govern high scale deployments of the UiPath Studio family of products and Attended Robots enterprise-wide. New AI-powered capabilities were also introduced to speed the discovery and prioritization of processes to automate, led by the general availability of Task Mining. In November 2021, we released version 21.10 of the UiPath Platform. Innovations in this release include UiPath Integration Service, which delivers API automation to help companies optimize the technologies they already have. Additionally, the introduction of Robot Auto-healing allows for the detection and remediation of robot issues without human intervention, and a host of other new features make UiPath simpler, faster, and more gratifying for developers and end users.

We also collaborate with other leading technology companies to develop integrations that simplify the interoperability of our platform with their technology. Examples of integrations available to our customers include integrations with offerings from Amazon Web Services Inc., Adobe Inc., Alteryx Inc., Box, Inc., CrowdStrike, Inc., Microsoft Corporation, Oracle Corporation, Salesforce.com, Inc., SAP SE, ServiceNow, Inc., Snowflake Inc., and Workday, Inc. These pre-built integrations can accelerate the adoption of our platform within our customers' environment and speed the creation of automations that span multiple technologies.

We also maintain partnerships with leading cloud vendors, such as Amazon Web Services Inc., Google Inc., and Microsoft Corporation, to both simplify the deployment of our platform and extend our platform to offer customers the benefits of cloud-based AI capabilities. We are focused on maintaining and growing our ecosystem of partners to continue to expand our market presence and drive greater sales efficiencies.

We also intend to continue to evaluate strategic acquisitions and investments in businesses and technologies to drive product and market expansion. For example, in March 2021, we acquired Cloud Elements Inc., or Cloud Elements, a provider of a leading application programming interface integration platform for SaaS application providers and the digital enterprise. This acquisition brings technology and an experienced team, which we believe will accelerate our technology roadmap in areas such as native integrations and system event automation triggers.

Our future success is dependent on our ability to successfully develop, market, and sell existing and new products to both new and existing customers and maintain and expand our relationships with leading technology partners.

Continuing to Invest to Grow and Scale Our Business

We are focused on driving our long-term ARR potential. We believe that our market opportunity is substantial. We intend to continue to invest significantly in scaling across all organizational functions in order to grow our operations both domestically and internationally. We have a history of introducing successful new products and capabilities on our platform, and we intend to continue to invest heavily to grow our business to take advantage of our substantial market opportunity rather than optimize for profitability or cash flow in the near future. Although these investments may adversely affect our operating results in the near term, we believe that they will contribute to our long-term growth.

Components of Results of Operations

Revenue

We derive revenue from the sale of software licenses for use of our proprietary software, maintenance and support for our licenses, right to access certain software products we host (i.e., SaaS), and professional services. We offer a comprehensive range of automation solutions via a suite of interrelated software offerings. Customers can license our software and deploy our platform on-premises, in a public or private cloud, or in a hybrid environment. In addition, we offer a managed, multi-tenant, SaaS version of certain products (i.e. our SaaS products), which enables our customers to begin automating without the need to provision infrastructure, install applications or perform additional configurations. We also offer maintenance and support, training, and implementation services to our customers to facilitate their adoption of our platform.

In fiscal 2021, we began offering both hybrid solutions and SaaS products. Hybrid solutions are comprised of three performance obligations, consisting of a term license, maintenance and support, and SaaS.

During the third quarter of fiscal 2022, maintenance and support revenue was renamed subscription services revenue, and services and other revenue was renamed professional services and other revenue. We believe that that the new captions better reflect the composition of the revenue streams included in these line items on the condensed consolidated statements of operations.

Licenses

We primarily sell term licenses, which provide customers the right to use software for a specified period of time. From time to time, we also sell perpetual licenses that provide customers the right to use software for an indefinite period of time. For both types of licenses, revenue is recognized at the point in time at which the customer is able to use and benefit from the software, which is generally upon delivery to the customer or upon commencement of the renewal term.

Subscription Services

Subscription services revenue consists of maintenance and support revenue generated through technical support and the provision of unspecified updates and upgrades on a when-and-if-available basis for both term and perpetual license arrangements. Maintenance and support for perpetual licenses is renewable, generally on an annual basis, at the option of the customer. Maintenance and support represents a stand-ready obligation for which revenue is recognized ratably over the term of the arrangement.

Subscription services revenue also consists of revenue related to our SaaS products, including those sold as part of our hybrid offerings. Our SaaS products are stand-ready obligations to provide access to our software, and the associated revenue is recognized on a ratable basis over the contractual period of the arrangement beginning when or as control of the promised service begins to transfer to the customer.

Professional Services and Other

Professional services and other revenue consists of fees associated with professional services for process automation, customer education, and training services. A substantial majority of our professional services contracts are recognized on a time and materials basis and the related revenue is recognized as the services are rendered.

Cost of Revenue

Licenses

Cost of licenses revenue consists of all direct costs to deliver our licenses to customers, amortization of software development costs, direct costs related to third-party software resales, and amortization of acquired developed technology.

Subscription Services

Cost of subscription services revenue primarily consists of personnel-related expenses of our customer support and technical support teams, including salaries and bonuses, stock-based compensation expense, and employee benefit costs. Cost of subscription services revenue also includes third-party consulting services, hosting costs related to our SaaS products, amortization of acquired developed technology and capitalized software development costs related to SaaS products, and allocated overhead. Overhead is allocated to cost of subscription services revenue based on applicable headcount. We recognize these expenses as they are incurred. We expect cost of subscription services revenue to continue to increase in absolute dollars for the foreseeable future as our customer base grows.

Professional Services and Other

Cost of professional services and other revenue primarily consists of personnel-related expenses of our professional services team, including salaries and bonuses, stock-based compensation expense, and employee benefit costs. Cost of professional services and other revenue also includes expenses related to third-party consulting services and allocated overhead. Overhead is allocated to cost of professional services and other revenue based on applicable headcount. We recognize these expenses as they are incurred. We expect cost of professional services and other revenue to continue to increase in absolute dollars for the foreseeable future as our customer base grows.

Operating Expenses

Our operating expenses consist of sales and marketing, research and development, and general and administrative expenses. Personnel-related expenses are the most significant component of operating expenses and consist of salaries and bonuses, stock-based compensation expense, and employee benefit costs. Operating expenses also include allocated overhead. During fiscal year 2021 and through the current quarter, certain operating expenses decreased, such as travel and entertainment, primarily as a result of the COVID-19 pandemic. We expect a resumption of travel and entertainment and related expenses as we approach fiscal year 2023, although the timing and magnitude of these expenses will depend on a number of factors including the trend of the pandemic and potential changes to travel restrictions and stay-at-home orders.

Sales and Marketing

Sales and marketing expenses consist primarily of personnel-related expenses associated with our sales and marketing teams and related sales support teams, including salaries and bonuses, stock-based compensation expense, and employee benefit costs, sales and partner commissions, marketing events, advertising costs, travel, trade shows, other marketing materials, and allocated overhead. Similar to travel and entertainment, trade show expenses also decreased in fiscal year 2021 and through the first half of fiscal year 2022, as a result of the COVID-19 pandemic. We have since seen trade show expenses resume, largely in connection with our FORWARD IV user conference in October. We plan to increase our investment in sales and marketing in absolute dollars over the foreseeable future as we continue to hire additional personnel and invest in sales and marketing programs. However, we expect that our sales and marketing expense will decrease as a percentage of our total revenue over the long term, although our sales and marketing expenses may fluctuate as a percentage of our total revenue from period to period due to the timing and extent of these expenses.

Research and Development

Research and development expenses consist primarily of personnel-related expenses, including salaries and bonuses, stock-based compensation expense, and employee benefits costs for our research and development employees. Research and development costs are expensed as incurred, with the exception of certain software development costs which are eligible for capitalization. We expect that our research and development expenses will increase in absolute dollars for the foreseeable future as we continue to invest in research and development efforts to develop new technology and enhance the functionality and capabilities of our existing products and platform infrastructure. Our research and development expenses may fluctuate as a percentage of our total revenue from period to period due to the timing and extent of these expenses.

General and Administrative

General and administrative expenses consist primarily of personnel-related expenses, including salaries and bonuses, stock-based compensation expense, and employee benefits costs associated with our finance, legal, human resources, compliance, and other administrative teams, as well as accounting and legal professional services fees, other corporate-related expenses, and allocated overhead. Following the completion of the IPO in April 2021, we expect to incur additional general and administrative expenses as a result of operating as a public company. As a result, we expect the dollar amount of our general and administrative expenses to increase for the foreseeable future. However, we expect that our general and administrative expense will decrease as a percentage of our total revenue as our revenue grows over the longer term, although our general and administrative expenses may fluctuate as a percentage of our revenue from period to period due to the timing and extent of these expenses.

Interest Income

Interest income consists of interest income earned on our cash deposits, cash and cash equivalent balances, and marketable securities.

Other (Expense) Income, Net

Other (expense) income, net primarily consists of foreign exchange gains and losses, and gains and losses associated with foreign currency forward contracts.

Provision For Income Taxes

Provision for income taxes consists of U.S. federal and state income taxes and income taxes in certain foreign jurisdictions in which we conduct business. We maintain a full valuation allowance on our U.S. federal and state and Romanian deferred tax assets as we have concluded that it is more likely than not that the deferred tax assets will not be realized. Our effective tax rate is affected by tax rates in foreign jurisdictions and the relative amounts of income we earn in those jurisdictions, as well as non-deductible expenses, such as stock-based compensation, and changes in our valuation allowances.

Results of Operations

The following tables set forth selected condensed consolidated statement of operations data and such data as a percentage of total revenue for each of the periods indicated:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2021	2020	2021	2020
	(in thousands)		(in thousands)	
Revenue:				
Licenses	\$ 111,608	\$ 78,555	\$ 307,371	\$ 221,827
Subscription services	97,963	61,508	265,924	156,636
Professional services and other	11,245	7,226	29,259	21,305
Total revenue	220,816	147,289	602,554	399,768
Cost of revenue:				
Licenses (1)	2,626	1,720	7,514	4,773
Subscription services (1)(2)	15,659	6,092	42,076	17,136
Professional services and other (2)	24,815	9,573	78,114	23,812
Total cost of revenue	43,100	17,385	127,704	45,721
Gross profit	177,716	129,904	474,850	354,047
Operating expenses:				
Sales and marketing (1)(2)	172,906	99,512	522,925	280,774
Research and development (2)	61,559	27,456	212,245	80,726
General and administrative (1)(2)	59,498	65,951	189,747	117,461
Total operating expenses	293,963	192,919	924,917	478,961
Operating loss	(116,247)	(63,015)	(450,067)	(124,914)
Interest income	899	144	2,606	751
Other (expense) income, net	(4,300)	(6,303)	(8,743)	9,870
Loss before income taxes	(119,648)	(69,174)	(456,204)	(114,293)
Provision for income taxes	3,139	1,622	6,272	4,356
Net loss	\$ (122,787)	\$ (70,796)	\$ (462,476)	\$ (118,649)
(1) Includes amortization of acquired intangible assets as follows:				
Cost of revenue	\$ 958	\$ 634	\$ 2,680	\$ 1,837
Sales and marketing	405	35	993	88
General and administrative	44	—	44	—
Total amortization of acquired intangible assets	\$ 1,407	\$ 669	\$ 3,717	\$ 1,925
(2) Includes stock-based compensation expense as follows:				
Cost of revenue	\$ 6,350	\$ 665	\$ 37,056	\$ 1,688
Sales and marketing	41,823	5,116	202,122	10,744
Research and development	24,866	3,169	114,460	7,796
General and administrative	22,064	39,814	84,913	45,566
Total stock-based compensation expense	\$ 95,103	\$ 48,764	\$ 438,551	\$ 65,794

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2021	2020	2021	2020
	(as a percentage of revenue)		(as a percentage of revenue)	
Revenue:				
Licenses	51 %	53 %	51 %	55 %
Subscription services	44 %	42 %	44 %	39 %
Professional services and other	5 %	5 %	5 %	6 %
Total revenue	100 %	100 %	100 %	100 %
Cost of revenue:				
Licenses	1 %	1 %	1 %	1 %
Subscription services	7 %	4 %	7 %	4 %
Professional services and other	12 %	7 %	13 %	6 %
Total cost of revenue	20 %	12 %	21 %	11 %
Gross profit	80 %	88 %	79 %	89 %
Operating expenses:				
Sales and marketing	78 %	67 %	87 %	70 %
Research and development	28 %	19 %	35 %	20 %
General and administrative	27 %	45 %	32 %	30 %
Total operating expenses	133 %	131 %	154 %	120 %
Operating loss	(53)%	(43)%	(75)%	(31)%
Interest income	— %	— %	— %	— %
Other (expense) income, net	(2)%	(4)%	(1)%	2 %
Loss before income taxes	(55)%	(47)%	(76)%	(29)%
Provision for income taxes	1 %	1 %	1 %	1 %
Net loss	(56)%	(48)%	(77)%	(30)%

Comparison of the Three Months Ended October 31, 2021 and 2020

Revenue

	Three Months Ended October 31,		Change	Change %
	2021	2020		
	(dollars in thousands)			
Licenses	\$ 111,608	\$ 78,555	\$ 33,053	42 %
Subscription services	97,963	61,508	36,455	59 %
Professional services and other	11,245	7,226	4,019	56 %
Total revenue	\$ 220,816	\$ 147,289	\$ 73,527	50 %

Total revenue increased by \$73.5 million, or 50%, for the three months ended October 31, 2021 compared to the three months ended October 31, 2020, primarily due to an increase in subscription services revenue of \$36.5 million and an increase in licenses revenue of \$33.1 million. As we continued to expand our sales efforts in the United States and internationally, total revenue grew across all regions. Of the growth in total revenue, approximately 31% was attributable to new customers and the remainder to existing customers. Subscription services revenue is recognized ratably over the subscription term; therefore, the increase in subscription services revenue is driven both by sales in prior periods for which we continue to provide maintenance and support and by new sales in the current period.

Cost of Revenue and Gross Margin

	Three Months Ended October 31,			
	2021	2020	Change	Change %
	(dollars in thousands)			
Licenses	\$ 2,626	\$ 1,720	\$ 906	53 %
Subscription services	15,659	6,092	9,567	157 %
Professional services and other	24,815	9,573	15,242	159 %
Total cost of revenue	\$ 43,100	\$ 17,385	\$ 25,715	148 %
Gross Margin	80 %	88 %		

Total cost of revenue increased by \$25.7 million, or 148%, for the three months ended October 31, 2021 compared to the three months ended October 31, 2020, mainly due to increases in cost of subscription services revenue and cost of professional services and other revenue. The increase in cost of subscription services revenue was primarily driven by a \$6.6 million increase in personnel-related expenses, which included an increase of \$1.9 million in stock-based compensation, mostly due to recognition of expense beginning in the first quarter of fiscal 2022 as a result of the satisfaction of IPO-related performance condition for restricted stock units (RSUs), an increase of \$0.7 million related to employer tax on settlement of equity awards, and the remainder of which was largely due to increased headcount. Cost of subscription services revenue was also impacted by a \$2.3 million increase in hosting costs and professional services, and a \$0.6 million increase in depreciation and amortization expense. The increase in cost of professional services and other revenue was primarily driven by an increase of \$10.4 million in personnel-related expenses, which included an increase of \$3.8 million in stock-based compensation expense, mostly as a result of the satisfaction of IPO-related performance conditions in the first quarter of fiscal 2022, an increase of \$2.5 million related to employer tax on settlement of equity awards, and the remainder of which was largely due to increased headcount. Cost of professional services and other revenue was also impacted by a \$5.1 million increase in third-party consulting fees.

Our gross margin decreased to 80% for the three months ended October 31, 2021 compared to 88% for the three months ended October 31, 2020, primarily as a result of higher personnel-related expenses driven by both increased headcount and higher stock-based compensation expense recognized as a result of the satisfaction of IPO-related performance conditions in the first quarter of fiscal 2022.

Operating Expenses

Sales and Marketing

	Three Months Ended October 31,			
	2021	2020	Change	Change %
	(dollars in thousands)			
Sales and marketing	\$ 172,906	\$ 99,512	\$ 73,394	74 %
Percentage of revenue	78 %	67 %		

Sales and marketing expense increased by \$73.4 million, or 74%, for the three months ended October 31, 2021 compared to the three months ended October 31, 2020. This increase was primarily attributable to an increase of \$80.8 million in personnel-related expenses, which included an increase of \$36.7 million in stock-based compensation, mostly due to recognition of expense beginning in the first quarter of fiscal 2022 as a result of the satisfaction of IPO-related performance condition for RSUs, an increase of \$23.8 million related to employer tax on settlement of equity awards, and the remainder of which was largely due to increased headcount. Sales and marketing expense was also impacted by an aggregate increase of \$10.8 million in brand marketing, recruiting, travel, and software services expenses and an increase of \$0.5 million in rent expense. These increases were partially offset by a decrease of \$19.2 million in sales commissions expense due to the accounting impact of our fiscal year 2022 sales incentive plan.

Research and Development

	Three Months Ended October 31,			
	2021	2020	Change	Change %
	(dollars in thousands)			
Research and development	\$ 61,559	\$ 27,456	\$ 34,103	124 %
Percentage of revenue	28 %	19 %		

Research and development expense increased by \$34.1 million, or 124%, for the three months ended October 31, 2021 compared to the three months ended October 31, 2020. The increase was primarily attributable to an increase of \$30.2 million in personnel-related expenses, which included an increase of \$21.7 million in stock-based compensation, mostly due to recognition of expense beginning in the first quarter of fiscal 2022 as a result of the satisfaction of IPO-related performance condition for RSUs, an increase of \$1.3 million related to employer tax on settlement of equity awards, and the remainder of which was largely due to increased headcount. Research and development expense was also impacted by an increase of \$3.4 million related to software, equipment, and third-party consulting expenses.

General and Administrative

	Three Months Ended October 31,			
	2021	2020	Change	Change %
	(dollars in thousands)			
General and administrative	\$ 59,498	\$ 65,951	\$ (6,453)	(10) %
Percentage of revenue	27 %	45 %		

General and administrative expense decreased by \$6.5 million, or 10%, for the three months ended October 31, 2021 compared to the three months ended October 31, 2020. This decrease was primarily attributable to a decrease of \$13.9 million in personnel-related expenses, which included a decrease of \$17.8 million in stock-based compensation, partially offset by an increase of \$3.1 million in insurance-related expenses as a result of becoming a public company, an increase of \$2.5 million in third-party consulting expenses, and an increase of \$0.5 million related to employer tax on settlement of equity awards.

Interest Income

	Three Months Ended October 31,			
	2021	2020	Change	Change %
	(dollars in thousands)			
Interest income	\$ 899	\$ 144	\$ 755	524 %
Percentage of revenue	— %	— %		

Interest income, related to our cash deposits and investments in marketable securities, increased by \$0.8 million, or 524%, for the three months ended October 31, 2021 compared to the three months ended October 31, 2020 as a result of the period-over-period increase in our cash and cash equivalents and marketable securities.

Other Expense, Net

	Three Months Ended October 31,			
	2021	2020	Change	Change %
	(dollars in thousands)			
Other expense, net	\$ (4,300)	\$ (6,303)	\$ 2,003	(32) %
Percentage of revenue	(2)%	(4)%		

Other expense, net decreased by \$2.0 million, or 32%, for the three months ended October 31, 2021 compared to the three months ended October 31, 2020. The decrease was primarily attributable to gains on foreign currency forward contracts recognized in the current period.

Provision For Income Taxes

	Three Months Ended October 31,			
	2021	2020	Change	Change %
	(dollars in thousands)			
Provision for income taxes	\$ 3,139	\$ 1,622	\$ 1,517	94 %
Percentage of revenue	1 %	1 %		

Provision for income taxes increased by \$1.5 million, or 94%, for the three months ended October 31, 2021 compared to the three months ended October 31, 2020. The increase in tax expense is driven primarily by higher foreign tax expenses resulting from higher year-over-year earnings of our cost-plus margin entities in certain foreign jurisdictions as we continue to scale internationally.

Comparison of the Nine Months Ended October 31, 2021 and 2020

Revenue

	Nine Months Ended October 31,			
	2021	2020	Change	Change %
	(dollars in thousands)			
Licenses	\$ 307,371	\$ 221,827	\$ 85,544	39 %
Subscription services	265,924	156,636	109,288	70 %
Professional services and other	29,259	21,305	7,954	37 %
Total revenue	\$ 602,554	\$ 399,768	\$ 202,786	51 %

Total revenue increased by \$202.8 million, or 51%, for the nine months ended October 31, 2021 compared to the nine months ended October 31, 2020, primarily due to an increase in subscription services revenue of \$109.3 million and an increase in licenses revenue of \$85.5 million. As we continued to expand our sales efforts in the United States and internationally, total revenue grew across all regions. Of the growth in total revenue, approximately 28% was attributable to new customers and the remainder to existing customers. Subscription services revenue is recognized ratably over the subscription term; therefore, the increase in subscription services revenue is driven both by sales in prior periods for which we continue to provide maintenance and support and by new sales in the current period.

Cost of Revenue and Gross Margin

	Nine Months Ended October 31,			
	2021	2020	Change	Change %
	(dollars in thousands)			
Licenses	\$ 7,514	\$ 4,773	\$ 2,741	57 %
Subscription services	42,076	17,136	24,940	146 %
Professional services and other	78,114	23,812	54,302	228 %
Total cost of revenue	\$ 127,704	\$ 45,721	\$ 81,983	179 %
Gross Margin	79 %	89 %		

Total cost of revenue increased by \$82.0 million, or 179%, for the nine months ended October 31, 2021 compared to the nine months ended October 31, 2020. The increase in cost of licenses revenue was primarily due to an increase in third-party software resale costs of \$1.7 million and an increase of \$1.2 million of direct costs associated with the delivery of licenses to customers, partially offset by lower depreciation and amortization expense. The increase in subscription services revenue costs was primarily driven by a \$18.0 million increase in personnel-related expenses, which included an increase of \$9.6 million in stock-based compensation, mostly due to recognition of expense beginning in the first quarter of fiscal 2022 as a result of the satisfaction of IPO-related performance condition for RSUs, an increase of \$0.9 million related to employer tax on settlement of equity awards, and the remainder of which was largely due to increased headcount. Cost of subscription services revenue was also impacted by a \$5.5 million increase in hosting costs and third-party professional services, and a \$1.5 million increase in depreciation and amortization expense. The increase in cost of professional services and other revenue was primarily driven by an increase of \$43.4 million in personnel-related expenses, which included an increase of

\$25.8 million in stock-based compensation expense, mostly recognized in connection with the satisfaction of performance-based vesting conditions following our IPO, an increase of \$3.6 million related to employer tax on settlement of equity awards, and the remainder of which was largely due to increased headcount. Cost of professional services and other revenue was also impacted by a \$11.2 million increase in third-party consulting fees.

Our gross margin decreased to 79% for the nine months ended October 31, 2021 compared to 89% for the nine months ended October 31, 2020, primarily as a result of stock-based compensation expense recognized in connection with the satisfaction of performance-based vesting conditions following our IPO.

Operating Expenses

Sales and Marketing

	Nine Months Ended October 31,			
	2021	2020	Change	Change %
	(dollars in thousands)			
Sales and marketing	\$ 522,925	\$ 280,774	\$ 242,151	86 %
Percentage of revenue	87 %	70 %		

Sales and marketing expense increased by \$242.2 million, or 86%, for the nine months ended October 31, 2021 compared to the nine months ended October 31, 2020. This increase was primarily attributable to an increase of \$265.0 million in personnel-related expenses, which included an increase of \$191.4 million in stock-based compensation, mostly due to recognition of expense beginning in the first quarter of fiscal 2022 as a result of the satisfaction of IPO-related performance condition for RSUs, an increase of \$32.5 million related to employer tax on settlement of equity awards, and the remainder of which was largely due to increased headcount. Sales and marketing expense was also impacted by an aggregate increase of \$21.8 million in brand marketing, third-party consulting, recruiting, software services, and training expenses. These increases were partially offset by a decrease of \$41.8 million in sales commissions expense due to the accounting impact of our fiscal year 2022 sales incentive plan, and an aggregate decrease of \$3.8 million in rent and travel expenses.

Research and Development

	Nine Months Ended October 31,			
	2021	2020	Change	Change %
	(dollars in thousands)			
Research and development	\$ 212,245	\$ 80,726	\$ 131,519	163 %
Percentage of revenue	35 %	20 %		

Research and development expense increased by \$131.5 million, or 163%, for the nine months ended October 31, 2021 compared to the nine months ended October 31, 2020. The increase was primarily attributable to an increase of \$127.2 million in personnel-related expenses, which included an increase of \$106.7 million in stock-based compensation, mostly due to recognition of expense beginning in the first quarter of fiscal 2022 as a result of the satisfaction of IPO-related performance condition for RSUs, an increase of \$1.6 million related to employer tax on settlement of equity awards, and the remainder of which was largely due to increased headcount. Research and development expense was also impacted by an increase of \$3.9 million in third-party software service and hosting costs.

General and Administrative

	Nine Months Ended October 31,			
	2021	2020	Change	Change %
	(dollars in thousands)			
General and administrative	\$ 189,747	\$ 117,461	\$ 72,286	62 %
Percentage of revenue	32 %	30 %		

General and administrative expense increased by \$72.3 million, or 62%, for the nine months ended October 31, 2021 compared to the nine months ended October 31, 2020. This increase was primarily attributable to

an increase of \$50.5 million in personnel-related expenses, which included an increase of \$39.4 million in stock-based compensation, mostly due to recognition of expense beginning in the first quarter of fiscal 2022 as a result of the satisfaction of IPO-related performance condition for RSUs, an increase of \$1.0 million related to employer tax on settlement of equity awards, and the remainder of which was largely due to increased headcount. General and administrative expense was also impacted by an increase of \$10.6 million in third-party consulting fees, an increase of \$6.8 million in insurance-related expenses as a result of becoming a public company, an increase of \$5.3 million in training and travel expenses, and an increase of \$4.1 million attributable to software and other expenses, partially offset by a \$6.1 million decrease in bad debt, rent, and other tax expense.

Interest Income

	Nine Months Ended October 31,			
	2021	2020	Change	Change %
	(dollars in thousands)			
Interest income	\$ 2,606	\$ 751	\$ 1,855	247 %
Percentage of revenue	— %	— %		

Interest income, related to our cash deposits and investments in marketable securities, increased by \$1.9 million, or 247%, for the nine months ended October 31, 2021 compared to the nine months ended October 31, 2020 as a result of the period-over-period increase in our cash and cash equivalents and marketable securities.

Other (Expense) Income, Net

	Nine Months Ended October 31,			
	2021	2020	Change	Change %
	(dollars in thousands)			
Other (expense) income, net	\$ (8,743)	\$ 9,870	\$ (18,613)	(189)%
Percentage of revenue	(1)%	2 %		

Other (expense) income, net decreased by \$18.6 million, or 189%, for the nine months ended October 31, 2021 compared to the nine months ended October 31, 2020. The decrease was primarily attributable to foreign exchange gains recognized in the prior period.

Provision For Income Taxes

	Nine Months Ended October 31,			
	2021	2020	Change	Change %
	(dollars in thousands)			
Provision for income taxes	\$ 6,272	\$ 4,356	\$ 1,916	44 %
Percentage of revenue	1 %	1 %		

Provision for income taxes increased by \$1.9 million or 44%, for the nine months ended October 31, 2021 compared to the nine months ended October 31, 2020. The increase in tax expense was primarily driven by higher foreign tax expenses resulting from higher year-over-year earnings of our cost-plus margin entities in certain foreign jurisdictions as we continue to scale internationally.

Liquidity and Capital Resources

We have financed operations since our inception primarily through customer payments and net proceeds from sales of equity securities. Our principal uses of cash in recent periods have been funding our operations, investing in capital expenditures, and engaging in various business acquisitions. As of October 31, 2021, our principal sources of liquidity were cash, cash equivalents, and marketable securities totaling \$1,891.5 million, and we had an accumulated deficit of \$1,432.8 million. During the nine months ended October 31, 2021, we reported a net loss of \$462.5 million, and net cash used in operations of \$48.9 million.

In April 2021, we completed our IPO, which resulted in issuance of 13.0 million shares of our Class A common stock at a public offering price of \$56.00 per share, including 3.6 million shares pursuant to the exercise in full of the

underwriters' option to purchase additional shares. Net proceeds were \$687.9 million after deducting underwriting discounts and commissions of \$35.6 million and offering expenses of \$4.5 million.

In July 2020, we completed our Series E preferred stock financing with gross proceeds totaling \$225.9 million. In February 2021, we completed our Series F preferred stock financing with gross proceeds totaling \$750.0 million. We have also entered into the Credit Facility (as defined below) with an available borrowing capacity of \$200.0 million. We believe our existing cash, cash equivalents, marketable securities, proceeds from our sales of equity securities, and borrowing capacity will be sufficient to fund anticipated cash requirements for the next twelve months.

Our future capital requirements will depend on many factors, including our revenue growth rate, our product sales, license renewal activity, the timing and the amount of cash received from customers, the expansion of sales and marketing activities, the timing and extent of spending to support development efforts, the introduction of new and enhanced products, the continuing market adoption of our products, expenses associated with our international expansion, and the timing and extent of additional capital expenditures to invest in existing and new office spaces. We may, in the future, enter into arrangements to acquire or invest in complementary businesses, products, and technologies. We may be required to seek additional equity or debt financing. In the event that we require additional financing, we may not be able to raise such financing on terms acceptable to us or at all. If we are unable to raise additional capital or generate cash flows necessary to expand our operations and invest in continued innovation, we may not be able to compete successfully, which would harm our business, operations and financial condition.

Credit Facilities

In January 2020, we entered into an Amended and Restated Loan and Security Agreement, or the Credit Agreement, with HSBC Bank USA, N.A., HSBC Ventures USA Inc., and Silicon Valley Bank, which provided a \$100.0 million senior secured revolving credit facility. We repaid the Credit Agreement in full in July 2020. In October 2020, we entered into a new Senior Secured Credit Facility, or the Credit Facility, with HSBC Ventures USA Inc., Silicon Valley Bank, Sumitomo Mitsui Banking Corporation, and Mizuho Bank, LTD, which provided a \$200.0 million senior secured revolving credit facility with a maturity date of October 30, 2023. Our obligations under the Credit Facility are secured by substantially all of our assets, except for our intellectual property. The Credit Facility contains certain customary covenants, including, but not limited to, those relating to additional indebtedness, liens, asset divestitures, and affiliate transactions. We may use the proceeds of future borrowings under the Credit Facility for refinancing other indebtedness, working capital, capital expenditures and other general corporate purposes, including permitted business acquisitions.

Borrowings under the Credit Facility bear interest at a base rate, as defined in the Credit Facility, plus a margin of 2.0% or 3.0% depending on the base rate. The Credit Facility is subject to customary fees for loan facilities of this type, including ongoing commitment fees at a rate of 0.25% per annum on the daily amount available to be drawn. As of October 31, 2021, we had no outstanding debt under the Credit Facility and were in compliance with our covenants thereunder.

Cash Flows

The following table shows a summary of our cash flows for the period presented:

	Nine Months Ended October 31,	
	2021	2020
	(in thousands)	
Net cash (used in) provided by operating activities	\$ (48,949)	\$ 10,998
Net cash used in investing activities	\$ (29,120)	\$ (20,679)
Net cash provided by financing activities	\$ 1,472,042	\$ 244,608

Operating Activities

Our largest source of operating cash is cash generation from sales to our customers. Our primary uses of cash from operating activities are for personnel-related expenses, direct costs to deliver our licenses, and marketing expenses. To date, our operating cash flows have generally been negative and we have supplemented working capital requirements primarily through net proceeds from the sale of equity securities.

Net cash used in operating activities for the nine months ended October 31, 2021 of \$48.9 million was driven by cash payments for operating expenditures, primarily associated with the compensation of our teams, including increased year-end fiscal 2021 sales commissions and bonuses paid in the first quarter of fiscal 2022. Other cash operating expenditures included payments for professional services, software, and office rent. These outflows were partially offset by cash collections from our customers, which were approximately 42% higher than during the nine months ended October 31, 2020.

Net cash provided by operating activities for the nine months ended October 31, 2020 of \$11.0 million was driven by cash collections from our customers and foreign currency transaction gains, partially offset by cash payments for operating expenditures, primarily associated with the compensation of our teams. Other cash operating expenditures included payments for professional services, software, office rent, and travel.

Investing Activities

Net cash used in investing activities for the nine months ended October 31, 2021 of \$29.1 million was driven by \$161.2 million in purchases of marketable securities, \$5.7 million in capital expenditures, \$5.5 million in cash consideration associated with the acquisition of Cloud Elements, which is presented net of cash acquired, \$3.0 million in capitalized software development costs and \$1.2 million in purchases of intangible assets, partially offset by \$147.5 million in sales and maturities of marketable securities.

Net cash used in investing activities for the nine months ended October 31, 2020 of \$20.7 million was driven by \$19.7 million in cash consideration related to a business combination, and capital expenditures of \$1.0 million.

Financing Activities

Net cash provided by financing activities for the nine months ended October 31, 2021 of \$1,472.0 million was primarily driven by \$749.8 million in net proceeds from issuance of Series F convertible preferred stock, \$692.4 million in net proceeds from our IPO after deducting underwriting expenses and commissions, net receipts of tax withholdings on sell-to-cover equity award transactions of \$20.4 million, proceeds from employee stock purchase plan contributions of \$13.8 million, and proceeds from the exercise of stock options of \$9.7 million, partially offset by payments of tax withholdings on the net settlement of equity awards of \$10.3 million and payments of IPO-related costs of \$3.7 million.

Net cash provided by financing activities for the nine months ended October 31, 2020 of \$244.6 million was primarily driven by \$225.6 million in net proceeds from issuance of Series E convertible preferred stock and \$19.8 million in proceeds from the exercise of stock options, partially offset by payments of deferred costs related to the Credit Facility of \$0.8 million.

Contractual Obligations and Commitments

On September 24, 2021, we entered into an agreement of lease for office space on the 60th floor of One Vanderbilt Avenue, New York, New York, to serve as our new corporate headquarters. A copy of this agreement is attached as Exhibit 10.1 to this Quarterly Report on Form 10-Q. Refer to [Note 8, Operating Leases](#), for further information about our operating lease payment obligations as of October 31, 2021.

Other than the above, there were no material changes to our commitments and contractual obligations during the three and nine months ended October 31, 2021 from the commitments and contractual obligations disclosed in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” set forth in the Final Prospectus.

Off-Balance Sheet Arrangements

In the ordinary course of business we have engaged in and may continue to engage in transactions with an unconsolidated variable interest entity, or VIE, that is not reflected in our condensed consolidated balance sheets. Refer to [Note 2, Summary of Significant Accounting Policies—Variable Interest Entity](#), for further information on this unconsolidated VIE.

As of and during the three and nine months ended October 31, 2021, we did not have any off-balance sheet financing arrangements or any other relationships with unconsolidated entities or financial partnerships, including entities sometimes referred to as structured finance or special purpose entities, that were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Critical Accounting Policies and Estimates

Refer to [Note 2](#), *Summary of Significant Accounting Policies*, included in Part I, Item 1 of this Quarterly Report on Form 10-Q for a discussion of our critical accounting policies.

There have been no material changes to our critical accounting policies and estimates as compared to those disclosed in the Final Prospectus.

JOBS Act Accounting Election

We are an emerging growth company, as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, and, for so long as we continue to be an emerging growth company, we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. In addition, pursuant to Section 107 of the JOBS Act, as an emerging growth company, we have elected to take advantage of the extended transition period for complying with new or revised accounting standards until those standards would otherwise apply to private companies until the earlier of the date we (1) are no longer an emerging growth company or (2) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates.

Recent Accounting Pronouncements

See [Note 2](#), *Summary of Significant Accounting Policies —Recently Issued Accounting Pronouncements and —Recently Adopted Accounting Pronouncements*, included in Part I, Item 1 of this Quarterly Report on Form 10-Q for more information.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to market risk in the ordinary course of our business. Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is principally the result of fluctuations in interest rates and foreign currency exchange rates.

Interest Rate Risk

As of October 31, 2021, we had \$1,776.4 million of cash and cash equivalents. Cash and cash equivalents consist of cash in banks, bank deposits, money market funds, commercial paper and corporate bonds with maturity dates of less than 3 months at the purchase date. We also had \$115.1 million of marketable securities. Marketable securities consist of corporate bonds, commercial paper, and municipal bonds. Such interest-earning instruments carry a degree of interest rate risk. The primary objectives of our investment activities are the preservation of capital, the fulfillment of liquidity needs, and the fiduciary control of cash. We do not enter into investments for trading or speculative purposes. The Credit Facility allowed us to borrow up to \$200.0 million as of October 31, 2021. The effect of a hypothetical 10% change in interest rates on our unaudited condensed consolidated financial statements for the three and nine months ended October 31, 2021 would have been immaterial.

Foreign Currency Exchange Risk

The functional currency of our non-U.S. subsidiaries is the local currency. Asset and liability balances denominated in non-U.S. dollar currencies are translated into U.S. dollars using period-end exchange rates, while translation of revenue and expenses is based upon average monthly rates. Translation adjustments are recorded as a component of accumulated other comprehensive income (loss), and transaction gains and losses are recorded in other (expense) income, net on our condensed consolidated financial statements. We have engaged in hedging activity to reduce our potential exposure to currency fluctuations since the fourth quarter in fiscal year 2021. If we are not able to successfully hedge against the risks associated with currency fluctuations, our results of operations could be adversely affected. The estimated translation impact to our condensed consolidated financial statements of a hypothetical 10% change in foreign currency exchange rates would amount to \$25.0 million for the nine months ended October 31, 2021. During the nine months ended October 31, 2021, approximately 54% of our revenues and approximately 31% of our expenses were denominated in non-U.S. dollar currencies. For the three and nine

months ended October 31, 2021 we recognized net foreign currency transaction losses of \$3.4 million and \$6.6 million, respectively, after the impact of foreign currency forward contracts.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our disclosure controls and procedures 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 SEC's rules and forms. In addition, they are designed to ensure that such information is accumulated and communicated to our management, including our Chief Executive Officer, or CEO, and Chief Financial Officer, or CFO, as appropriate to allow timely decisions regarding required disclosure.

Pursuant to in Rules 13(a)-13(e) and 15(d)-15(e) under the Exchange Act, our management, with the participation of our CEO and CFO, performed an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective at a reasonable assurance level as of October 31, 2021.

Changes in Internal Control Over Financial Reporting

Although we have recently selectively reopened certain of our offices, most of our workforce has been working from home since the onset of the COVID-19 pandemic. While our controls were not specifically designed to operate under these circumstances, during the three and nine months ended October 31, 2021 no material change in internal control over financial reporting was identified in connection with the evaluation required by Rule 13a-15(d) and Rule 15d-15(d) of the Exchange Act that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

Our management, including our CEO and CFO, believes that our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives and are effective at a reasonable assurance level. However, any control system, no matter how well designed and operated, can only provide reasonable, not absolute, assurance that its objectives will be met. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures including resource constraints, errors in judgment, and the possibility that controls and procedures will be circumvented by collusion, by management override, or by mistake. Additionally, the design of any control system is based in part on management assumptions about the likelihood of future events, and there can be no assurance that the system will succeed in achieving its objectives under all potential future scenarios. As a result of these limitations, our management does not expect that our disclosure controls and procedures will prevent all potential errors or fraud or detect all potential misstatements due to error or fraud.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

Refer to [Note 11. Commitments and Contingencies – Litigation](#), to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for a description of current legal proceedings, if any.

Item 1A. Risk Factors.

Our operations and financial results are subject to various risks and uncertainties, including those described below. You should consider and read carefully all of the risks and uncertainties described below, together with all of the other information contained in this Quarterly Report on Form 10-Q, including the section titled “[Management’s Discussion and Analysis of Financial Condition and Results of Operations](#),” and our condensed consolidated financial statements and the related notes. The risks described below are those which we believe are the material risks we face. The occurrence of any of the following risks or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could materially and adversely affect our business, financial condition, or results of operations. In such case, the trading price of our Class A common stock could decline.

Risk Factors Summary

The following is a summary of the principal risks associated with an investment in our Class A common stock:

- Our recent rapid growth may not be indicative of our future growth. Our limited operating history and recent rapid growth also make it difficult to evaluate our future prospects and may increase the risk that we will not be successful.
- We may not be able to successfully manage our growth and, if we are not able to grow efficiently, our business, financial condition, and results of operations could be harmed.
- Because we derive substantially all of our revenue from our automation platform, failure of this platform to satisfy customer demands could adversely affect our business, results of operations, financial condition, and growth prospects.
- Our business depends on our existing customers renewing their licenses and purchasing additional licenses and products from us and our channel partners. Declines in renewals or the purchase of additional licenses by our customers could harm our future operating results.
- If we are unable to attract new customers, our business, financial condition, and results of operations will be adversely affected.
- The markets in which we participate are competitive and, if we do not compete effectively, our business, financial condition, and results of operations could be harmed.
- If we fail to retain and motivate members of our management team or other key employees, or fail to attract additional qualified personnel to support our operations, our business and future growth prospects would be harmed.
- Unfavorable conditions in our industry or the global economy, or reductions in IT spending, could limit our ability to grow our business and negatively affect our results of operations.
- A limited number of customers represent a substantial portion of our revenue and ARR. If we fail to retain these customers, our revenue could decline significantly.
- We rely on our channel partners to generate a substantial amount of our revenue, and if we fail to expand and manage our distribution channels, our revenue could decline and our growth prospects could suffer.
- If we are not able to introduce new features or services successfully and to make enhancements to our platform or products, our business and results of operations could be adversely affected.
- Real or perceived errors, failures, or bugs in our platform and products could adversely affect our business, results of operations, financial condition, and growth prospects.
- Incorrect or improper implementation or use of our platform and products could result in customer dissatisfaction and harm our business, results of operations, financial condition, and growth prospects.

- We rely upon third-party providers of cloud-based infrastructure to host our cloud-based products. Any disruption in the operations of these third-party providers, limitations on capacity, or interference with our use could adversely affect our business, financial condition, and results of operations.
- We expect fluctuations in our financial results, making it difficult to project future results, and if we fail to meet the expectations of securities analysts or investors with respect to our results of operations, our stock price and the value of your investment could decline.
- If we fail to maintain and enhance our brand, our ability to expand our customer base will be impaired and our business, financial condition, and results of operations may suffer.
- Any failure to obtain, maintain, protect, or enforce our intellectual property and proprietary rights could impair our ability to protect our proprietary technology and our brand.
- We may become subject to intellectual property disputes, which are costly and may subject us to significant liability and increased costs of doing business.
- Our current operations are international in scope, and we plan further geographic expansion, creating a variety of operational challenges.
- We and our independent registered public accounting firm identified a material weakness in our internal control over financial reporting in the past, and any failure to maintain effective internal control over financial reporting could harm us.
- The dual class structure of our common stock has the effect of concentrating voting control with our Chief Executive Officer, Co-Founder, and Chairman, which will limit your ability to influence the outcome of important decisions.

Risks Related to Our Business, Products, Operations, and Industry

Our recent rapid growth may not be indicative of our future growth. Our limited operating history and recent rapid growth also make it difficult to evaluate our future prospects and may increase the risk that we will not be successful.

We have experienced rapid growth. Our annualized renewal run-rate, or ARR, was \$818.4 million and \$518.4 million at October 31, 2021 and 2020, respectively, representing a growth rate of 58%. We generated revenue of \$220.8 million and \$147.3 million, for the three months ended October 31, 2021 and 2020, respectively, representing a growth rate of 50%. We generated revenue of \$602.6 million and \$399.8 million, for the nine months ended October 31, 2021 and 2020, respectively, representing a growth rate of 51%. You should not, however, rely on the ARR or revenue growth of any prior quarterly or annual fiscal period as an indication of our future performance. We were incorporated in June 2015, and as a result of our limited operating history, our ability to accurately forecast our future results of operations is limited and subject to a number of uncertainties, including our ability to plan for and model future growth. Even if our ARR and revenue continue to increase, we expect that our ARR and revenue growth rates will decline in the future as a result of a variety of factors, including the maturation of our business, increased competition, changes to technology, a decrease in the growth of our overall market, or our failure, for any reason, to continue to take advantage of growth opportunities. Overall growth of our business depends on a number of additional factors, including our ability to:

- price our products effectively so that we are able to attract new customers and expand sales to our existing customers;
- expand the functionality and use cases for the products we offer on our platform;
- maintain and expand the rates at which customers purchase and renew licenses to our platform;
- provide our customers with support that meets their needs;
- continue to introduce and sell our products to new markets;
- continue to develop new products and new functionality for our platform and successfully further optimize our existing products and infrastructure;
- successfully identify and acquire or invest in businesses, products, or technologies that we believe could complement or expand our platform; and
- increase awareness of our brand on a global basis and successfully compete with other companies.

We may not successfully accomplish any of these objectives, and as a result, it is difficult for us to forecast our future results of operations. If the assumptions that we use to plan our business are incorrect or change in reaction to changes in our market, or if we are unable to maintain consistent ARR, revenue, or ARR or revenue growth, our stock price could be volatile, and it may be difficult to achieve and maintain profitability. You should not rely on our ARR or revenue for any prior quarterly or annual fiscal periods as an indication of our future ARR or revenue or ARR or revenue growth.

In addition, we expect to continue to expend substantial financial and other resources on:

- our technology infrastructure, including systems architecture, scalability, availability, performance, and security;
- our sales and marketing organization to engage our existing and prospective customers, increase brand awareness, and drive adoption of our products;
- product development, including investments in our product development team and the development of new products and new functionality for our platform as well as investments in further optimizing our existing products and infrastructure;
- acquisitions or strategic investments;
- our international operations and continued international expansion; and
- general administration, including increased legal and accounting expenses associated with being a public company.

These investments may not be successful on the timeline we anticipate or at all, and may not result in increased ARR or revenue growth. For instance, we anticipate that our customers will continue to increase adoption of our SaaS products in future periods. We have offered our SaaS products for only a short period of time, and we cannot predict how increased adoption of our SaaS products will change the buying patterns of our customers or impact our future ARR or revenue. If we are unable to maintain or increase our ARR or revenue at a rate sufficient to offset the expected increase in our costs, our business, financial position, and results of operations will be harmed, and we may not be able to achieve or maintain profitability over the long term. Additionally, we have encountered, and may in the future encounter, risks and uncertainties frequently experienced by growing companies in rapidly changing industries, such as unforeseen operating expenses, difficulties, complications, delays, and other known or unknown factors that may result in losses in future periods. If our ARR or revenue growth does not meet our expectations in future periods, our business, financial position, and results of operations may be harmed, and we may not achieve or maintain profitability in the future.

In addition, we will need to appropriately scale our internal business systems and our services organization, including customer support and professional services, to serve our growing customer base. Any failure of or delay in these efforts could result in impaired system performance and reduced customer satisfaction, resulting in decreased sales to new customers, lower dollar-based net retention rates, the issuance of service credits, or requested refunds, which would hurt our ARR or revenue growth and our reputation. Even if we are successful in our expansion efforts, they will be expensive and complex, and require the dedication of significant management time and attention. We could also face inefficiencies or service disruptions as a result of our efforts to scale our internal infrastructure. We cannot be sure that the expansion of and improvements to our internal infrastructure will be effectively implemented on a timely basis, if at all, and such failures could harm our business, financial condition, and results of operations.

We may not be able to successfully manage our growth and, if we are not able to grow efficiently, our business, financial condition, and results of operations could be harmed.

As usage of our platform capabilities grow, we will need to devote additional resources to improving and maintaining our infrastructure and integrating with third-party applications. In addition, we will need to appropriately scale our internal business systems and our services organization, including customer support and professional services, to serve our growing customer base. Any failure of or delay in these efforts could result in impaired system performance and reduced customer satisfaction, resulting in decreased sales to new customers, lower dollar-based net retention rates, the issuance of service credits, or requested refunds, which would hurt our revenue growth and our reputation. Even if we are successful in our expansion efforts, they will be expensive and complex, and require the dedication of significant management time and attention. We could also face inefficiencies or service disruptions as a result of our efforts to scale our internal infrastructure. We cannot be sure that the expansion of and

improvements to our internal infrastructure will be effectively implemented on a timely basis, if at all, and such failures could harm our business, financial condition, and results of operations.

Because we derive substantially all of our revenue from our automation platform, failure of this platform to satisfy customer demands could adversely affect our business, results of operations, financial condition, and growth prospects.

We derive and expect to continue to derive substantially all of our revenue from our automation platform. As such, market adoption of our automation platform is critical to our continued success. Demand for our automation platform may be affected by a number of factors, many of which are beyond our control, including continued market acceptance and integration of our platform into our customers' operations, the continued volume, variety, and velocity of automated tasks that are generated through use of our platform, timing of development, and release of new offerings by our competitors, technological change, and the rate of growth in our market. Additionally, the utility of our automation platform and products relies in part on the ability of our customers to use our automation products in connection with other third-party software products that are important to our customer's business. If these third-party software providers were to modify the terms of their licensing arrangements with our customers in a manner that would reduce the utility of our products, or increase the cost to use our products in connection with these third-party software products, then our customers may no longer choose to adopt our automation platform or continue to use our products. If we are unable to continue to meet the demands of our customers and the developer community, our business operations, financial results, and growth prospects will be materially and adversely affected.

Our business depends on our existing customers renewing their licenses and purchasing additional licenses and products from us and our channel partners. Declines in renewals or the purchase of additional licenses by our customers could harm our future operating results.

Part of our growth strategy relies on our ability to deliver significant value in a short time to our customers, so that our customers will scale the use of our platform throughout their enterprise. Accordingly, our future success depends in part on our ability to exhibit this value and sell additional licenses and products to our existing customers, and our customers renewing their licenses with us and our channel partners when the contract term expires. Our license agreements primarily have annual terms, and some of our license agreements have multi-year terms. We generally do not sell standalone licenses with a term of less than one year. However, during the term of an annual contract or the last year of a multi-year contract, our customers may enter into an additional license agreement with a termination date that is coterminous with the anniversary date of such annual contract. Our customers have no obligation to renew their licenses for our products after the expiration of their license period. We also provide some customers the opportunity to use our automation platform and products for free prior to purchasing a license. We also work with our customers to identify opportunities for follow-on sales to increase our footprint within their businesses.

In order for us to maintain or improve our results of operations, it is important that our customers renew or expand their licenses with us and our channel partners. We cannot accurately predict our renewals and dollar-based net retention rate given the diversity of our customer base, in terms of size, industry, and geography. Our renewals, dollar-based net retention rate, and dollar-based gross retention rate may decline or fluctuate as a result of a number of factors, many of which are outside our control, including the business strength or weakness of our customers, customer usage, including the ability of our customers to quickly integrate our products into their businesses and continually find new uses for our products within their businesses, customer satisfaction with our products and platform capabilities and customer support, the utility of our platform to cost-effectively integrate with third-party software products, our prices, the capabilities and prices of competing products, mergers and acquisitions affecting our customer base, consolidation of affiliates' multiple paid business accounts into a single paid business account or loss of business accounts in their entirety, the effects of global economic conditions, or reductions in our customers' spending on information technology, or IT, solutions or their spending levels generally, perceived security or data privacy risks from the use of our products, changes in regulatory regimes that effect our customers or our ability to sell our products, or the views of the industry and public with regard to our products and robotic process automation, or RPA, products generally, including as a result of increased automation and displacement of human workforces. These factors may also be exacerbated if, consistent with our growth strategy, our customer base continues to grow to encompass larger enterprises, which may also require more sophisticated and costly sales efforts. If our customers do not purchase additional licenses and products from us or our customers fail to renew their licenses, our revenue may decline and our business, financial condition, and results of operations may be harmed.

If we are unable to attract new customers, our business, financial condition, and results of operations will be adversely affected.

To increase our revenue, we must continue to attract new customers. Our success will depend to a substantial extent on the widespread adoption of our platform and products as an alternative to existing solutions, including as an alternative to traditional systems relying on manual tasks and processes. Many enterprises have invested substantial personnel and financial resources to integrate traditional human-driven processes into their business architecture and, therefore, may be reluctant or unwilling to migrate to an automation solution. Accordingly, the adoption of automation solutions may be slower than we anticipate. A large proportion of our target market still uses traditional systems relying on manual tasks and processes for the major part of their operations. This market may need further education on the value of automation solutions in general and our platform and products in particular, and on how to integrate them into current operations. A lack of education as to how our automation solutions operate may cause potential customers to prefer more traditional methodologies, to be cautious about investing in our platform and products, or to have difficulty integrating our platform and products into their business architecture. If we are unable to educate potential customers and change the market's readiness to accept our technology, we may experience slower than projected growth.

In addition, as our market matures, our products evolve, and competitors introduce lower cost or differentiated products that are perceived to be alternatives to our platform and products, our ability to sell licenses for our products could be impaired. Similarly, our license sales could be adversely affected if customers or users within these organizations perceive that features incorporated into competitive products reduce the need for our products or if they prefer to purchase other products that are bundled with solutions offered by other companies that operate in adjacent markets and compete with our products. As a result of these and other factors, we may be unable to attract new customers, which may have an adverse effect on our business, financial condition, and results of operations.

The markets in which we participate are competitive and, if we do not compete effectively, our business, financial condition, and results of operations could be harmed.

Our platform and products provide automation solutions that our customers can integrate throughout their businesses. Accordingly, we compete with companies that provide RPA and other automation solutions, including Appian Corporation, Automation Anywhere, Inc., Blue Prism Group PLC, Celonis Inc., EdgeVerve Systems Limited, Kofax Inc., Kyron Systems Inc., Microsoft Corporation, NICE LTD., NTT Ltd., Pegasystems Inc., and WorkFusion, Inc. In addition to RPA software providers, we compete with automation lifecycle technology providers, such as low-code, iBPMS, iPaaS, process mining, and test automation vendors, which develop and market automation capabilities as extensions of their core platforms, and enterprise platform vendors, which provide horizontal applications and productivity tools and are acquiring, building, or investing in RPA functionality or partnering with RPA providers. We also compete with companies that provide and support the traditional systems relying on manual tasks and processes that our platform and products are designed to replace, including companies that facilitate outsourcing of such tasks and processes to lower cost workers. Our customers may also internally develop their own automated solutions to address tasks particular to their business. Our market may need further education on the value of automation solutions and our platform and products, and on how to integrate them into current operations. A lack of education as to how our automation platform and products operate may cause potential customers to prefer more traditional methodologies or their limited, internally-developed automated processes, to be cautious about investing in our platform and products, or to have difficulty integrating our platform and products into their business architecture. If we are unable to educate potential customers and change the market's readiness to accept our technology, then our business, results of operations, and financial condition may be harmed.

The RPA market is one of the fastest growing enterprise software markets and is increasingly competitive. With the introduction of new technologies and market entrants, we expect that the competitive environment will remain intense going forward. For instance, as our market becomes increasingly driven by cloud-based solutions, native cloud providers may enter this market and provide competitive offerings at lower prices. Additionally, open source alternatives for automation that are offered freely may impact our ability to sell our products to certain customers who may prefer to rely on these tools at no cost. Some of our actual and potential competitors have been acquired by other larger enterprises, have made or may make acquisitions, may enter into partnerships or other strategic relationships that may provide more comprehensive products than they individually had offered or may achieve greater economies of scale than us. In addition, new entrants not currently considered to be competitors may enter the market through acquisitions, partnerships, or strategic relationships. As we look to market and sell our products and platform capabilities to potential customers with existing internal solutions, we must convince their

internal stakeholders that our products and platform capabilities are superior to their current solutions. If we fail to do so, our business, results of operation and financial condition may be harmed.

If we fail to continue to differentiate our platform and products from those offered by our competitors, then our business, results of operations, and financial condition may be harmed.

Our competitors vary in size and in the breadth and scope of the products offered. Many of our competitors and potential competitors have greater name recognition, longer operating histories, more established customer relationships and installed customer bases, larger marketing budgets, and greater resources than we do. Further, other potential competitors not currently offering competitive solutions may expand their product or service offerings to compete with our products and platform capabilities. For instance, a number of our potential competitors already have close, integrated relationships with our customers and potential customers for other service offerings. If any of these potential competitors were to provide an automation solution within their current service offerings as a single, integrated solution, our customers and potential customers may choose to adopt the integrated solution due to administrative ease or other factors that are outside our control. Our current and potential competitors may also establish cooperative relationships among themselves or with third parties that may further enhance their resources and product offerings in our addressable market. Our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards, and customer requirements. An existing competitor or new entrant could introduce new technology that reduces demand for our products and platform capabilities. In addition to product and technology competition, we face pricing competition. Some of our competitors offer their on-premises or SaaS solutions at a lower price, which has resulted in, and may continue to result in, pricing pressures.

For all of these reasons, we may not be able to compete successfully against our current or future competitors, and this competition could result in the failure of our platform to continue to achieve or maintain market acceptance, which would harm our business, results of operations, and financial condition.

If we fail to retain and motivate members of our management team or other key employees, or fail to attract additional qualified personnel to support our operations, our business and future growth prospects would be harmed.

Our success and future growth depend largely upon the continued services of our executive officers, particularly Daniel Dines, our Chief Executive Officer, Co-Founder, and Chairman, as well as our other key employees in the areas of research and development and sales and marketing. Additionally, many members of our management team have been with us for a short period of time or have served in their current roles for a short period of time, including Ashim Gupta, our Chief Financial Officer, who joined us in February 2018 and was promoted to the position of Chief Financial Officer in November 2019, Brad Brubaker, our General Counsel and Chief Legal Officer, who joined us in April 2019, Ted Kummert, our Executive Vice President of Product and Engineering, who joined us in March 2020, Thomas Hansen, our Chief Revenue Officer, who joined us in April 2020, and Bettina Koblick, our Chief People Officer, who joined us in April 2021. From time to time, there may be changes in our executive management team or other key employees resulting from hiring or the departure of these personnel. Our executive officers and other key employees are employed on an at-will basis, which means that these personnel could terminate their employment with us at any time. The loss of one or more of our executive officers, or the failure by our executive team to effectively work with our employees and lead our company, could harm our business. We also are dependent on the continued service of our existing software engineers because of the complexity of our products and platform capabilities.

In addition, to execute our growth plan, we must attract and retain highly-qualified personnel. Competition for these personnel is intense, especially for engineers experienced in designing and developing RPA, artificial intelligence, or AI, and machine learning, or ML, applications, and experienced sales professionals. If we are unable to attract such personnel in cities where we are located, we may need to hire in other locations, which may add to the complexity and costs of our business operations. From time to time, we have experienced, and we expect to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications. We recently completed our initial public offering, or IPO, and potential candidates may not perceive our compensation package, including our equity awards, as favorably as employees hired prior to our IPO. In addition, our recruiting personnel, methodology, and approach may need to be altered to address a changing candidate pool and profile. We may not be able to identify or implement such changes in a timely manner.

Many of the companies with which we compete for experienced personnel have greater resources than we have. If we hire employees from competitors or other companies, their former employers may attempt to assert that

these employees or we have breached their legal obligations, resulting in a diversion of our time and resources. In addition, prospective and existing employees often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, experiences significant volatility, or increases such that prospective employees believe there is limited upside to the value of our equity awards, it may adversely affect our ability to recruit and retain key employees. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and future growth prospects would be harmed.

We have a history of operating losses and have not been profitable in the past. We may not be able to reach and maintain profitability in the future.

We have experienced net losses in each fiscal year since inception. For the nine months ended October 31, 2021 and 2020, we incurred net losses of \$462.5 million and \$118.6 million, respectively. As of October 31, 2021 and January 31, 2021, we had an accumulated deficit of \$1,432.8 million and \$970.4 million, respectively. While we have experienced significant revenue growth in recent periods, and have not been profitable in prior fiscal years, we are not certain whether we will obtain a high enough volume of sales to sustain or increase our growth or reach and maintain profitability in the future. We also expect our costs and expenses to increase in future periods, which could negatively affect our future results of operations if our revenue does not increase. In particular, we intend to continue to expend significant funds to further develop our platform, including by introducing new products and functionality, and to expand our inside sales team and enterprise sales force to drive new customer adoption, expand use cases and integrations, and support international expansion. We will also face increased compliance costs associated with growth, the expansion of our customer base, and being a public company. Our efforts to grow our business may be costlier than we expect, or the rate of our growth in revenue may be slower than we expect, and we may not be able to increase our revenue enough to offset our increased operating expenses. We may incur significant losses in the future for a number of reasons, including the other risks described herein, and unforeseen expenses, difficulties, complications, or delays, and other unknown events. If we are unable to sustain profitability, the value of our business and Class A common stock may significantly decrease.

The ongoing COVID-19 pandemic and any related economic downturn could negatively impact our business, financial condition, and results of operations.

The ongoing COVID-19 pandemic may prevent us or our employees, customers, partners, suppliers, or vendors or other parties with whom we do business from conducting certain marketing and other business activities for an indefinite period of time, which could adversely impact our business, financial position, and results of operations. Further, in response to the COVID-19 pandemic, including the emergence of new variant strains of COVID-19, many state, local, and foreign governments have put in place, and others in the future may put in place or reinstate, quarantines, executive orders, shelter-in-place orders, and similar government orders and restrictions in order to control the spread of the disease. The reaction to COVID-19, including as a result of such orders or restrictions (or the perception that such orders or restrictions could occur or reoccur), have resulted in business closures, work stoppages, slowdowns, and delays, work-from-home policies, travel restrictions, and cancellation of events, among other effects that could negatively impact productivity and disrupt our operations or those of our customers, partners, suppliers, or vendors or other parties with whom we do business.

In light of the uncertain and evolving situation relating to the spread of COVID-19, we have taken measures intended to help minimize the risk of the virus to our employees and the communities in which we participate. These measures included temporarily suspending all non-essential travel worldwide for our employees, canceling, postponing, or holding virtually any UiPath events and discouraging employee attendance at any industry events or in-person work-related meetings. Although we have recently reopened and may continue to selectively reopen certain of our offices, permit some travel, and hold certain in-person meetings and events in compliance with applicable government orders and public health guidelines, the majority of our employees continue to work remotely. We have a distributed workforce and our employees are accustomed to working remotely and working with others who are working remotely. However, the limitation on in-person travel and in-person meetings could negatively impact our marketing efforts, the length or variability of our sales cycles, our international operations and continued international operations, or the length of our average recruiting cycle for employees across the organization. Further, operational or other challenges could arise as we and our customers, partners, suppliers, and vendors and other parties with whom we do business continue to operate remotely. In addition, our management team has spent, and will likely continue to spend, significant time, attention, and resources monitoring the COVID-19 pandemic and seeking to manage its effects on our business and workforce. COVID-19 could also adversely affect workforces, economies, and financial markets globally, potentially leading to an economic downturn.

and a reduction in customer spending on our products or an inability for our customers, partners, suppliers, or vendors or other parties with whom we do business to meet their contractual obligations.

While it is not possible at this time to predict the duration and extent of the impact that COVID-19 could have on worldwide economic activity and our business in particular, the continued spread of COVID-19, especially in light of the emergence of new variant strains of COVID-19, the timing, distribution, rate of public acceptance, and efficacy of vaccines and other treatments, and the measures taken by governments, businesses, and other organizations in response to COVID-19 could adversely impact our business, financial condition, and results of operations. In addition, as a public company we may provide guidance about our business and future operating results, which we expect will be based on assumptions, estimates, and expectations as of the date such guidance is given. Guidance is necessarily speculative in nature and is inherently subject to significant business, economic, and competitive uncertainties and contingencies, many of which are expected to be beyond our control, such as the global economic uncertainty and financial market conditions caused by the COVID-19 pandemic. If we were to revise or fail to meet our announced guidance or expectations of analysts as a result of these factors, the price of our Class A common stock could be negatively affected. Moreover, to the extent the COVID-19 pandemic adversely affects our business, financial condition, and results of operations, it may also have the effect of heightening many of the other risks described in this “Risk Factors” section, including, but not limited to, those related to our ability to expand within our existing customer base, acquire new customers, develop and expand our sales and marketing capabilities, and expand internationally.

Unfavorable conditions in our industry or the global economy, or reductions in IT spending, could limit our ability to grow our business and negatively affect our results of operations.

Our results of operations may vary based on the impact of changes in our industry or the global economy on us or our customers and potential customers. Unfavorable conditions in the economy both in the United States and abroad, including conditions resulting from changes in gross domestic product growth in the United States or abroad, financial and credit market fluctuations, international trade relations, political turmoil, natural catastrophes, outbreaks of contagious diseases (such as the ongoing COVID-19 pandemic), warfare, and terrorist attacks on the United States, Europe, the Asia Pacific region, or elsewhere, could cause a decrease in business investments, including spending on IT, disrupt the timing and cadence of key industry events, and negatively affect the growth of our business and our results of operations. For example, these types of unfavorable conditions have in the past and could in the future disrupt the timing of and attendance at key industry events, which we rely upon in part to generate sales of our products. If those events are disrupted in the future, our marketing investments, sales pipeline, and ability to generate new customers and sales of our products could be negatively and adversely affected. In addition, our competitors, many of whom are larger and have greater financial resources than we do, may respond to challenging market conditions by lowering prices in an attempt to attract our customers and may be less dependent on key industry events to generate sales for their products. In addition, the increased pace of consolidation in certain industries may result in reduced overall spending on our products. Further, to the extent there is a general economic downturn and our platform is perceived by customers and potential customers as costly, or too difficult to deploy or migrate to, our revenue may be disproportionately affected by delays or reductions in general IT spending. We cannot predict the timing, strength, or duration of any economic slowdown, instability, or recovery, generally or within any particular industry. If the economic conditions of the general economy or markets in which we operate worsen from present levels, our business, results of operations, and financial condition could be adversely affected.

A limited number of customers represent a substantial portion of our revenue and ARR. If we fail to retain these customers, our revenue and ARR could decline significantly.

We derive a substantial portion of our revenue and ARR from sales to our top 10% of customers. As a result, our revenue and ARR could fluctuate materially and could be materially and disproportionately impacted by purchasing decisions of these customers or any other significant future customer. Any of our significant customers may decide to purchase less than they have in the past, may alter their purchasing patterns at any time with limited notice, or may decide not to continue to license our platform and products at all, any of which could cause our revenue and ARR to decline and adversely affect our financial condition and results of operations. If we do not further diversify our customer base, we will continue to be susceptible to risks associated with customer concentration.

We rely on our channel partners to generate a substantial amount of our revenue, and if we fail to expand and manage our distribution channels, our revenue could decline and our growth prospects could suffer.

Our success significantly depends upon maintaining and growing our relationships with a variety of channel partners and we anticipate that we will continue to depend on these partners in order to grow our business. Our channel partners enable us to extend our local and global reach, in particular with smaller customers and in geographies where we have less direct sales presence. For the three and nine months ended October 31, 2021 and 2020, we derived a substantial amount of our revenue from sales through channel partners, and we expect to continue to derive a substantial amount of our revenue from channel partners in future periods. Our agreements with our channel partners are generally non-exclusive and do not prohibit them from working with our competitors or offering competing products, and many of our channel partners may have more established relationships with our competitors. If our channel partners choose to place greater emphasis on products of their own or those offered by our competitors, do not effectively market and sell our products, or fail to meet the needs of our customers, then our ability to grow our business and sell our products may be adversely affected. In addition, the loss of one or more of our larger channel partners, who may cease marketing our products with limited or no notice, and our possible inability to replace them, could adversely affect our sales. Moreover, our ability to expand our distribution channels depends in part on our ability to educate our channel partners about our platform and products, which can be complex. Our failure to recruit additional channel partners, or any reduction or delay in their sales of our products or conflicts between channel sales and our direct sales and marketing activities may harm our results of operations. Even if we are successful, these relationships may not result in greater customer usage of our products or increased revenue. We also bear the risk that our channel partners will fail to comply with U.S. or international anti-corruption or anti-competition laws, in which case we might be fined or otherwise penalized as a result of the agency relationship with such partners.

In addition, the financial health of our channel partners and our continuing relationships with them are important to our success. Some of these channel partners may be unable to withstand adverse changes in economic conditions, which could result in insolvency and/or the inability of such distributors to obtain credit to finance purchases of our products and services. In addition, weakness in the end-user market could negatively affect the cash flows of our channel partners who could, in turn, delay paying their obligations to us, which would increase our credit risk exposure. Our business could be harmed if the financial condition of some of these channel partners substantially weakened and we were unable to timely secure replacement channel partners.

If we and our channel partners fail to provide sufficient high-quality consulting, training, support, and maintenance resources to enable our customers to realize significant business value from our platform, we may see a decrease in customer adoption of our platform.

Our customers sometimes request consulting and training to assist them in integrating our platform into their business, and rely on our customer support personnel to resolve issues and realize the full benefits that our platform provides. As a result, an increase in the number of customers is likely to increase demand for consulting, training, support, and maintenance related to our products. Given that our customer base and products continue to grow, we will need to provide our customers with more consulting, training, support, and maintenance to enable them to realize significant business value from our platform. We rely on our ecosystem of partners that build, train, and certify skills on our technology, as well as deploy our technology on behalf of their customers. We have been increasing our channel partner and customer enablement through our UiPath Academy and other training initiatives designed to create an ecosystem of people that are skilled in the use and integration of our platform in business operations. However, if we and our channel partners are unable to provide sufficient high-quality consulting, training, integration, and maintenance resources, our customers may not effectively integrate our automation platform into their business or realize sufficient business value from our products to justify follow-on sales, which could impact our future financial performance. Additionally, if our channel partners fail to perform or if the brand for any of our channel partners is harmed, our customers may not choose to rely on our channel partners for consulting, training, integration, and maintenance resources as well. Further, some of our customers are industry leaders, and our contracts with them receive significant public attention. If we or our channel partners encounter problems in helping these customers implement our platform or if there is negative publicity regarding these engagements (even if unrelated to our services or products) our reputation could be harmed and our future financial performance could be negatively impacted. Finally, the investments required to meet the increased demand for our consulting services could strain our ability to deliver our consulting engagements at desired levels of profitability, thereby impacting our overall profitability and financial results.

If we are not able to introduce new features or services successfully and to make enhancements to our platform or products, our business and results of operations could be adversely affected.

Our ability to attract new customers and increase revenue from existing customers depends in part on our ability to enhance and improve our platform and to introduce new features and services. To grow our business and remain competitive, we must continue to enhance our platform with features that reflect the constantly evolving nature of automation and AI technology and our customers' evolving needs. The success of new products, enhancements, and developments depends on several factors including, but not limited to: our anticipation of market changes and demands for product features, including successful product design and timely product introduction and conclusion, sufficient customer demand, cost effectiveness in our product development efforts, and the proliferation of new technologies that are able to deliver competitive products and services at lower prices, more efficiently, more conveniently, or more securely. In addition, because our platform is designed to operate with a variety of systems, applications, data, and devices, we will need to continuously modify and enhance our platform to keep pace with changes in such systems. We may not be successful in developing these modifications and enhancements. Furthermore, the addition of features and solutions to our platform will increase our research and development expenses. Any new features that we develop may not be introduced in a timely or cost-effective manner or may not achieve the market acceptance necessary to generate sufficient revenue to justify the related expenses. It is difficult to predict customer adoption of new features. Such uncertainty limits our ability to forecast our future results of operations and subjects us to a number of challenges, including our ability to plan for and model future growth. If we cannot address such uncertainties and successfully develop new features, enhance our software, or otherwise overcome technological challenges and competing technologies, our business and results of operations could be adversely affected.

We also offer professional services including consulting and training and must continually adapt to assist our customers in deploying our platform in accordance with their specific automation strategies. If we cannot introduce new services or enhance our existing services to keep pace with changes in our customers' deployment strategies, we may not be able to attract new customers, retain existing customers, and expand their use of our software or secure renewal contracts, which are important for the future of our business.

We offer free trials and a free tier of our platform to drive awareness of our products, and encourage use and adoption. If these marketing strategies fail to lead to customers purchasing paid licenses, our ability to grow our revenue will be adversely affected.

To encourage awareness, use, familiarity, and adoption of our platform and products, we offer a community edition and enterprise trial version of our software, each of which provides free, online access to certain of our products. This "try-before-you-buy" strategy may not be successful in driving developer education regarding or leading customers to purchase our products. Many users of our free tier may not lead to others within their organization purchasing and deploying our platform and products. To the extent that users do not become, or we are unable to successfully attract paying customers, we will not realize the intended benefits of these marketing strategies and our ability to grow our revenue will be adversely affected.

We target enterprise customers, and sales to these customers involve risks that may not be present or that are present to a lesser extent with sales to smaller entities.

Our enterprise sales force focuses on sales to large enterprise, organizational, and government agency customers. As of October 31, 2021, we had 1,363 customers with ARR of \$100 thousand or more and 135 customers with ARR of \$1.0 million or more, which accounted for approximately 77% and 41% of our revenue, respectively, for the period then ended. As of October 31, 2020, we had 899 customers with ARR of \$100 thousand or more and 74 customers with ARR of \$1.0 million or more, which accounted for approximately 72% and 33% of our revenue, respectively, for the period then ended. See the section titled "[Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Performance Metric](#)," for a description of ARR. Sales to large customers involve risks that may not be present or that are present to a lesser extent with sales to smaller entities, such as longer sales cycles, more complex customer requirements (and higher contractual risk as a result), substantial upfront sales costs, less favorable terms, and less predictability in completing some of our sales. For example, enterprise customers may require considerable time to evaluate and test our solution and those of our competitors prior to making a purchase decision and placing an order. A number of factors influence the length and variability of our sales cycle, including the need to educate potential customers about the uses and benefits of our automation platform and products, the discretionary nature of purchasing and budget cycles and, the competitive nature of evaluation and purchasing approval processes. As a result, the length of our sales cycle, from identification of the opportunity to deal closure, may vary significantly from customer to customer, with sales to large

enterprises typically taking longer to complete and requiring greater organizational resources. Moreover, large enterprise customers often begin to deploy our products on a limited basis, but nevertheless demand configuration, integration services, and pricing negotiations, which increase our upfront investment in the sales effort with no guarantee that these customers will deploy our products widely enough across their organization to justify our substantial upfront investment.

Real or perceived errors, failures, or bugs in our platform and products could adversely affect our business, results of operations, financial condition, and growth prospects.

Our platform and products are complex and use novel technology. Undetected errors, failures, or bugs have occurred in our platform and products in the past and may occur in the future. Our platform and products are used throughout our customers' business environments and with different operating systems, system management software, applications, devices, databases, servers, storage, middleware, custom and third-party applications and equipment, and networking configurations, which may cause errors or failures in the business environment into which our platform and products are deployed. This diversity of applications increases the likelihood of errors or failures in those business environments. Despite testing by us, real or perceived errors, failures, or bugs may not be found until our customers use our platform and products. Such failures or bugs can cause reputational damage, and in some cases can affect our revenue due to the impact of service level commitments that we offer to our customers, as described below.

Our platform and products also empower our customers to develop their own use cases for our automation platform and products. We cannot guarantee that these user-developed automations will be effective or that they do not include errors, failures, or bugs that then may be attributed, correctly or not, to our underlying technologies. For instance, our customers may use our products in a manner in which they were not intended and that could cause our platform or products to be implicated in any resulting errors or failures. Real or perceived errors, failures, or bugs in our platform and products could result in negative publicity, loss of or delay in market acceptance of our platform and products, regulatory investigations and enforcement actions, harm to our brand, weakening of our competitive position, claims by customers for losses sustained by them, or failure to meet the stated service level commitments in our customer agreements. In such an event, we may be required, or may choose, for customer relations or other reasons, to expend significant additional resources in order to help correct the problem. Any errors, failures, or bugs in our platform or products could also impair our ability to attract new customers, retain existing customers, or expand their use of our software, which would adversely affect our business, results of operations, and financial condition.

Incorrect or improper implementation or use of our platform and products could result in customer dissatisfaction and harm our business, results of operations, financial condition, and growth prospects.

Our automation platform and products and related services are designed to be deployed in a wide variety of technology environments, including in large-scale, complex technology environments across a wide range of use cases. We believe our future success will depend, at least in part, on our ability and the ability of our channel partners to support such deployments. Implementations of our platform may be technically complicated and it may not be easy to maximize the value of our platform without proper implementation and training. If our customers are unable to implement our platform successfully, or in a timely manner, or if our customers perceive that the implementation of our platform is too complex or time consuming, customer perceptions of our company and our software may be impaired, our reputation and brand may suffer, and customers may choose not to renew their licenses or increase their purchases of our related services.

We regularly train our customers and channel partners in the proper use of and the variety of benefits that can be derived from our automation platform and products to maximize its potential. We and our channel partners often work with our customers to achieve successful implementations, particularly for large, complex deployments. Our failure or the failure of our channel partners to train customers on how to efficiently and effectively deploy and use our platform and products, or our failure or the failure of our channel partners to provide effective support or professional services to our customers, whether actual or perceived, may result in negative publicity or legal actions against us. Also, as we continue to expand our customer base, any actual or perceived failure by us or our channel partners to properly provide these services will likely result in lost opportunities for follow-on sales of our related services.

We rely upon third-party providers of cloud-based infrastructure to host our cloud-based products. Any disruption in the operations of these third-party providers, limitations on capacity, or interference with our use could adversely affect our business, financial condition, and results of operations.

Our continued growth depends in part on the ability of our existing and potential customers to continue to adopt and utilize our cloud-based products in conjunction with our platform. We outsource substantially all of the infrastructure relating to our cloud-based products to third-party hosting services. Customers of our cloud-based products expect to be able to access these products at any time, without material interruption or degradation of performance. Our cloud-based products depend on protecting the virtual cloud infrastructure hosted by third-party hosting services by maintaining its configuration, architecture, features, and interconnection specifications, as well as the information stored in these virtual data centers, which is transmitted by third-party internet service providers. Any disruption as a result of cyber-attacks or similar issues, or any limitation on the capacity of our third-party hosting services, could impede our ability to onboard new customers or expand the usage of our existing customers or otherwise adversely affect our business, which could adversely affect our financial condition and results of operations. Due to the fact that we rely on third-party providers of cloud-based infrastructure to host our cloud-based products, it may become increasingly difficult to maintain and improve their performance, especially during peak usage times and as our cloud capabilities become more complex and our user traffic increases, because we do not control the infrastructure supporting these services. In addition, any incident affecting our third-party hosting services' infrastructure that may be caused by cyber-attacks, natural disasters, fire, flood, severe storm, earthquake, power loss, telecommunications failures, outbreaks of contagious diseases, terrorist or other attacks, and other similar events beyond our control could negatively affect our cloud-based products. If our cloud-based products are unavailable or if our users are unable to access our cloud-based products within a reasonable amount of time or at all, we may experience a loss of customers, lost or delayed market acceptance of our platform and products, delays in payment to us by customers, injury to our reputation and brand, legal claims against us, and the diversion of our resources. We may also incur significant costs for using alternative equipment or taking other actions in preparation for, or in reaction to, events that damage the third-party hosting services we use.

In the event that our service agreements with our third-party hosting services are terminated, or there is a lapse of service, elimination of services or features that we utilize, interruption of internet service provider connectivity or damage to such facilities, we could experience interruptions in access to our cloud-based products as well as significant delays and additional expense in arranging or creating new facilities and services and/or re-architecting our cloud-based products for deployment on a different cloud infrastructure service provider, which could adversely affect our business, financial condition, and results of operations.

We expect fluctuations in our financial results, making it difficult to project future results, and if we fail to meet the expectations of securities analysts or investors with respect to our results of operations, our stock price and the value of your investment could decline.

Our results of operations have fluctuated in the past and are expected to fluctuate in the future due to a variety of factors, many of which are outside of our control. As a result, our past results may not be indicative of our future performance. In addition to the other risks described herein, factors that may affect our results of operations include the following:

- fluctuations in demand for or pricing of our platform and products;
- fluctuations in usage of our platform and products;
- fluctuations in our mix of revenue from licenses and service arrangements;
- our ability to attract new customers;
- our ability to retain our existing customers;
- customer expansion rates and the pricing and quantity of licenses renewed;
- timing and amount of our investments to expand the capacity of our third-party cloud infrastructure providers;
- seasonality;
- the investment in new products and features relative to investments in our existing infrastructure and products;
- the timing of our customer purchases;

- fluctuations or delays in purchasing decisions in anticipation of new products or enhancements by us or our competitors;
- changes in customers' budgets and in the timing of their budget cycles and purchasing decisions;
- our ability to control costs, including our operating expenses;
- the amount and timing of payment for operating expenses, particularly sales and marketing and research and development expenses, including commissions;
- the amount and timing of non-cash expenses, including stock-based compensation, goodwill impairments, and other non-cash charges;
- the amount and timing of costs associated with recruiting, training, and integrating new employees and retaining and motivating existing employees;
- the effects of acquisitions and their integration;
- general economic conditions, both domestically and internationally, as well as economic conditions specifically affecting industries in which our customers participate;
- the impact of new accounting pronouncements;
- changes in regulatory or legal environments that may cause us to incur, among other elements, expenses associated with compliance;
- changes in the competitive dynamics of our market, including consolidation among competitors or customers; and
- significant security breaches of, technical difficulties with, or interruptions to, the delivery and use of our products and platform capabilities.

Any of these and other factors, or the cumulative effect of some of these factors, may cause our results of operations to vary significantly. If our quarterly results of operations fall below the expectations of investors and securities analysts who follow our stock, the price of our Class A common stock could decline substantially, and we could face lawsuits that are costly and may divert management's attention, including securities class action suits.

Seasonality may cause fluctuations in our sales and results of operations.

Historically, we have experienced seasonality in new and renewal customer bookings, as typically we enter into a higher percentage of license agreements with new customers and renewals with existing customers in the fourth quarter of our fiscal year. We believe that this seasonality results from the procurement, budgeting, and deployment cycles of many of our customers, particularly our enterprise customers. While we believe that this seasonality has affected and will continue to affect our quarterly results, our rapid growth has largely masked seasonal trends to date. We expect that this seasonality will become more pronounced as we continue to target larger enterprise customers and as our rapid growth begins to slow. Seasonal fluctuations in our sales means that our revenue may not be consistent from period to period. Accordingly, you should not expect our quarterly results to be predictive of any future period.

Our key operating metric, ARR, and certain other operational data in this report are subject to assumptions and limitations and may not provide an accurate indication of our future or expected results.

ARR is based on numerous assumptions and limitations, is calculated using our internal data that have not been independently verified by third parties, and may not provide an accurate indication of our future or expected results. We define ARR as annualized invoiced amounts per solution SKU from subscription licenses and maintenance obligations assuming no increases or reductions in their subscriptions. ARR does not include the costs we may incur to obtain such subscription licenses or provide such maintenance, and does not include invoiced amounts reported as perpetual licenses or professional services revenue in our condensed consolidated statements of operations. ARR is not a forecast of revenue and does not reflect any actual or anticipated reductions in invoiced value due to contract non-renewals or service cancellations other than for specific bad debt or disputed amounts. As a result, ARR and our other operational data may not reflect our actual performance, and investors should consider these metrics in light of the assumptions used in calculating such metrics and limitations as a result thereof. In addition, investors should not place undue reliance on these metrics as an indicator of our future or expected results. Moreover, these metrics may differ from similarly titled metrics presented by other companies and may not

be comparable to such other metrics. See the sections titled “[Management’s Discussion and Analysis of Financial Condition and Results of Operations—Key Performance Metric](#)” for additional information regarding our ARR.

If the estimates and assumptions we have used to calculate the size of our addressable market opportunity are inaccurate, our future growth rate may be limited.

We have estimated the size of our addressable market opportunity based on data published by third parties and on internally generated data and assumptions. While we believe our market size information is generally reliable, such information is inherently imprecise, and relies on our and third parties’ projections, assumptions, and estimates within our target market, which are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in this report. If such third-party or internally generated data prove to be inaccurate or we make errors in our projections, assumptions, or estimates based on that data, including how current customer data and trends may apply to potential future customers and the number and type of potential customers, our addressable target market opportunity and/or our future growth rate may be less than we currently estimate. In addition, these inaccuracies or errors may cause us to misallocate capital and other business resources, which could divert resources from more valuable alternative projects and harm our business.

The variables that go into the calculation of our market opportunity are subject to change over time, and there is no guarantee that any particular number or percentage of addressable users or companies covered by our addressable target market opportunity estimates will purchase our products at all or generate any particular level of revenue for us. Any expansion in our market depends on a number of factors, including the cost, performance, and perceived value associated with our platform and products and those of our competitors. Even if our target market meets our size estimates, our business could fail to grow at similar rates, if at all. Our growth is subject to many factors, including our success in expanding our international operations, continuing to expand the use of our products by our customers and otherwise implementing our business strategy, which are subject to many risks and uncertainties. Accordingly, the information regarding the size of our addressable market opportunity included in this report should not be taken as indicative of our future growth.

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

We have funded our operations since inception primarily through customer payments and net proceeds from sales of equity securities. We cannot be certain when or if our operations will generate sufficient cash to fully fund our ongoing operations, our planned investments or the growth of our business. We also intend to continue to invest heavily to grow our business to take advantage of our market opportunity rather than optimize for profitability or cash flow in the near term. For example, in the fiscal year ended January 31, 2021 and in the current fiscal year, we have continued our focus on demonstrating the operational leverage in our business model, while prioritizing investments to allow us to continue to achieve best-in-class growth and business scale and to capitalize on our significant market opportunity. Our planned investments to drive growth may require us to engage in equity or debt financings to secure additional funds. Additional financing may not be available on terms favorable to us, if at all. If adequate funds are not available on acceptable terms, we may be unable to invest in future growth opportunities, which could harm our business, operating results, and financial condition. If we incur debt, the debt holders would have rights senior to holders of Class A common stock to make claims on our assets, and the terms of any future debt could restrict our operations, including our ability to pay dividends on our Class A common stock. Furthermore, if we issue additional equity securities, stockholders will experience dilution, and the new equity securities could have rights senior to those of our Class A common stock. Because our decision to issue securities in the future will depend on numerous considerations, including factors beyond our control, we cannot predict or estimate the amount, timing, or nature of any future issuances of debt or equity securities. As a result, our stockholders bear the risk of future issuances of debt or equity securities reducing the value of our Class A common stock and diluting their interests.

If we fail to maintain and enhance our brand, our ability to expand our customer base will be impaired and our business, financial condition, and results of operations may suffer.

We believe that maintaining and enhancing the UiPath brand is important to support the marketing and sale of our existing and future products to new customers and expand sales of our platform and products to existing customers. We also believe that the importance of brand recognition will increase as competition in our market increases. Successfully maintaining and enhancing our brand will depend largely on the effectiveness of our marketing efforts, our ability to provide reliable products that continue to meet the needs of our customers at competitive prices, our ability to maintain our customers’ trust, our ability to show that our products improve

efficiency for our customers while improving engagement and satisfaction of their employees, our ability to continue to develop new functionality and use cases, our ability to successfully differentiate our products and platform capabilities from competitive products and our ability to adequately obtain and protect our trademarks and trade names. Our brand promotion activities may not generate customer awareness or yield increased revenue, and even if they do, any increased revenue may not offset the expenses we incur in building our brand.

Our ability to maintain and enhance our brand may also be subject to factors that are outside of our control. For instance, media stories regarding the potential effects on employment of automation and technologies that replace traditional, human-driven systems are commonplace. Unfavorable publicity regarding the impact automation may have on unemployment could harm our brand and reputation, even if unrelated to our products. Such negative publicity could also reduce the potential demand and size of the market for our products and decrease our revenue.

We may not be able to protect all of our registered or unregistered trademarks or trade names relevant to our brand and our rights may be challenged, infringed, circumvented, declared generic, lapsed, or determined to be infringing on or dilutive of other marks. If we are unable to protect our rights in these trademarks and trade names, third parties may file for registration of trademarks similar or identical to our trademarks, thereby impeding our ability to build brand identity and possibly leading to market confusion. If we fail to successfully promote and maintain our brand, our business, financial condition, and results of operations may suffer.

If we cannot maintain our company culture as we grow, our success and our business and competitive position may be harmed.

We believe our culture has been a key contributor to our success to date and that the critical nature of the technology that we develop promotes a sense of greater purpose and fulfillment in our employees. We have developed a culture in which our employees adhere to our core tenets of being humble, bold, immersed, and fast. As we continue to hire more employees to keep pace with our growth, it may become more difficult for us to find employees that exhibit these virtues or to instill them in our new employees. Any failure to preserve our culture could negatively affect our ability to retain and recruit personnel, which is critical to our growth, and to effectively focus on and pursue our corporate objectives. As we grow and develop the infrastructure of a public company, we may find it difficult to maintain these important aspects of our culture. If we fail to maintain our company culture, our business and competitive position may be harmed.

Indemnity provisions in various agreements to which we are party potentially expose us to substantial liability for infringement, misappropriation, or other violation of intellectual property rights, data protection, and other losses.

Our agreements with our customers and other third parties may include indemnification provisions under which we agree to indemnify or otherwise be liable to them for losses suffered or incurred as a result of claims of infringement, misappropriation, or other violation of intellectual property rights, data protection, damages caused by us to property or persons, or other liabilities relating to or arising from our software, services, or platform, our acts or omissions under such agreements, or other contractual obligations. Some of these indemnity agreements provide for uncapped liability and some indemnity provisions survive termination or expiration of the applicable agreement. Large indemnity payments could harm our business, financial condition, and results of operations. Although we attempt to contractually limit our liability with respect to such indemnity obligations, we are not always successful and may still incur substantial liability related to them, and we may be required to cease use of certain functions of our platform or products as a result of any such claims. Any dispute with a customer or other third party with respect to such obligations could have adverse effects on our relationship with such customer or other third party and other existing or prospective customers, reduce demand for our products and services, and adversely affect our business, financial conditions, and results of operations. In addition, although we carry general liability and cyber security insurance, our insurance may not be adequate to indemnify us for all liability that may be imposed or otherwise protect us from liabilities or damages with respect to claims alleging compromises of customer data, and any such coverage may not continue to be available to us on acceptable terms or at all.

Acquisitions, strategic investments, partnerships, or alliances could be difficult to identify, pose integration challenges, divert the attention of management, disrupt our business, dilute stockholder value, and adversely affect our business, financial condition, and results of operations.

We have in the past and may in the future seek to acquire or invest in businesses, joint ventures, products and platform capabilities, or technologies that we believe could complement or expand our services and platform capabilities, enhance our technical capabilities, or otherwise offer growth opportunities. Further, the proceeds from

our IPO increased the likelihood that we will devote resources to exploring larger and more complex acquisitions and investments than we have previously attempted. Any such acquisition or investment may divert the attention of management and cause us to incur various expenses in identifying, investigating, and pursuing suitable opportunities, whether or not the transactions are completed, and may result in unforeseen operating difficulties and expenditures. In particular, we may encounter difficulties assimilating or integrating the businesses, technologies, products and platform capabilities, personnel or operations of any acquired companies, particularly if the key personnel of an acquired company choose not to work for us, their software is not easily adapted to work with our platform, or we have difficulty retaining the customers of any acquired business due to changes in ownership, management, or otherwise. For instance, we previously acquired certain products to support our platform's technology through third-party acquisitions, and we may similarly acquire additional technologies in the future to further support the development of our platform. If we cannot adequately integrate these technologies into our platform or if the acquired technologies do not perform as expected, it may harm our product development efforts. Additionally, these transactions may also disrupt our business, divert our resources, and require significant management attention that would otherwise be available for development of our existing business. Any such transactions that we are able to complete may not result in any synergies or other benefits we had expected to achieve, which could result in impairment charges that could be substantial. In addition, we may not be able to find and identify desirable acquisition targets or business opportunities or be successful in entering into an agreement with any particular strategic partner. These transactions could also result in dilutive issuances of equity securities or the incurrence of debt, which could adversely affect our results of operations. In addition, if the resulting business from such a transaction fails to meet our expectations, our business, financial condition, and results of operations may be adversely affected or we may be exposed to unknown risks or liabilities.

Our business, financial condition, results of operations, or cash flows could be significantly hindered by the occurrence of a natural disaster, terrorist attack, or other catastrophic event.

Our business operations may be susceptible to outages due to fire, floods, unusual weather conditions, power loss, telecommunications failures, terrorist attacks, and other events beyond our control. Natural disasters including tornados, hurricanes, floods, and earthquakes may damage the facilities of our customers or those of their suppliers or retailers or their other operations, which could lead to reduced revenue for our customers and thus reduced sales. In addition, a substantial portion of our operations rely on support from our headquarters in New York City and our office in Bucharest, Romania. To the extent that fire, floods, unusual weather conditions, power loss, telecommunications failures, terrorist attacks, and other events beyond our control materially impacts our ability to operate those offices, it may have a material impact on our business operations as a whole.

To the extent that such events disrupt our business or the business of our current or prospective customers, or adversely impact our reputation, such events could adversely affect our business, financial condition, results of operations, and cash flows.

Any future litigation against us could be costly and time-consuming to defend.

We are, and may in the future become, subject to legal proceedings and claims that arise in the ordinary course of business, such as claims brought by our customers in connection with commercial disputes or employment claims made by our current or former employees. Litigation might result in substantial costs and may divert management's attention and resources, which might seriously harm our business, financial condition, and results of operations. Insurance might not cover such claims, might not provide sufficient payments to cover all the costs to resolve one or more such claims, and might not continue to be available on terms acceptable to us. A claim brought against us that is uninsured or underinsured could result in unanticipated costs, potentially harming our business, financial position, and results of operations.

Risks Related to Data Privacy and Cybersecurity

We are subject to stringent and changing laws, regulations and standards, information security policies, and contractual obligations related to data privacy and security.

We collect, receive, access, generate, store, disclose, share, make accessible, protect, secure, and dispose of, use, and otherwise process (collectively "Process" or "Processing") business and personal information about individuals, customers and others and other sensitive and confidential information necessary to operate our business, for legal and marketing purposes, and for other business-related purposes. As a result, we may be subject to numerous federal, state, local, and international foreign laws orders, codes, regulations and regulatory guidance regarding privacy, data protection, information security, and the Processing and protection of personal

information and other content, or Data Protection Laws. We are also subject to the terms of our internal and external privacy and security policies codes, representations, certifications, industry standards, publications, and frameworks, or Privacy Policies, and obligations to third parties related to privacy, data protection, and information security (collectively, "Data Protection Obligations").

Data privacy has become a significant issue in the United States, countries in Europe, including the European Union, or EU, and the United Kingdom, and in many other countries in which we operate and where we offer our platform for sale. The regulatory framework for privacy issues worldwide is rapidly evolving and is likely to remain uncertain for the foreseeable future. Many government bodies and agencies have adopted or are considering adopting laws and regulations regarding the collection, use, storage, and disclosure of personal information and breach notification procedures. We are also required to comply with laws, rules, and regulations relating to data security. Interpretation of these Data Protection Laws and their application to our platform in applicable jurisdictions is ongoing and cannot be fully determined at this time.

In the United States, these include rules and regulations promulgated under the authority of the Federal Trade Commission, the Electronic Communications Privacy Act, the Computer Fraud and Abuse Act, the California Consumer Privacy Act, or CCPA, and other U.S. state and federal laws relating to privacy and data security. The CCPA requires covered businesses to provide new disclosures to California residents and to provide them new ways to opt-out of the sale of personal information, and provides a private right of action and statutory damages for data breaches. Although there are limited exemptions under the CCPA (for example, business-to-business communications), the CCPA could impact our business depending on how the CCPA will be interpreted and exemplifies the vulnerability of our business to the evolving regulatory environment related to personal information. The CCPA may increase our compliance costs and potential liability. In addition, California voters approved the California Privacy Rights Act of 2020, or CPRA, which goes into effect on January 1, 2023. The CPRA expands the CCPA with additional data privacy compliance requirements that may impact our business, and establishes a regulatory agency dedicated to enforcing those requirements. It is expected that the CPRA would, among other things, give California residents the ability to limit the use of their sensitive information, provide for penalties for CPRA violations concerning California residents under the age of 16, and establish a new California Privacy Protection Agency to implement and enforce the law. Other jurisdictions in the United States are beginning to propose and enact laws that are similar to the CCPA, with potentially greater penalties, and more rigorous compliance requirements relevant to our business. For example, Virginia and Colorado have similarly enacted comprehensive privacy laws, the Virginia Consumer Data Protection Act and Colorado Privacy Act, respectively, which emulate the CCPA and CPRA in many respects. The Virginia Consumer Data Protection Act takes effect on January 1, 2023, and the Colorado Privacy Act takes effect on July 1, 2023. Compliance with any newly enacted privacy and data security laws or regulations may be challenging and cost- and time-intensive, and may require us to modify our data processing practices and policies and to incur substantial costs and potential liability in an effort to comply with such legislation, all of which could increase our potential liability and adversely affect our business, results of operations, and financial condition.

As a result of our international operations, we must comply with a multitude of data security and privacy laws that may vary significantly from jurisdiction to jurisdiction. Virtually every jurisdiction in which we operate has established or is in the process of establishing data security and privacy legal frameworks with which we or our customers must comply. Our failure to comply with the laws of each jurisdiction may subject us to significant penalties. For example, the data protection landscape in Europe is currently unstable, resulting in possible significant operational costs for internal compliance and risk to our business. The European Economic Area, or EEA, and Switzerland adopted the General Data Protection Regulation, or GDPR, which went into effect in May 2018. Also, notwithstanding the United Kingdom's withdrawal from the EU, known as Brexit, the data protection obligations of the GDPR continue to apply to United Kingdom-related processing of personal data in substantially unvaried form under the so-called "UK GDPR" (i.e., the GDPR as it continues to form part of law in the United Kingdom by virtue of section 3 of the European Union (Withdrawal) Act 2018, as amended (including by the various Data Protection, Privacy and Electronic Communications (Amendments etc) (EU Exit) Regulations)). Accordingly, references in this section to the GDPR are also deemed to be references to the UK GDPR in the context of the United Kingdom, unless the context requires otherwise.

The GDPR has "extra-territorial" reach in that it applies to any controller or processor of personal data that processes personal data in the context of an establishment in the EEA or United Kingdom (as applicable), or to a controller or processor with no establishment in the EEA or United Kingdom (as applicable) where their processing concerns the offering of goods or services to individuals in the EEA or United Kingdom (as applicable) and/or the monitoring of their behavior.

The GDPR has increased, and will continue to increase, our compliance burdens, including by introducing: increased accountability and record-keeping obligations; increased transparency obligations for data controllers; obligations to comply with data subjects' exercise of an increased set of rights in certain circumstances (such as rights for individuals to be "forgotten," rights to data portability, rights to object, etc., together with express rights to seek legal remedies in the event the individual believes his or her rights have been violated); a heightened and more-codified standard of data subject consent; and the obligation to notify certain significant personal data breaches to the relevant supervisory authority(ies) and affected individuals. Fines of up to 20 million euros or up to 4% of the annual global revenue (and/or in respect of the UK GDPR, fines of up to 17.5 million pounds or up to 4% of the annual global revenue) of the noncompliant company, whichever is greater, could be imposed for violations of certain of the GDPR's requirements. The transposition of the GDPR into United Kingdom domestic law by way of the UK GDPR exposes us to two parallel regimes, each of which authorizes potential fines and other potentially divergent enforcement actions. Such penalties are in addition to any civil litigation claims by customers and data subjects. The GDPR requirements apply not only to third-party transactions, but also to transfers of information between us and our subsidiaries, including employee information.

The GDPR also provides that EEA member states may make their own national laws and regulations to introduce specific requirements, including in respect of the processing of "special categories of personal data," including personal data related to health, as well as personal data related to criminal offenses or convictions. In the United Kingdom, the Data Protection Act 2018 complements the UK GDPR in this regard. This may lead to greater divergence in the application, interpretation and enforcement of the law that applies to the processing of personal data across the EEA and/or United Kingdom, compliance with which, as and where applicable, may increase our costs and could increase our overall compliance risk. Such country-specific regulations could also limit our ability to collect, use and share data in the context of our EEA and/or UK operations, and/or could cause our compliance costs to increase, ultimately having an adverse impact on our business and harming our business and financial condition.

European data protection laws including the GDPR also prohibit the transfer of personal data from Europe, including the EEA, United Kingdom, and Switzerland, to the United States and other countries, known as "third countries," in respect of which the European Commission or other relevant regulatory body has not issued a so-called "adequacy decision," unless the parties to the transfer have implemented specific safeguards to protect the transferred personal data. One of the primary safeguards used for transfers of personal data from the EU to the United States, namely, the Privacy Shield framework administered by the U.S. Department of Commerce, was invalidated in July 2020 by a decision, known as 'Schrems II', of the EU's highest court. The Swiss Federal Data Protection and Information Commissioner also subsequently opined that the Swiss-U.S. Privacy Shield is inadequate for transfers of data from Switzerland to the United States and the use of the EU-U.S. Privacy Shield was also invalidated as a mechanism for lawful personal data transfers from the United Kingdom to the United States under the UK GDPR. The Schrems II decision also casts doubt on our ability to use one of the primary alternatives to the Privacy Shield, namely, the European Commission's Standard Contractual Clauses, to lawfully transfer personal data from Europe to the United States and most other countries.

On June 4, 2021, the European Commission published new versions of the Standard Contractual Clauses. These must be used for all new transfers of personal data from the EEA to third countries and all existing transfers of personal data from the EEA to third countries relying on the previous versions of the Standard Contractual Clauses must be replaced by December 27, 2022. The implementation of the new Standard Contractual Clauses has and will continue to necessitate significant contractual overhaul of our data transfer arrangements with customers, sub-processors and vendors.

Use of both the existing and the new Standard Contractual Clauses must, following the Schrems II decision, now be assessed on a case-by-case basis taking into account the legal regime applicable in the destination country, in particular applicable surveillance laws and rights of individuals, and additional supplementary technical, organizational and/or contractual measures may need to be put in place.

At present, there are few if any viable alternatives to the Standard Contractual Clauses, and there remains some uncertainty with respect to the nature and efficacy of such supplementary measures in ensuring an adequate level of protection of personal data. As such, our transferring of personal data from Europe to the United States and other third countries may not comply with European data protection law; may increase our exposure to the GDPR's heightened sanctions for violations of its cross-border data transfer restrictions; and may reduce demand for our services from companies subject to European data protection laws. Loss of our ability to transfer personal data from Europe to the United States and other third countries may also require us to increase our data processing

capabilities in those jurisdictions at significant expense. Inability to import personal information from Europe to the United States and other third countries may decrease demand for our products and services as our customers that are subject to the GDPR may seek alternatives that do not involve personal information transfers out of Europe. Additionally, other countries outside of Europe have enacted or are considering enacting similar cross-border data transfer restrictions and laws requiring local data residency, which could increase the cost and complexity of delivering our services and operating our business.

Furthermore, following Brexit, the relationship between the United Kingdom and the EEA in relation to certain aspects of data protection law remains somewhat uncertain. On June 28, 2021, the European Commission issued an adequacy decision under the GDPR which allows transfers (other than those carried out for the purposes of United Kingdom immigration control) of personal data from the EEA to the United Kingdom to continue without restriction for a period of four years ending June 27, 2025. After that period, the adequacy decision may be renewed, however, only if the United Kingdom continues to ensure an adequate level of data protection. During these four years, the European Commission will continue to monitor the legal situation in the United Kingdom and could intervene at any point if the United Kingdom deviates from the level of data protection in place at the time of issuance of the adequacy decision. If the adequacy decision is withdrawn or not renewed, transfers of personal data from the EEA to the United Kingdom will require a valid 'transfer mechanism' and we may be required to implement new processes and put new agreements in place, such as SCCs, to enable transfers of personal data from the EEA to the United Kingdom to continue.

In addition, while the UK data protection regime currently permits data transfers from the United Kingdom to the EEA and other third countries covered by a European Commission adequacy decision, and currently includes a framework to permit the continued use of the previous version of the EU Standard Contractual Clauses and binding corporate rules for personal data transfers from the United Kingdom to third countries, this is subject to change in the future, and any such changes could have implications for our transfers of personal data from the United Kingdom to the EEA and other third countries. In particular, the UK Information Commissioner's Office has recently published a draft version of its own bespoke International Data Transfer Agreement, or IDTA, and UK Addendum to the EU Standard Contractual Clauses. This could, in the future, necessitate the implementation of the UK IDTA, UK Addendum to the EU Standard Contractual Clauses and/or new EU Standard Contractual Clauses which would require significant resources and necessitate significant cost, to implement and manage.

Additionally, countries outside of Europe, including without limitation Brazil that recently enacted the General Data Protection Law, or LGPD, are implementing significant limitations on the processing of personal information similar to those in the GDPR.

Complying with Data Protection Laws and Data Protection Obligations may cause us to incur substantial operational costs or require us to change our business practices. Despite our efforts to bring practices into compliance with these Data Protection Laws and Data Protection Obligations, we may not be successful in our efforts to achieve compliance either due to internal or external factors such as resource allocation limitations or a lack of vendor cooperation. Noncompliance could result in proceedings against us by governmental and regulatory entities, customers, data subjects or others. We may also experience difficulty retaining or obtaining new European or multi-national customers due to the legal requirements, compliance cost, potential risk exposure and uncertainty for these entities, and we may experience significantly increased liability with respect to these customers pursuant to the terms set forth in our engagements with them. In addition to government regulation, privacy advocates and industry groups may propose new and different self-regulatory standards that may apply to us. Because the interpretation and application of Data Protection Laws and Data Protection Obligations are uncertain, it is possible that these Data Protection Laws and Data Protection Obligations may be interpreted and applied in a manner that is inconsistent with our existing data management practices or the features of our platform or in a manner inconsistent across the various jurisdictions in which we operate. If so, in addition to the possibility of fines, lawsuits, and other claims, we could be required to fundamentally change our business activities and practices or modify our platform, which could have an adverse effect on our business. Any inability to adequately address privacy concerns, even if unfounded, or comply with applicable Data Protection Laws and Data Protection Obligations could result in additional cost and liability to us, damage our reputation, inhibit sales, and adversely affect our business, results of operations, and financial condition.

Additionally, we publish Privacy Policies and other documentation regarding our Processing of personal information. Although we endeavor to comply with our Privacy Policies and other Data Protection Obligations, we may at times fail to do so or may be perceived to have failed to do so. Moreover, despite our efforts, we may not be successful in achieving compliance if our employees, contractors, service providers, or vendors fail to comply with

our published policies and documentation. Such failures can subject us to potential foreign, federal, state, and local action if they are found to be deceptive, unfair, or misrepresentative of our actual practices. Claims that we have violated individuals' privacy rights or failed to comply with Privacy Policies and other Data Protection Obligations, even if we are not found liable, could be expensive and time-consuming to defend and could result in adverse publicity that could harm our business.

If the security of the personal information that we (or our vendors) collect, store, or process is compromised or is otherwise accessed without authorization, or if we fail to comply with our commitments and assurances regarding the privacy and security of such information, our reputation may be harmed and we may be exposed to liability and loss of business.

We Process data about individuals and customers, including personally identifiable information, as well as other confidential or proprietary information. We may use third-party service providers and sub-processors to help us deliver services to our customers. These vendors may store or process personal information on our behalf.

Cyberattacks and other malicious internet-based activity continue to increase. In addition to traditional computer "hackers," malicious code (such as viruses and worms), employee theft or misuse, and denial-of-service attacks, sophisticated nation-state and nation-state supported actors now engage in attacks (including advanced persistent threat intrusions). We cannot guarantee that our or our vendors' security measures will be sufficient to protect against unauthorized access to or other compromise of personal information and our confidential or proprietary information. Due to the COVID-19 pandemic, our employees are temporarily working remotely, which may pose additional data security risks. While we and our third-party service providers have implemented security measures, technical controls, contractual precautions, and other significant measures designed to identify, detect, and guard against the type of activity that can lead to data breaches or other unauthorized Processing of our data, the techniques used to sabotage or to obtain unauthorized access to our or our vendors' platforms, systems, networks and/or physical facilities in which data is stored or through which data is transmitted change frequently, and we or our vendors may be unable to implement adequate preventative measures or stop security breaches while they are occurring. The recovery systems, security protocols, network protection mechanisms, and other security measures that we have integrated into our platform, systems, networks, and physical facilities and any such measures implemented by our vendors, which are designed to protect against, detect, and minimize security breaches, may not be adequate to prevent or detect service interruption, system failure, or data loss. Our platform, systems, networks, and physical facilities, and those of our vendors, in the past have been, and in the future could be, breached and personal information has been and could be otherwise compromised. Third parties could attempt to fraudulently induce our employees or our customers to disclose information or usernames and/or passwords, or otherwise compromise the security of our platform, networks, systems, and/or physical facilities. Third parties have exploited in the past, and could exploit in the future, vulnerabilities in, or could obtain unauthorized access to, platforms, systems, networks, and/or physical facilities utilized by our vendors.

We are required to comply with laws, rules, regulations and other obligations that require us to maintain the security of personal information. We may have contractual and other legal obligations to notify relevant stakeholders of security breaches. We operate in an industry that is prone to cyber-attacks. We have previously and may in the future become the target of cyber-attacks by third parties seeking unauthorized access to such data, including our or our customers' data or to disrupt our ability to provide our services. Failure to prevent or mitigate cyber-attacks could result in the unauthorized access to personal information. Most jurisdictions have enacted laws requiring companies to notify individuals, regulatory authorities, and others of security breaches involving certain types of data. In addition, our agreements with certain customers and partners may require us to notify them in the event of a security breach. Such mandatory disclosures are costly, could lead to negative publicity, may cause our customers to lose confidence in the effectiveness of our security measures and require us to expend significant capital and other resources to respond to and/or alleviate problems caused by the actual or perceived security breach. A security breach of any of our vendors that processes personal information of our customers may pose similar risks. The costs to respond to a security breach and/or to mitigate any security vulnerabilities that may be identified could be significant, our efforts to address these issues may not be successful, and these issues could result in interruptions, delays, cessation of service, negative publicity, loss of customer trust, diminished use of our products and services as well as other harms to our business and our competitive position. Remediation of any potential security breach may involve significant time, resources, and expenses. Any security breach may result in regulatory inquiries, litigation or other investigations, and can affect our financial and operational condition.

A security breach may cause us to breach customer contracts. Our agreements with certain customers may require us to use industry-standard or reasonable measures to safeguard personal information. We also may be

subject to laws that require us to use industry-standard or reasonable security measures to safeguard personal information. A security breach could lead to claims by our customers or other relevant stakeholders that we have failed to comply with such legal or contractual obligations. As a result, we could be subject to legal action or our customers could end their relationships with us. There can be no assurance that the limitations of liability in our contracts would be enforceable or adequate or would otherwise protect us from liabilities or damages, and in some cases our customer agreements do not limit our remediation costs or liability with respect to data breaches.

Litigation resulting from security breaches may adversely affect our business. Unauthorized access to our platform, systems, networks, or physical facilities, or those of our vendors, could result in litigation with our customers or other relevant stakeholders. These proceedings could force us to spend money in defense or settlement, divert management's time and attention, increase our costs of doing business, or adversely affect our reputation. We could be required to fundamentally change our business activities and practices or modify our products and/or platform capabilities in response to such litigation, which could have an adverse effect on our business. If a security breach were to occur, and the confidentiality, integrity, or availability of personal information was disrupted, we could incur significant liability, or our platform, systems, or networks may be perceived as less desirable, which could negatively affect our business and damage our reputation.

We may not have adequate insurance coverage for security incidents or breaches. The successful assertion of one or more large claims against us that exceeds our available insurance coverage, or results in changes to our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have an adverse effect on our business. In addition, we cannot be sure that our existing insurance coverage and coverage for errors and omissions will continue to be available on acceptable terms or that our insurers will not deny coverage as to any future claim.

Risks Related to Regulatory Compliance and Governmental Matters

We are subject to anti-corruption, anti-bribery, anti-money laundering, and similar laws and noncompliance with such laws can subject us to criminal or civil liability and harm our business, financial condition, and results of operations.

We are subject to the U.S. Foreign Corrupt Practices Act, or FCPA, U.S. domestic bribery laws, the United Kingdom Bribery Act, and other anti-corruption and anti-money laundering laws in the countries in which we conduct activities. Due to the international scope of our operations, we must comply with these laws in each jurisdiction where we operate. Additionally, many anti-bribery and anti-corruption laws, including the FCPA, have long-arm statutes that can expand the applicability of these laws to our operations worldwide. Accordingly, we must incur significant operational costs to support our ongoing compliance with anti-bribery and anti-corruption laws at all levels of our business. If we fail to comply with these laws we may be subject to significant penalties. Anti-corruption and anti-bribery laws have been enforced aggressively in recent years and are interpreted broadly to generally prohibit companies, their employees and their third-party intermediaries from authorizing, offering, or providing, directly or indirectly, improper payments or benefits to recipients in the public or private sector. As we increase our international sales and business and sales to the public sector, we may engage with business partners and third-party intermediaries to market our products and to obtain necessary permits, licenses, and other regulatory approvals. In addition, we or our third-party intermediaries may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities. We can be held liable for the corrupt or other illegal activities of these third-party intermediaries, our employees, representatives, contractors, partners, and agents, even if we do not explicitly authorize such activities.

While we have policies and procedures to address compliance with such laws, we cannot assure you that all of our employees and agents will not take actions in violation of our policies and applicable law, for which we may be ultimately held responsible. As we increase our international sales and business, our risks under these laws may increase.

Detecting, investigating, and resolving actual or alleged violations of anti-corruption laws can require a significant diversion of time, resources, and attention from senior management. In addition, noncompliance with anti-corruption, anti-bribery, or anti-money laundering laws could subject us to whistleblower complaints, investigations, sanctions, settlements, prosecution, enforcement actions, fines, damages, other civil or criminal penalties or injunctions, suspension or debarment from contracting with certain persons, 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 proceeding, our business, financial condition, and results of operations could be harmed. In addition, responding to any action will

likely result in a materially significant diversion of management's attention and resources and significant defense costs and other professional fees.

Sales to government entities and highly regulated organizations are subject to a number of challenges and risks.

We currently sell, and anticipate continuing to sell, to U.S. federal, state, and local, as well as foreign, governmental agency customers, as well as to customers in highly regulated industries such as financial services and healthcare. Sales to such customers are subject to a number of challenges and risks. Selling to such customers can be highly competitive, expensive, and time-consuming, often requiring significant upfront time and expense without any assurance that these efforts will generate a sale. These current and prospective customers may also be required to comply with stringent regulations in connection with purchasing and implementing our platform and products or particular regulations regarding third-party vendors that may be interpreted differently by different customers. In addition, regulatory agencies may impose requirements on third-party vendors generally, or our company in particular, that we may not be able to, or may not choose to, meet. In addition, government customers and customers in these highly regulated industries often have a right to conduct audits of our systems, products, and practices. In the event that one or more customers determine that some aspect of our business does not meet regulatory requirements, we may be limited in our ability to continue or expand our business. In addition, if our platform and products do not meet the standards of new or existing regulations, we may be in breach of our contracts with these customers, allowing them to terminate their agreements.

Government contracting requirements may also change and in doing so restrict our ability to sell into the government sector until we have attained the requisite approvals. Government demand and payment for our products are affected by public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for our products.

These customers may also be subject to a rapidly evolving regulatory framework that may implicate their ability to use our platform and products. Moreover, changes in the underlying statutory and regulatory conditions that affect these types of customers could harm our ability to efficiently provide them access to our platform and to grow or maintain our customer base. If we are unable to enhance our platform and products to keep pace with evolving customer requirements, or if new technologies emerge that are able to deliver competitive products at lower prices, more efficiently, more conveniently, or more securely than our platform, our business, financial condition, and results of operations could be adversely affected.

Further, governmental and highly regulated entities may demand contract terms that differ from our standard arrangements and are less favorable than terms agreed with private sector customers, including preferential pricing or "most favored nation" terms and conditions or are contract provisions that are otherwise time-consuming and expensive to satisfy. In the United States, applicable federal contracting regulations change frequently, and the President may issue executive orders requiring federal contractors to adhere to new compliance requirements after a contract is signed. If we undertake to meet special standards or requirements and do not meet them, we could be subject to significant liability from our customers or regulators. Even if we do meet these special standards or requirements, the additional costs associated with providing our platform to government and highly regulated customers could harm our operating results. In addition, engaging in sales activities to foreign governments introduces additional compliance risks specific to the FCPA, the United Kingdom Bribery Act, and other similar statutory requirements prohibiting bribery and corruption in the jurisdictions in which we operate.

Such entities may have statutory, contractual, or other legal rights to terminate contracts with us or our partners for convenience or for other reasons. Any such termination may adversely affect our ability to contract with other government customers as well as our reputation, business, financial condition, and results of operations.

We are subject to governmental export and import controls that could impair our ability to compete in international markets or subject us to liability if we violate the controls.

Our business activities are subject to various export, import, and trade and economic sanction laws and regulations, including, among others, the U.S. Export Administration Regulations, administered by the U.S. Department of Commerce's Bureau of Industry and Security, and economic and trade sanctions regulations maintained by the U.S. Department of the Treasury's Office of Foreign Assets Control, which we refer to collectively as Trade Controls. Trade Controls may prohibit or restrict the sale or supply of certain products, including encryption items and other technology, and services to certain governments, persons, entities, countries, and territories, including those that are the target of comprehensive sanctions.

While we have implemented controls designed to promote and achieve compliance with applicable Trade Controls, our platform and products may have in the past, and could in the future, violate, or be provided in violation of, such laws, despite the precautions we take. Any failure to comply with applicable Trade Controls may materially affect us through reputational harm, as well as other negative consequences, including government investigations and penalties. Accordingly, we must incur significant operational costs to support our ongoing compliance with Trade Controls at all levels of our business.

Also, various countries, in addition to the United States, have enacted Trade Controls that could limit our ability to distribute our platform and products or could limit our customers' ability to implement our platform and products in those countries. Changes in our platform or products or future changes in Trade Controls may create delays in the introduction of our platform and products in international markets or, in some cases, prevent the export or import of our platform and products to certain countries, governments, or persons altogether. Any change in Trade Controls could result in decreased use of our platform and products by, or in our decreased ability to export or sell our platform and products to, existing or potential customers. Any decreased use of our platform or products or limitation on our ability to export or sell our platform and products would adversely affect our business, results of operations, and growth prospects.

Risks Related to our Intellectual Property

Any failure to obtain, maintain, protect, or enforce our intellectual property and proprietary rights could impair our ability to protect our proprietary technology and our brand.

Our success depends to a significant degree on our ability to obtain, maintain, protect, and enforce our intellectual property rights, including our proprietary technology, know-how, and our brand. We rely on a combination of trademarks, trade secret laws, patents, copyrights, service marks, contractual restrictions, and other intellectual property laws and confidentiality procedures to establish and protect our proprietary rights. However, the steps we take to obtain, maintain, protect, and enforce our intellectual property rights may be inadequate. We may not be able to protect our intellectual property rights if, for example, we are unable to enforce our rights against infringement or misappropriation, or if we do not detect unauthorized use of our intellectual property rights. If we fail to protect our intellectual property rights adequately, our competitors may gain access to our proprietary technology and develop and commercialize substantially identical products, services, or technologies and our business, financial condition, results of operations, or prospects may be harmed.

In addition, defending our intellectual property rights may entail significant expense. Any patent, trademark, or other intellectual property rights that we have or may obtain may be challenged or circumvented by others or invalidated or held unenforceable through administrative processes, including re-examination, *inter partes* review, interference, and derivation proceedings and equivalent proceedings in foreign jurisdictions (e.g., opposition, invalidation, and cancellation proceedings) or litigation. Moreover, there can be no assurance that our pending patent applications will result in issued patents. Even if we continue to seek patent protection in the future, we may be unable to obtain or maintain patent protection for our technology. In addition, any patents issued from pending or future patent applications or licensed to us in the future may not be sufficiently broad to protect our proprietary technologies, may not provide us with competitive advantages, or may be successfully challenged by third parties. The United States Patent and Trademark Office and various foreign governmental patent and trademark agencies also require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent and trademark application process and after a patent or trademark registration has issued. There are situations in which noncompliance can result in abandonment or lapse of the patent, patent application, or trademark filing, resulting in partial or complete loss of patent or trademark rights in the relevant jurisdiction. If this occurs, our competitors might be able to enter the market.

Furthermore, legal standards relating to the validity, enforceability, and scope of protection of intellectual property rights are uncertain. Despite our precautions, it may be possible for unauthorized third parties to copy our brands, products and platform capabilities, and use information that we regard as proprietary to create brands and products that compete with ours. Effective patent, trademark, copyright, and trade secret protection may not be available to us or commercially feasible in every country in which our products are available. Further, intellectual property law, including statutory and case law, particularly in the United States, is constantly developing, and any changes in the law could make it harder for us to enforce our rights. The value of our intellectual property could diminish if others assert rights in or ownership of our trademarks, patents, and other intellectual property rights, or adopt trademarks that are similar to our trademarks. We may be unable to successfully resolve these types of conflicts to our satisfaction. In some cases, as noted below, litigation or other actions may be necessary to protect or enforce our trademarks, patents, and other intellectual property rights against infringement or misappropriation.

As we expand our international activities, our exposure to unauthorized copying and use of our products and platform capabilities and proprietary information will likely increase. Moreover, policing unauthorized use of our technologies, trade secrets, and intellectual property may be difficult, expensive, and time-consuming, particularly in foreign countries where the laws may not be as protective of intellectual property rights as those in the United States and where mechanisms for enforcement of intellectual property rights may be weak or inadequate. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon, misappropriating, or otherwise violating our intellectual property rights. Any of the foregoing could adversely impact our business, financial condition, and results of operations.

We may become subject to intellectual property disputes, which are costly and may subject us to significant liability and increased costs of doing business.

We are from time-to-time subject to intellectual property disputes. Our success depends, in part, on our ability to develop and commercialize our products and services without infringing, misappropriating, or otherwise violating the intellectual property rights of third parties. However, we may not be aware that our products or services are infringing, misappropriating, or otherwise violating third-party intellectual property rights and such third parties may bring claims alleging such infringement, misappropriation, or violation. As one example, there may be issued patents of which we are not aware, held by third parties that, if found to be valid and enforceable, could be alleged to be infringed by our current or future technologies or products. There also may be pending patent applications of which we are not aware that may result in issued patents, which could be alleged to be infringed by our current or future technologies or products. 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 our current or future technologies or products.

Lawsuits can be time-consuming and expensive to resolve and can divert management's time and attention. The software industry in which we operate is characterized by the existence of a large number of patents, copyrights, trademarks, trade secrets, and other intellectual and proprietary rights. Companies in the software industry are often required to defend against litigation claims based on allegations of infringement, misappropriation, or other violations of intellectual property rights. Our technologies may not be able to withstand any third-party claims against their use. In addition, many companies have the capability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them, than we can. In a patent infringement claim against us, we may assert, as a defense, that we do not infringe the relevant patent claims, that the patent is invalid, or both. The strength of our defenses may depend on the patents asserted, the interpretation of these patents, or our ability to invalidate the asserted patents. However, we could be unsuccessful in advancing non-infringement and/or invalidity arguments in our defense. In the United States, issued patents enjoy a presumption of validity, and the party challenging the validity of a patent claim must present clear and convincing evidence of invalidity, which is a high burden of proof. Conversely, the patent owner need only prove infringement by a preponderance of the evidence, which is a lower burden of proof. We do not currently have a large number of issued patents, which could prevent us from deterring patent infringement claims through our own patent portfolio, and our competitors and others may now and in the future have significantly larger and more mature patent portfolios than we have. Any litigation may also involve patent holding companies or other adverse patent owners that have no relevant product revenue, and therefore, our patents may provide little or no deterrence as we would not be able to assert them against such entities or individuals.

An adverse result in any infringement or misappropriation proceeding could subject us to significant damages, injunctions, and reputational harm. If a third party is able to obtain an injunction preventing us from accessing such third-party intellectual property rights, or if we cannot license or develop alternative technology for any infringing aspect of our business, we may be forced to limit or stop sales of our relevant products and platform capabilities or cease business activities related to such intellectual property. Although we carry general liability and intellectual property insurance, our insurance may not cover potential claims of this type or may not be adequate to indemnify us for all liability that may be imposed. We cannot predict the outcome of lawsuits and cannot ensure that the results of any such actions will not have an adverse effect on our business, financial condition, or results of operations. Any intellectual property litigation to which we might become a party, or for which we are required to provide indemnification, may require us to do one or more of the following:

- cease selling or using products or services that incorporate the intellectual property rights that we allegedly infringe, misappropriate, or violate;
- make substantial payments for legal fees, settlement payments, or other costs or damages;

- obtain a license, which may not be available on reasonable terms or at all, to sell or use the relevant technology;
- redesign the allegedly infringing products to avoid infringement, misappropriation, or violation, which could be costly, time-consuming, or impossible;
- rebrand our products and services and/or be prevented from selling some of our products or services if third parties successfully oppose or challenge our trademarks or successfully claim that we infringe, misappropriate or otherwise violate their trademarks or other intellectual property rights; and
- limit the manner in which we use our brands, or prevent us from using our brands in particular jurisdictions.

Even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and harm our business and operating results. Moreover, there could be public announcements of the results of hearings, motions, or other interim proceedings or developments and 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. The occurrence of infringement and misappropriation claims may grow as the market for our platform and products grows. Accordingly, our exposure to damages resulting from infringement claims could increase and this could further exhaust our financial and management resources. Any of the foregoing could adversely impact our business, financial condition, and results of operations.

We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time consuming, and unsuccessful.

Third parties, including our competitors, could be infringing, misappropriating, or otherwise violating our intellectual property rights. In order to protect our intellectual property rights, we may 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 and to protect our trade secrets. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming, and distracting to management, and could result in the impairment or loss of portions of our intellectual property.

Further, 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 and if such defenses, counterclaims, or countersuits are successful, we could lose valuable intellectual property rights. An adverse determination of any litigation proceedings could put our intellectual property at risk of being invalidated or interpreted narrowly and could put our related patents, patent applications, and trademark filings at risk of being invalidated, not issuing, or being cancelled. 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. In addition, 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. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could delay further sales or the implementation of our products and platform capabilities, impair the functionality of our products and platform capabilities, delay introductions of new solutions, result in our substituting inferior or more costly technologies into our products, or injure our reputation. Any of the foregoing could adversely impact our business, financial condition, and results of operations.

If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed.

We rely heavily on trade secrets and confidentiality agreements to protect our unpatented know-how, technology, and other proprietary information, and to maintain our competitive position. However, trade secrets and know-how can be difficult to protect. We seek to protect these trade secrets and other proprietary technology, in part, by entering into non-disclosure and confidentiality agreements with parties who have access to them, such as our employees, consultants, and other third parties, including suppliers and other partners. However, we cannot guarantee that we have entered into such agreements with each party that has or may have had access to our proprietary information, know-how, and trade secrets. Moreover, no assurance can be given that these agreements will be effective in controlling access to, distribution, use, misuse, misappropriation, reverse engineering, or

disclosure of our proprietary information, know-how, and trade secrets. Further, these agreements may not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our products and platform capabilities. These agreements may be breached, and we may not have adequate remedies for any such breach. For example, past employees have sought to misappropriate source code relevant to certain of our products. While we have taken steps to enjoin misappropriation that we are aware of, such steps may not ultimately be successful and we may not be aware of all such misappropriation. Any of the foregoing could adversely impact our business, financial condition, and results of operations.

We may be subject to claims that our employees, consultants, or advisors have wrongfully used or disclosed alleged trade secrets of their current or former employers or claims asserting ownership of what we regard as our own intellectual property.

Many of our employees and consultants are currently or were previously employed at other companies in our field, including our competitors or potential competitors. Although we try to ensure that our employees and consultants do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these individuals have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's current or former employer. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

In addition, while it is our policy to require our employees and contractors who may be involved in the conception or development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who, in fact, conceives or develops intellectual property that we regard as our own. The assignment of intellectual property rights may not be self-executing, or the assignment agreements may be breached, and we may be forced to bring claims against third parties, or defend claims that they may bring against us, to determine the ownership of what we regard as our intellectual property. Any of the foregoing could adversely impact our business, financial condition, and results of operations.

We use open source software in our products, which could negatively affect our ability to sell our services or subject us to litigation or other actions.

We use open source software in our products and we expect to continue to incorporate open source software in our services in the future. Few of the licenses applicable to open source software have been interpreted by courts, and there is a risk that these licenses could be construed in a manner that could impose unanticipated conditions or restrictions on our ability to commercialize our products. Moreover, we cannot ensure that we have not incorporated additional open source software in our products in a manner that is inconsistent with the terms of the applicable license or our current policies and procedures. If we fail to comply with these licenses, we may be subject to certain requirements, including requirements that we offer our products that incorporate the open source software for no cost, that we make available source code for modifications or derivative works we create based upon, incorporating, or using the open source software and that we license such modifications or derivative works under the terms of applicable open source licenses. In addition, although we employ open source software license screening measures, if we were to combine our proprietary software products with open source software in a certain manner we could, under certain open source licenses, be required to release the source code of our proprietary software products. If an author or other third party that distributes such open source software were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, enjoined from the sale of our products that contained the open source software and required to comply with onerous conditions or restrictions on these products, which could disrupt the distribution and sale of these products.

From time to time, there have been claims challenging the ownership rights in open source software against companies that incorporate it into their products and the licensors of such open source software provide no warranties or indemnities with respect to such claims. As a result, we and our customers could be subject to lawsuits by parties claiming ownership of what we believe to be open source software. Litigation could be costly for us to defend, have a negative effect on our business, financial condition, and results of operations, or require us to devote additional research and development resources to change our products. Some open source projects have known vulnerabilities and architectural instabilities and are provided on an "as-is" basis, which, if not properly addressed, could negatively affect the performance of our product. If we inappropriately use or incorporate open source software subject to certain types of open source licenses that challenge the proprietary nature of our

products, we may be required to re-engineer such products, discontinue the sale of such products, or take other remedial actions, any of which could adversely impact our business, financial condition, and results of operations.

If we cannot license rights to use technologies on reasonable terms, we may be unable to license rights that are critical to our business.

In the future we may identify additional third-party intellectual property that we may need to license in order to engage in our business, including to develop or commercialize new products or services. However, such licenses may not be available on acceptable terms or at all. The licensing or acquisition of third-party intellectual property rights is a competitive area, and several more established companies may pursue strategies to license or acquire third-party intellectual property rights that we may consider attractive or necessary. These established companies may have a competitive advantage over us due to their size, capital resources, and greater development or commercialization capabilities. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. Even if such licenses are available, we may be required to pay the licensor substantial royalties based on sales of our products and services. Such royalties are a component of the cost of our products or services and may affect the margins on our products and services. If we are unable to enter into the necessary licenses on acceptable terms or at all, it could adversely impact our business, financial condition, and results of operations.

Risks Related to our International Operations

Our current operations are international in scope, and we plan further geographic expansion, creating a variety of operational challenges.

We currently operate internationally, and a component of our growth strategy involves the further expansion of our operations and customer base internationally. Customers outside the United States generated 56% and 59% of our revenue for the three months ended October 31, 2021 and 2020, respectively, and 58% and 62% of our revenue for the nine months ended October 31, 2021 and 2020, respectively. Beyond the United States, we have operational presence internationally, including in Romania and a number of other countries in Europe, Australia, Brazil, Canada, China, India, Israel, Japan, Mexico, Russia, Singapore, South Korea, Turkey, the United Arab Emirates, and the United Kingdom, among others. We are continuing to adapt to and develop strategies to further address international markets, but there is no guarantee that such efforts will have the desired effect. For example, we anticipate that we will need to establish relationships with new partners in order to expand into certain countries, and if we fail to identify, establish, and maintain such relationships, we may be unable to execute on our expansion plans. As of October 31, 2021, the majority of our full-time employees were located outside of the United States. We expect that our international activities will continue to grow for the foreseeable future as we continue to pursue opportunities in existing and new international markets, which will require significant dedication of management attention and financial resources.

Our current and future international business and operations involve a variety of risks, including:

- slower than anticipated availability and adoption of our platform and products by international businesses;
- changes in a specific country's or region's political, regulatory, or economic conditions;
- the need to adapt and localize our products for specific countries;
- greater difficulty collecting accounts receivable and longer payment cycles;
- potential changes in trade relations, regulations, or laws;
- unexpected changes in laws, regulatory requirements, or tax laws;
- more stringent regulations relating to privacy and data security and the unauthorized use of, or access to, commercial and personal information, particularly in Europe;
- differing and potentially more onerous labor regulations, especially in Europe, where labor laws are generally more advantageous to employees as compared to the United States, including deemed hourly wage and overtime regulations in these locations;
- challenges inherent in efficiently managing, and the increased costs associated with, an increased number of employees over large geographic distances, including the need to implement appropriate systems, policies, benefits, and compliance programs that are specific to each jurisdiction;

- potential changes in laws, regulations, and costs affecting our U.K. operations and local employees due to Brexit;
- difficulties in managing a business in new markets with diverse cultures, languages, customs, legal systems, alternative dispute systems, and regulatory systems;
- increased travel, real estate, infrastructure, and legal compliance costs associated with international operations;
- currency exchange rate fluctuations and the resulting effect on our revenue and expenses and the cost and risk of entering into hedging transactions if we chose to do so in the future;
- limitations on our ability to reinvest earnings from operations in one country to fund the capital needs of our operations in other countries;
- laws and business practices favoring local competitors or general market preferences for local vendors;
- limited or insufficient intellectual property protection or difficulties obtaining, maintaining, protecting, or enforcing our intellectual property rights, including our trademarks and patents;
- political instability or terrorist activities;
- an outbreak of a contagious disease, which may cause us or our third-party providers and/or customers to temporarily suspend our or their respective operations in the affected city or country;
- exposure to liabilities under anti-corruption and anti-money laundering laws, including the FCPA, U.S. bribery laws, the United Kingdom Bribery Act, and similar laws and regulations in other jurisdictions;
- exposure to anti-competition laws in foreign jurisdictions that may conflict with or be more restrictive than similar U.S. anti-competition laws; and
- adverse changes to domestic and foreign tax law and the burdens of foreign exchange controls that could make it difficult to repatriate earnings and cash.

If we invest substantial time and resources to further expand our international operations and are unable to do so successfully and in a timely manner, our business and results of operations will suffer.

Risks Related to Tax and Accounting Matters

We and our independent registered public accounting firm identified a material weakness in our internal control over financial reporting in the past, and any failure to maintain effective internal control over financial reporting could harm us.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. generally accepted accounting principles, or GAAP. 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.

Prior to changing the end of our fiscal year from December 31 to January 31, we and our independent registered public accounting firm identified a material weakness in our internal controls over financial reporting related to revenue recognition for the fiscal year ended December 31, 2018, which resulted in the improper allocation of stand-alone selling price and certain errors in deferred revenue and contract assets. The material weakness was caused by, among other things, a lack of oversight and technical competence and experience within our finance department to identify such errors. We have completed the following steps to address this material weakness:

- engaged third-party service providers to assist in technical accounting matters;
- increased oversight and reviews of technical accounting assessments performed by outside consultants;
- designed and implemented internal controls related to revenue recognition accounting; and
- hired experienced professionals to key revenue recognition accounting positions.

We believe that this material weakness has been remediated through the steps we have taken as noted above, and we did not incur any material costs related to this remediation. However, neither we nor our independent registered public accounting firm have tested the effectiveness of our internal control over financial reporting and we cannot assure you that we will not suffer from this or other material weaknesses in the future.

We are required to document and test our internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, so that our management can certify as to the effectiveness of our internal controls over financial reporting. Likewise, our independent registered public accounting firm will be required to provide an attestation report on the effectiveness of our internal control over financial reporting at such time as we cease to be an “emerging growth company,” as defined in the Jumpstart our Business Startups Act of 2012, or the JOBS Act. At such time, our independent registered public accounting firm may issue a report that is adverse if a material weakness is identified.

We have recently commenced the costly and challenging process of compiling the system and processing documentation necessary to perform the evaluation needed to comply with Section 404, but we may not be able to complete our evaluation, testing and any required remediation in a timely fashion once initiated. Our compliance with Section 404 will require that we incur substantial expenses and expend significant management efforts. We will need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge and compile the system and process documentation necessary to perform the evaluation needed to comply with Section 404.

If our management is unable to conclude that we have effective internal controls over financial reporting, or to certify the effectiveness of such controls, or if our independent registered public accounting firm cannot render an unqualified opinion on management's assessment and the effectiveness of our internal control over financial reporting, or if material weaknesses in our internal controls are identified in the future, we could be subject to regulatory scrutiny and a loss of public confidence, which could have a material adverse effect on our business and our stock price. In addition, if we do not maintain adequate financial and management personnel, processes and controls, we may not be able to manage our business effectively or accurately report our financial performance on a timely basis, which could cause a decline in our common stock price and adversely affect our business, financial condition, and results of operations.

We are exposed to fluctuations in currency exchange rates, which could negatively affect our results of operations.

While our sales contracts are denominated predominantly in U.S. dollars, we also have sales contracts representing a large portion of our revenue denominated in foreign currencies. Therefore, a portion of our revenue is subject to fluctuations due to changes in foreign currency exchange rates. Additionally, for our foreign sales contracts denominated in U.S. dollars, a strengthening of the U.S. dollar could increase the real cost of our products and platform capabilities to these customers outside of the United States, which could adversely affect our results of operations.

Further, an increasing portion of our operating expenses are incurred outside the United States. We conduct our business and incur costs in the local currency of most countries in which we operate. We incur currency transaction risk whenever one of our operating subsidiaries enters into either a purchase or a sales transaction using a different currency from the currency in which it operates, or holds assets or liabilities in a currency different from its functional currency. Changes in exchange rates can also affect our results of operations when the value of sales and expenses of foreign subsidiaries are translated to U.S. dollars. We cannot accurately predict the impact of future exchange rate fluctuations on our results of operations. If we are not able to successfully hedge against the risks associated with currency fluctuations, our results of operations could be adversely affected. Further, given the volatility of exchange rates, we may not be able to effectively manage our currency risks, and any volatility in currency exchange rates may increase the price of our products in local currency to our foreign customers or increase the manufacturing cost of our products, either of which may have an adverse effect on our financial condition, cash flows, and profitability.

Our corporate structure and intercompany arrangements cause us to be subject to the tax laws of various jurisdictions, and we could be obligated to pay additional taxes, which could materially adversely affect our business, financial condition, results of operations, and prospects.

We have been rapidly expanding our international operations and personnel to support our business in numerous international markets. We generally conduct our international operations through directly or indirectly

wholly-owned subsidiaries, and we are or may be required to report our taxable income in various jurisdictions worldwide with increasingly complex tax laws based upon our business operations in those jurisdictions. Our intercompany relationships and agreements are subject to complex transfer pricing regulations administered by tax authorities in various jurisdictions with potentially divergent tax laws. Tax authorities may disagree with tax positions that we have taken. For example, the U.S. Internal Revenue Service, or the IRS, or another tax authority could challenge our allocation of income by tax jurisdiction and the amounts paid between our affiliated companies pursuant to our intercompany arrangements and transfer pricing policies, including amounts paid with respect to our intellectual property in connection with our intercompany research and development cost sharing arrangement and legal structure.

The amount of taxes we pay in different jurisdictions may depend on the application of the tax laws of the 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. The authorities in these jurisdictions could review our tax returns or require us to file tax returns in jurisdictions in which we are not currently filing and could impose additional tax, interest, and penalties. In addition, the authorities could claim that various withholding requirements apply to us or our subsidiaries, assert that benefits of tax treaties are not available to us or our subsidiaries, or challenge our methodologies for valuing developed technology or intercompany arrangements, including our transfer pricing. If such a challenge or disagreement were to occur, and our position was not sustained, we could be required to pay additional taxes, interest, and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows, and lower overall profitability of our operations. Our financial statements could fail to reflect adequate reserves to cover such a contingency. Furthermore, we are subject to periodic audits in the various jurisdictions in which we operate, which if determined adversely could have an adverse impact on our financial conditions.

Changes in tax laws or tax rulings could materially affect our financial position, results of operations, and cash flows.

The tax regimes we are subject to or operate under, including income and non-income taxes, may be subject to significant change. Changes in tax laws, regulations, or rulings, or changes in interpretations of existing laws and regulations, could materially affect our financial position and results of operations, and we must monitor such changes closely. For example, the 2017 Tax Cuts and Jobs Act, or the Tax Act, made broad and complex changes to the U.S. tax code, including changes to U.S. federal tax rates, additional limitations on the deductibility of interest, both positive and negative changes to the utilization of future net operating loss, or NOL, carryforwards, allowing for the expensing of certain capital expenditures and putting into effect the migration from a "worldwide" system of taxation to a territorial system. Further, tax proposals issued recently in the U.S. under the Biden administration have contained important amendments that could have a material impact on the overall tax position of U.S. taxpayers, especially with regard to international aspects of taxation. In addition, many countries in Europe, as well as a number of other countries and organizations, have recently proposed or recommended changes to existing tax laws or have enacted new laws that could significantly increase our tax obligations in the countries where we do business or require us to change the manner in which we operate our business.

The Organization for Economic Cooperation and Development, or OECD, has been working on a Base Erosion and Profit Shifting Project, or BEPS, and issued a report in 2015, an interim report in 2018, and has issued additional guidelines and proposals that may change various aspects of the existing framework under which our tax obligations are determined in many of the countries in which we do business. While this project is in an advanced stage, we cannot predict what its outcome will be or what potential impact it may have on our tax obligations and operations. In July and October of 2021, the OECD/G-20 Inclusive Framework on BEPS released statements outlining a political agreement on the general rules to be adopted for taxing the digital economy, specifically with respect to nexus and profit allocation (Pillar One) and rules for a global minimum tax (Pillar Two). Further details regarding implementation of these rules are expected to be finalized by December 2021. These rules, should they be implemented via domestic legislation of countries or via international treaties, could have a material impact on our financial statements.

The European Commission and several countries have issued proposals that would change various aspects of the current tax framework under which we are taxed. These proposals include changes to the existing framework to calculate income tax, as well as proposals to change or impose new types of non-income taxes, including taxes based on a percentage of revenue. The Council of the European Union stated publicly that an EU digital levy may be designed as a measure separate from the OECD framework, which could represent a significant departure from

the understanding to date regarding digital services taxes serving as a backstop to such framework. In addition, several countries have proposed or enacted taxes applicable to digital services, which could apply to our business. However, such proposals will be strongly connected with the OECD Pillar One and Pillar Two action plan and implementation; various mechanisms to avoid double taxation are currently being assessed and formal proposals are expected to be issued during calendar year 2022.

Due to the large and expanding scale of our international business activities, these types of changes to the taxation of our activities could increase our worldwide effective tax rate, increase the amount of taxes imposed on our business, and harm our financial position. Such changes may also apply retroactively to our historical operations and result in taxes greater than the amounts estimated and recorded in our financial statements.

Changes in our effective tax rate or tax liability may have an adverse effect on our results of operations.

We are subject to income taxes in the United States and various foreign jurisdictions. The determination of our worldwide provision for income taxes and other tax liabilities requires significant judgment by management, and there are many transactions where the ultimate tax determination is uncertain. We believe that our provision for income taxes is reasonable, but the ultimate tax outcome may differ from the amounts recorded in our consolidated financial statements and may materially affect our financial results in the period or periods in which such outcome is determined.

Our effective tax rate could increase due to several factors, including:

- changes in the relative amounts of income before taxes in the various jurisdictions in which we operate that have differing statutory tax rates;
- changes in tax laws, tax treaties, and regulations or the interpretation of them, including the Tax Act and the Coronavirus Aid, Relief, and Economic Security Act, or CARES Act;
- changes to our assessment about our ability to realize our deferred tax assets that are based on estimates of our future results, the prudence and feasibility of possible tax planning strategies, and the economic and political environments in which we do business;
- the outcome of current and future tax audits, examinations, or administrative appeals;
- changes international tax frameworks; and
- the effects of acquisitions.

Any of these developments could adversely affect our results of operations.

We could be required to collect additional sales or indirect taxes or be subject to other tax liabilities that may increase the costs our customers would have to pay for our products and adversely affect our results of operations.

We currently collect and remit applicable sales and indirect taxes and other applicable transfer taxes in jurisdictions where we, through our employees or economic activity, have a presence and where we have determined, based on applicable legal precedents, that sales or licensing of our products are classified as taxable. We do not currently collect and remit state and local excise, utility user and ad valorem taxes, fees, or surcharges in jurisdictions where we believe we do not have sufficient "nexus." There is uncertainty as to what constitutes sufficient nexus for a state or local jurisdiction to levy taxes, fees and surcharges for sales made over the internet, and there is also uncertainty as to whether our characterization of our products as not taxable in certain jurisdictions will be accepted by state and local tax authorities.

An increasing number of states have considered or adopted laws that attempt to impose tax collection obligations on out-of-state companies. Additionally, the Supreme Court of the United States recently ruled in *South Dakota v. Wayfair, Inc. et al* , or Wayfair, that online sellers can be required to collect sales and use tax despite not having a physical presence in the buyer's state. In response to Wayfair, or otherwise, states or local governments may adopt, or begin to enforce, laws requiring us to calculate, collect, and remit taxes on sales in their jurisdictions. A successful assertion by one or more states requiring us to collect taxes where we presently do not do so, or to collect more taxes in a jurisdiction in which we currently do collect some taxes, could result in substantial tax liabilities, including taxes on past sales, as well as penalties and interest. The imposition by state governments or local governments of sales tax collection obligations on out-of-state sellers could also create additional administrative burdens for us, put us at a competitive disadvantage if they do not impose similar obligations on our

competitors, and decrease our future sales, which could have a material adverse effect on our business and results of operations.

Our ability to use our NOLs to offset future taxable income may be subject to certain limitations.

Our net operating losses, or NOLs, could expire unused and be unavailable to offset future income tax liabilities because of their limited duration or because of restrictions under U.S. or foreign tax law. NOLs generated in taxable years beginning before January 1, 2018 are permitted to be carried forward for only 20 taxable years under applicable U.S. federal income tax law. Under the Tax Act, as modified by the CARES Act, NOLs arising in taxable years beginning after December 31, 2017, and before January 1, 2021 may be carried back to each of the five tax years preceding the tax year of such loss, and NOLs arising in tax years beginning after December 31, 2020 may not be carried back. Moreover, under the Tax Act as modified by the CARES Act, NOLs generated in taxable years beginning after December 31, 2017 may be carried forward indefinitely, but the deductibility of such NOLs generally will be limited in taxable years beginning after December 31, 2020 to 80% of current year taxable income. The extent to which state income tax law will conform to the Tax Act and CARES Act is uncertain.

In general, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, a corporation that undergoes an “ownership change” (as defined under Section 382 of the Code and applicable Treasury Regulations) is subject to limitations on its ability to utilize its pre-change NOLs to offset future taxable income. We have identified Section 382 ownership changes in April 2017 and July 2020 and, accordingly, our NOLs are subject to limitation. We do not believe, based on our preliminary analysis, that we experienced a subsequent ownership change in connection with the Series F Financing. We do not believe that any Section 382 limitations will prevent us from fully utilizing our NOLs. It is possible that we have in the past undergone and may in the future undergo, additional ownership changes that we have not identified and that could result in additional limitations on our NOLs. Furthermore, our ability to utilize NOLs of companies that we have acquired or 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 or otherwise be unavailable to reduce future income tax liabilities, including for state tax purposes. For these reasons, we may not be able to utilize a material portion of the NOLs reflected on our balance sheets, even if we attain profitability, which could potentially result in increased future tax liability to us and could adversely affect our operating results and financial condition.

Our reported financial results may be adversely affected by changes in GAAP.

GAAP is subject to interpretation by the Financial Accounting Standards Board, U.S. Securities and Exchange Commission, or 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 results of operations and could affect the reporting of transactions already completed before the announcement of a change.

If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Significant estimates and judgments involve revenue recognition and the valuation of our stock-based compensation awards, including the determination of fair value of our common stock, among others. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the market price of our Class A common stock.

Our revenue recognition policy and other factors may distort our financial results in any given period and make them difficult to predict.

We derive our revenue from the sale of our software licenses for use of our proprietary software, maintenance and support for our licenses, right to access certain products that are hosted by us (i.e., software as a service, or SaaS), and professional services. Under Accounting Standards Update No. 2014-09 (Topic 606), *Revenue from Contracts with Customers*, we recognize revenue when a customer obtains control of promised goods or services are delivered. The amount of revenue recognized reflects the consideration that we expect to receive in exchange

for these goods or services. Our licenses revenue is mainly derived from the sale of term-based licenses hosted on-premises, which is recognized when we transfer control of the respective license to the customer. Revenue from SaaS and revenue from maintenance and support are recognized ratably over time since control passes to our customers over the arrangement's contractual period.

Furthermore, the presentation of our financial results requires us to make estimates and assumptions that may affect revenue recognition. In some instances, we could reasonably use different estimates and assumptions, and changes in estimates are likely to occur from period to period.

Given the foregoing factors, our actual results could differ significantly from our estimates. Comparing our revenue and operating results on a period-to-period basis may not be meaningful, and our past results may not be indicative of our future performance.

For more information on our revenue recognition policy, refer to [Note 2, Summary of Significant Accounting Policies](#), included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Risks Related to Ownership of Our Class A Common Stock

The dual class structure of our common stock has the effect of concentrating voting control with our Chief Executive Officer, Co-Founder, and Chairman, which will limit your ability to influence the outcome of important decisions.

Our Class B common stock has 35 votes per share and our Class A common stock has one vote per share. Our Chief Executive Officer, Co-Founder, and Chairman, Daniel Dines, who, collectively with his controlled entities, holds all our outstanding shares of Class B common stock, and beneficially owned shares representing approximately 88% voting power of our outstanding capital stock as of October 31, 2021. As a result, Mr. Dines has the ability to control the outcome of matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as a merger or other sale of our company or our assets, even if his stock ownership represents less than 50% of the outstanding aggregate number of shares of our capital stock. This concentration of ownership will limit the ability of other stockholders to influence corporate matters and may cause us to make strategic decisions that could involve risks to you or that may not be aligned with your interests. As a board member, Mr. Dines owes a fiduciary duty to our stockholders and is legally obligated to act in good faith and in a manner he reasonably believes to be in the best interests of our stockholders. As a stockholder, Mr. Dines is entitled to vote his shares in his own interests, which may not always be in the interests of our stockholders generally. Mr. Dines' control may adversely affect the market price of our Class A common stock.

Further, future transfers by holders of our Class B common stock will generally result in those shares converting into shares of our Class A common stock, subject to limited exceptions, such as certain transfers effected for tax or estate planning purposes.

We have not elected to take advantage of the "controlled company" exemption to the corporate governance rules for publicly-listed companies but may do so in the future.

Because our Chief Executive Officer, Co-Founder, and Chairman, Daniel Dines, who, collectively with his controlled entities, holds all our outstanding shares of Class B common stock, and beneficially owns shares representing in excess of 50% of the voting power of our outstanding capital stock, we are eligible to elect the "controlled company" exemption to the corporate governance rules for publicly-listed companies. We have not elected to do so. If we decide to become a "controlled company" under the corporate governance rules for publicly-listed companies, we would not be required to have a majority of our board of directors be independent, nor would we be required to have a compensation committee or an independent nominating function. If we choose controlled company status in the future, our status as a controlled company could cause our Class A common stock to be less attractive to certain investors or otherwise harm our trading price.

We cannot predict the impact our dual class structure may have on the market price of our Class A common stock.

We cannot predict whether our dual class structure, combined with the concentrated control of our Chief Executive Officer, Co-Founder, and Chairman, who holds all of the outstanding shares of our Class B common stock, will result in a lower or more volatile market price of our Class A common stock or in adverse publicity or other adverse consequences. Certain index providers have announced restrictions on including companies with multiple-

class share structures in certain of their indexes. For example, in July 2017, FTSE Russell and Standard & Poor's announced that they would cease to allow most newly public companies utilizing dual or multi-class capital structures to be included in their indices. Under the announced policies, our dual class capital structure would make us ineligible for inclusion in any of these indices. Given the sustained flow of investment funds into passive strategies that seek to track certain indexes, exclusion from stock indexes would likely preclude investment by many of these funds and could make our Class A common stock less attractive to other investors. As a result, the market price of our Class A common stock could be adversely affected.

Future sales of our Class A common stock in the public market could cause the market price of our Class A common stock to decline.

Sales of a substantial number of shares of our Class A common stock in the public market in the future, or the perception that these sales might occur, could depress the market price of our Class A common stock and could impair our ability to raise capital through the sale of additional equity securities. We are unable to predict the timing of or the effect that such sales may have on the prevailing market price of our Class A common stock.

In addition, there were 45,467,081 shares of Class A common stock issuable upon the exercise of options and upon the vesting and settlement of restricted stock units outstanding as of October 31, 2021. Earlier this year, we filed a registration statement to register all of the shares of Class A common stock issuable upon exercise of outstanding options, the vesting and settlement of outstanding restricted stock units, and other equity incentives we may grant in the future, for public resale under the Securities Act. The shares of Class A common stock became eligible for sale in the public market to the extent such options are exercised or restricted stock units vested and settled, subject to the lock-up agreements described above and compliance with applicable securities laws. Further, certain of our stockholders have rights, subject to some conditions, to require us to file registration statements covering the sale of their shares or to include their shares in registration statements that we may file for ourselves or other stockholders.

Sales, short sales, or hedging transactions involving our equity securities, whether or not we believe them to be prohibited, could adversely affect the price of our Class A common stock.

We do not intend to pay dividends for the foreseeable future and, as a result, your ability to achieve a return on your investment will depend on appreciation in the price of our Class A common stock.

We have never declared or paid any cash dividends on our capital stock, and we do not intend to pay any cash dividends in the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our board of directors. Accordingly, you may need to rely on sales of our Class A common stock after price appreciation, which may never occur, as the only way to realize any future gains on your investment.

We are an "emerging growth company," and we cannot be certain if the reduced reporting and disclosure requirements applicable to emerging growth companies will make our Class A common stock less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies," including the auditor attestation requirements of Section 404, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. Pursuant to Section 107 of the JOBS Act, as an emerging growth company, we have elected to use the extended transition period for complying with new or revised accounting standards until those standards would otherwise apply to private companies. As a result, our consolidated financial statements may not be comparable to the financial statements of issuers who are required to comply with the effective dates for new or revised accounting standards that are applicable to public companies, which may make our Class A common stock less attractive to investors. In addition, if we cease to be an emerging growth company, we will no longer be able to use the extended transition period for complying with new or revised accounting standards.

We will remain an emerging growth company until the earliest of: (1) the last day of the fiscal year following the fifth anniversary of our IPO; (2) the last day of the first fiscal year in which our annual gross revenue is \$1.07 billion or more; (3) the date on which we have, during the previous rolling three-year period, issued more than

\$1.0 billion in non-convertible debt securities; and (4) the last day of the fiscal year in which the market value of our Class A common stock held by non-affiliates exceeded \$700 million as of July 31 of such fiscal year.

We cannot predict if investors will find our Class A common stock less attractive if we choose to rely on these exemptions. For example, if we do not adopt a new or revised accounting standard, our future results of operations may not be as comparable to the results of operations of certain other companies in our industry that adopted such standards. If some investors find our Class A common stock less attractive as a result, there may be a less active trading market for our Class A common stock and our stock price may be more volatile.

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our Class A common stock.

In addition to the effects of our dual class structure, provisions in our amended and restated certificate of incorporation and amended and restated bylaws may have the effect of delaying or preventing a change in control or changes in our management. Our amended and restated certificate of incorporation and amended and restated bylaws include provisions that may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management.

In addition, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which generally, subject to certain exceptions, prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any "interested" stockholder for a period of three years following the date on which the stockholder became an "interested" stockholder. Any of the foregoing provisions could limit the price that investors might be willing to pay in the future for shares of our Class A common stock, and they could deter potential acquirers of our company, thereby reducing the likelihood that you would receive a premium for your shares of our Class A common stock in an acquisition.

Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware and the federal district courts of the United States of America will be the exclusive forums for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our amended and restated certificate of incorporation provides the Court of Chancery of the State of Delaware is the exclusive forum for the following types of actions or proceedings under Delaware statutory or common law:

- any derivative claim or cause of action brought on our behalf;
- any claim or cause of action asserting a breach of fiduciary duty;
- any claim or cause of action against us arising under the Delaware General Corporation Law;
- any claim or cause of action arising under or seeking to interpret our amended and restated certificate of incorporation or our amended and restated bylaws; and
- any claim or cause of action against us that is governed by the internal affairs doctrine.

The provisions would not apply to suits brought to enforce a duty or liability created by the Securities Exchange Act of 1934, as amended, or the Exchange Act. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all such Securities Act actions. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated certificate of incorporation provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause or causes of action arising under the Securities Act, including all causes of action asserted against any defendant to such complaint. For the avoidance of doubt, this provision is intended to benefit and may be enforced by us, our officers and directors, the underwriters to any offering giving rise to such complaint, and any other professional entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering.

While the Delaware courts have determined that such choice of forum provisions are facially valid, a stockholder may nevertheless seek to bring a claim in a venue other than those designated in the exclusive forum provisions. In such instance, we would expect to vigorously assert the validity and enforceability of the exclusive forum provisions of our amended and restated certificate of incorporation. This may require significant additional costs associated with resolving such action in other jurisdictions and there can be no assurance that the provisions will be enforced by a court in those other jurisdictions.

These exclusive forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, or other employees, which may discourage lawsuits against us and our directors, officers, and other employees. If a court were to find either exclusive-forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving the dispute in other jurisdictions, all of which could seriously harm our business.

General Risk Factors

Our stock price may be volatile, and the value of our Class A common stock may decline.

The market price of our Class A common stock may be highly volatile and may fluctuate or decline substantially as a result of a variety of factors, some of which are beyond our control, including:

- actual or anticipated fluctuations in our financial condition or results of operations;
- variance in our financial performance from expectations of securities analysts;
- changes in the pricing of licenses to our products;
- changes in our projected operating and financial results;
- changes in laws or regulations applicable to our platform and products;
- announcements by us or our competitors of significant business developments, acquisitions, or new products;
- significant data breaches, disruptions to or other incidents involving our software;
- our involvement in litigation or governmental investigations;
- future sales of our Class A common stock by us or our stockholders, as well as the anticipation of lock-up releases;
- changes in senior management or key personnel;
- the issuance of new or changed securities analysts' reports or recommendations;
- the trading volume of our Class A common stock;
- changes in the anticipated future size and growth rate of our market;
- economic and market conditions in general, or in our industry in particular; and
- technical factors in the public trading market for our Class A common stock that may produce price movements that may or may not comport with macro, industry, or company-specific fundamentals, including, without limitation, the sentiment of retail investors, the amount and status of short interest in our securities, access to margin debt, trading in options and other derivatives on our common stock and other technical trading factors.

Accordingly, we cannot assure you of the liquidity of an active trading market, your ability to sell your shares of our Class A common stock when desired, or the prices that you may obtain for your shares of our Class A common stock. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair value of your shares. An inactive market may also impair our ability to raise capital to continue to fund operations by selling shares and may impair our ability to acquire other companies or technologies by using our shares as consideration.

Broad market and industry fluctuations, as well as general economic, political, regulatory, and market conditions, may also negatively impact the market price of our Class A common stock. In addition, technology stocks have historically experienced high levels of volatility. In the past, companies that have experienced volatility

in the market price of their securities have been subject to securities class action litigation. We may be the target of this type of litigation in the future, which could result in substantial expenses and divert our management's attention.

Our issuance of additional capital stock in connection with financings, acquisitions, investments, our equity incentive plans, or otherwise will dilute all other stockholders.

We expect to issue additional capital stock in the future that will result in dilution to all other stockholders. We expect to continue to grant equity awards to employees, directors, and consultants under our equity incentive plans. We may also raise capital through equity financings in the future. As part of our business strategy, we may acquire or make investments in companies, products, or technologies and issue equity securities to pay for any such acquisition or investment. Any such issuances of additional capital stock may cause stockholders to experience significant dilution of their ownership interests and the per share value of our Class A common stock to decline.

If securities or industry analysts do not publish research or publish unfavorable or inaccurate research about our business, the market price and trading volume of our Class A common stock could decline.

The market price and trading volume of our Class A common stock is heavily influenced by the way analysts interpret our financial information and other disclosures. We do not have control over these analysts. If few securities analysts commence coverage of us, or if industry analysts cease coverage of us, our stock price would be negatively affected. If securities or industry analysts do not publish research or reports about our business, downgrade our Class A common stock, or publish negative reports about our business, our stock price 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 Class A common stock could decrease, which might cause our stock price to decline and could decrease the trading volume of our Class A common stock.

We will incur increased costs as a result of operating as a public company, and our management will be required to devote substantial time to compliance with our public company responsibilities and corporate governance practices.

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, which we expect to further increase after we are no longer an "emerging growth company." The Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the New York Stock Exchange and other applicable securities rules and regulations impose various requirements on public companies. Our management and other personnel devote a substantial amount of time to compliance with these requirements. Moreover, these rules and regulations will increase our legal and financial compliance costs and will make some activities more time-consuming and costly. We cannot predict or estimate the amount of additional costs we will incur as a public company or the specific timing of such costs.

Pursuant to the terms of our outstanding indebtedness, we may be limited in our ability to incur future debt.

In October 2020, we entered into a Senior Secured Credit Facility, or the Credit Facility, with HSBC Ventures USA Inc., Silicon Valley Bank, Sumitomo Mitsui Banking Corporation, and Mizuho Bank, LTD, which provided a \$200.0 million senior secured revolving credit facility with a maturity date of October 30, 2023. Our obligations under the Credit Facility are secured by substantially all of our assets, except for our intellectual property.

Pursuant to the terms of the Credit Facility, we are limited in our ability to incur additional indebtedness other than on the terms and conditions thereof. In addition, a failure to comply with the covenants under the Credit Facility could result in an event of default by us and an acceleration of amounts due. If an event of default occurs that is not waived by the lenders, and the lenders accelerate any amounts due, we may not be able to make accelerated payments, and the lender could seek to enforce their security interests in the collateral securing such indebtedness, which could have a material adverse effect on our business and results of operations.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchase of Equity Securities

Recent Sales of Unregistered Equity Securities

None.

Use of Proceeds from Initial Public Offering of Class A Common Stock

In April 2021, we completed our IPO, in which we issued and sold 13.0 million shares of our Class A common stock, including 3.6 million shares pursuant to the exercise in full of the underwriters' option to purchase additional shares, and the selling stockholders sold an additional 14.5 million shares, at a public offering price of \$56.00 per share, resulting in net proceeds to us of \$687.9 million after deducting underwriting discounts and commissions and offering expenses. We did not receive any proceeds from the sale of shares by the selling stockholders. All of the shares issued and sold in the IPO were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-254738), which was declared effective by the SEC on April 20, 2021. There has been no material change in the planned use of proceeds from our IPO from those disclosed in the Final Prospectus.

Issuer Purchase of Equity Securities

The following table presents our repurchases of Class A common stock during the three months ended October 31, 2021:

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share
August 1 – 31	1,077	\$ 64.55
September 1 – 30	2,495	52.00
October 1 – 31	—	—
Total	3,572	\$ 55.78

(1) Represents the number of shares withheld to satisfy employee tax obligations associated with net settlement of equity awards

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of UiPath, Inc.(incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K (File No. 001-40348), filed with the SEC on April 28, 2021).
3.2	Amended and Restated Bylaws of UiPath, Inc. (incorporated herein by reference to Exhibit 3.2 to the Current Report on Form 8-K (File No. 001-40348), filed with the SEC on April 28, 2021).
10.1*††	Lease Agreement, dated as of September 24, 2021, between UiPath, Inc. and One Vanderbilt Owner LLC
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
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.
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.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

†† Pursuant to Item 601(b)(10)(iv) of Regulation S-K promulgated by the Securities and Exchange Commission, certain portions of this exhibit have been redacted. The registrant hereby agrees to furnish supplementally to the Securities and Exchange Commission, upon its request, an unredacted copy of this exhibit.

^ The certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q and are not deemed “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, nor shall they be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act, irrespective of any general incorporation language contained in such filing.

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.

UiPath, Inc.

Date: December 9, 2021

By: /s/ Ashim Gupta

Ashim Gupta
Chief Financial Officer
(Principal Financial Officer)

Confidential Treatment Requested by UiPath, Inc.

Pursuant to 17 C.F.R. Section 200.83

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT
BECAUSE IT IS BOTH (I) NOT MATERIAL AND (II) WOULD LIKELY CAUSE
COMPETITIVE HARM IF PUBLICLY DISCLOSED. [***] INDICATES THAT
INFORMATION HAS BEEN REDACTED.

EXECUTION COUNTERPART

AGREEMENT OF LEASE
between
ONE VANDERBILT OWNER LLC

Landlord
and
UIPATH, INC.

Tenant
Dated as of September 24, 2021
One Vanderbilt Avenue
New York, New York

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AGREEMENT OF LEASE (this "Lease") made as of the 24th day of September 2021 (the "Effective Date") between ONE VANDERBILT OWNER LLC, a Delaware limited liability company, having an office c/o SL Green Realty Corp., at One Vanderbilt Avenue, New York, New York 10017 (hereinafter referred to as "Landlord") and UIPATH, INC., a Delaware corporation, having an office at 90 Park Avenue, New York, New York 10016 (hereinafter referred to as "Tenant").

WITNESSETH

WHEREAS, Landlord is willing to lease to Tenant and Tenant is willing to hire from Landlord, on the terms hereinafter set forth, certain space in the building (the "Building") on the land described on Exhibit A (the "Land"; the Land, and the Building and all plazas, sidewalks and curbs adjacent thereto are collectively referred to herein as the "Project"), on the city block bounded by 42nd Street and 43rd Street and Vanderbilt Avenue and Madison Avenue, in the City, County and State of New York.

Landlord and Tenant, in consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby covenant and agree as follows:

ARTICLE 1

DEMISE; PREMISES AND PURPOSE

1.01

(i) Landlord hereby leases and demises to Tenant, and Tenant hereby hires and takes from Landlord, those certain premises located on and comprising the entire rentable area of the sixtieth (60th) floor of the Building substantially as shown hatched on the floor plan annexed hereto as Exhibit B (the "Premises"), which Premises shall be deemed to consist of 26,363 rentable square feet.

(ii) In any case where, pursuant to the provisions of this Lease, the rentable square footage of any portion of the Premises and/or the Building is to be determined, such rentable square footage shall be calculated and determined in accordance with the Measurement Standard. For purposes of this Lease, "Measurement Standard" means the Real Estate Board of New York Recommended Method of Floor Measurement for Office Buildings effective January 1, 1987 (as amended in 2003) applicable to measuring usable area, with a 28.5% full-floor loss factor applied to the resulting number of usable square feet. Thus, for example, if a full floor contained 10,000 usable square feet, such full floor would be deemed to contain 13,986.014 rentable square feet, obtained by dividing 10,000 by 0.715 (USF/[1-Loss Factor] = rentable square feet).

1.02 The Premises shall be used and occupied for executive and general office use consistent with that found in Class "A" high-rise office buildings located in midtown Manhattan ("Comparable Buildings") (including such customary ancillary uses in connection therewith as shall be reasonably required by Tenant in the operation of its business, consistent with Comparable Buildings) only and for no other purpose. Such ancillary uses may include, without limitation, the following uses, provided the same are (x) ancillary to the primary use of the Premises for executive and general offices, (y) for the use by Tenant, any permitted subtenant or Business Relationship Entity and their respective employees and business invitees (collectively, "Permitted Users") only and (z) permitted in accordance with all Applicable Laws (it being acknowledged that Landlord makes no representation that any of such ancillary uses are so permitted:

(i) Cafeterias or pantries (which may include standard office pantry dishwashers, refrigerators, microwaves and other standard small appliances that are part of a standard office pantry) and/or vending machines for the sale of snack foods, non-alcoholic beverages, and other convenience items (which may be supplied by any party selected by Tenant, subject, however, to Landlord's right to exclude any such supplier from the Building for reasonable causes, such as if such supplier refuses to comply with Landlord's reasonable rules and regulations relating to the delivery of such items to the Premises) for Permitted Users only upon the condition that (w) no food is prepared or cooked therein (exclusive of microwave reheating and beverage making as part of a standard office pantry), (x) no food or beverages kept therein or anything else done therein shall cause odors to be emitted therefrom so as to be detectable outside of the Premises, (y) the portions of the Premises so used shall, at the sole cost and expense of Tenant, be at all times maintained in a clean and sanitary condition and free of vermin and refuse and (z) Tenant shall contract directly for the removal from the Building of Extraordinary Refuse with the cleaning company servicing the Building, subject to the provisions of Section 23.02. "Extraordinary Refuse" means wet garbage, kitchen refuse, furniture, and any other refuse that are in excess of that ordinarily accumulated in business office occupancy, as reasonably determined by Landlord. Subject to the terms of this Section 1.02 (including, for the avoidance of doubt, clause (z) of the immediately preceding paragraph), Tenant may serve (but not sell) in the Premises alcoholic beverages solely to Permitted Users and not to the general public;

(ii) one or more data centers for computer and other electronic data processing and business machine operations;

(iii) duplicating, photographic reproduction and/or offset printing facilities (provided that Tenant shall cause such printing facility to be operated and constructed so that no noise or vibration will emanate from the Premises to other portions of the Building);

(iv) mail room facilities;

(v) board rooms, conference rooms, meeting rooms and conference centers for use by Permitted Users only;

(vi) an exercise facility for use only by Permitted Users (provided that (i) the entire floor on which any such exercise facility is located and the entire floor immediately below the floor on which such exercise facility is located shall be leased to Tenant (unless the floor immediately below such exercise facility contains no leasable office or retail space (*e.g.*, is a mechanical equipment floor), in which event such floor need not be leased to Tenant) and (ii) Tenant shall cause such exercise facility to be operated and constructed so that no noise or vibration will emanate from the Premises to other portions of the Building); and

(vii) recording and video studios (provided that Tenant shall cause such recording and video studios to be operated and constructed so that no noise or vibration will emanate from the Premises to other portions of the Building).

1.03 No portion of the Premises shall be used for any purpose which (a) unreasonably interferes with the maintenance or operation of the Building; (b) materially and adversely affects any service provided to, and/or the use and occupancy by, any Building tenant or occupants; (c) unreasonably interferes with or disturbs any other tenant; (d) interferes with or unreasonably disturbs Landlord in Landlord's operation of the Building; (e) constitutes a public or private nuisance or (f) violates any certificate of occupancy issued for the Building. Without limiting the foregoing, the Premises shall not be used for the operation of a business the purpose of which is to provide to unrelated third parties for sublease or license a shared workplace center or co-working center/environment consisting of executive or general office suites, office workplaces

and/or shared office amenities. If any governmental license or permit (other than a certificate of occupancy for the entire Building permitting use of the Premises for general office use) shall be required for the proper and lawful conduct of Tenant's business in the Premises or any part thereof, Tenant, at its expense, shall duly procure and thereafter maintain such license or permit and submit the same to Landlord for inspection. Tenant shall at all times comply with the terms and conditions of each such license or permit.

1.04 [***].

1.05 Tenant shall require all messengers, delivery personnel or other individuals providing such services to Tenant to comply with reasonable rules promulgated by Landlord from time-to-time regarding the use of outside messenger services and the messenger center serving the Building, provided such rules are enforced in a non-discriminatory manner. Under no circumstances shall Tenant permit messengers, delivery personnel or other individuals providing such services to Tenant to: (i) assemble, congregate or form a line outside of the Premises or the Building or otherwise impede the flow of pedestrian traffic outside of the Premises or Building or (ii) park or otherwise leave bicycles, wagons or other delivery carts outside of the Premises or the Building, except in locations outside of the Building designated by Landlord, if any, from time-to-time.

ARTICLE 2

TERM

2.01 The Premises are leased for a term (the "Initial Term") which shall (i) commence on the Effective Date (the "Commencement Date") and (ii) end on March 31, 2038 (the "Fixed Expiration Date"), unless the Initial Term shall terminate sooner pursuant to any of the terms of this Lease or pursuant to law. For purposes of this Lease, (I) the "Term" means the Initial Term, as the same may terminate sooner pursuant to any of the terms of this Lease or pursuant to law or be extended pursuant to Article 49 below and (II) the "Expiration Date" means the Fixed Expiration Date, as such date may occur sooner pursuant to any of the terms of this Lease or pursuant to law or be extended pursuant to Article 49 below.

ARTICLE 3

RENT AND ADDITIONAL RENT

3.01 Commencing on the Commencement Date, Tenant shall pay fixed annual rent without electricity (the "Fixed Annual Rent") at the rates provided for in the schedule annexed hereto and made a part hereof as Exhibit C. Such Fixed Annual Rent shall be payable in equal monthly installments in advance on the first (1st) day of each calendar month during the Term. If the Commencement Date does not occur on the first (1st) day of a month, then Fixed Annual Rent for the month in which the Commencement Date occurs shall be prorated and paid on the Commencement Date. All sums other than Fixed Annual Rent payable to Landlord hereunder shall be deemed to be "Additional Rent" and shall be payable within thirty (30) days after demand, unless other payment dates are hereinafter provided. Tenant shall pay all Fixed Annual Rent and Additional Rent due hereunder at the office of Landlord or such other place as Landlord may designate by no less than twenty (20) days' advance notice to Tenant, payable in United States legal tender, by cash, or by good and sufficient check drawn on a New York City bank which is a member of the Clearing House Association, L.L.C. or a successor thereto or by electronic transfer of immediately available federal funds payable to such account as Landlord may from time to time designate, in any case, without any set off or deduction whatsoever, except as otherwise expressly set forth in this Lease. The term "Rent" as used in this Lease shall mean Fixed Annual Rent and Additional Rent. Landlord may apply payments made by Tenant

towards the payment of any item of Fixed Annual Rent and/or Additional Rent due and payable hereunder notwithstanding any designation by Tenant as to the items against which any such payment should be credited.

3.02 “Rent Commencement Date” means [***].

3.03 Subject to the provisions hereof, if and so long as Tenant is not in material default under this Lease beyond the expiration of any applicable notice and cure period at any time prior to the date immediately preceding the Rent Commencement Date, the Fixed Annual Rent payable pursuant to Section 3.01 above shall be abated commencing on the Commencement Date through the day immediately preceding the Rent Commencement Date.

3.04 [***].

ARTICLE 4

ASSIGNMENT/SUBLETTING

4.01 [***].

ARTICLE 5

DEFAULT

5.01 Landlord may terminate this Lease on five (5) Business Days’ notice: (a) if Fixed Annual Rent or Additional Rent is not paid within five (5) Business Days after written notice from Landlord; or (b) if Tenant shall have failed to cure a default in the performance of any covenant of this Lease (except the payment of Rent), or any rule or regulation hereinafter set forth, within thirty (30) days after written notice thereof from Landlord, or if such default cannot be completely cured in such time, if Tenant shall not promptly proceed to cure such default within said thirty (30) days, or shall not complete the curing of such default with due diligence; or (c) when and to the extent permitted by law, if a petition in bankruptcy shall be filed by or against Tenant or any guarantor of Tenant’s obligations under this Lease or if Tenant or any such guarantor shall make a general assignment for the benefit of creditors, or receive the benefit of any insolvency or reorganization act; or (d) if a receiver or trustee is appointed for any portion of Tenant’s or such guarantor’s property and such appointment is not vacated within sixty (60) days; or (e) if an execution or attachment shall be issued under which the Premises shall be taken or occupied or attempted to be taken or occupied by anyone other than Tenant; or (f) if the Premises are abandoned and Tenant fails to secure the same; or (g) if Tenant’s interest in this Lease or the estate hereby granted would, by operation of law or otherwise, devolve upon or pass to any person or entity other than Tenant, except as permitted by Article 4. At the expiration of the five (5) Business Day notice period, this Lease and any rights of renewal or extension thereof shall terminate as completely as if that were the date originally fixed for the expiration of the Term, but Tenant shall remain liable as hereinafter provided.

5.02 In the event that Tenant is in arrears for Fixed Annual Rent or any item of Additional Rent, Tenant waives its right, if any, to designate the items against which payments made by Tenant are to be credited and Landlord may apply any payments made by Tenant to any items which Landlord in its sole discretion may elect irrespective of any designation by Tenant as to the items against which any such payment should be credited.

5.03 Tenant shall not seek to remove and/or consolidate any summary proceeding brought by Landlord with any action commenced by Tenant in connection with this Lease or Tenant’s use and/or occupancy of the Premises.

5.04 In the event of a default by Landlord hereunder, no property or assets of Landlord, or any principals, shareholders, officers, directors, partners or members of Landlord, whether disclosed or undisclosed, other than the Building in which the Premises are located and the land upon which the Building is situated and the proceeds thereof held by Landlord, shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies under or with respect to this Lease, the relationship of Landlord and Tenant hereunder or Tenant's use and occupancy of the Premises.

ARTICLE 6

RELETTING, ETC.

6.01 If Landlord shall re-enter the Premises following a default of Tenant beyond any applicable notice and cure period, by summary proceedings or otherwise: (a) Landlord may re-let the Premises or any part thereof, as Tenant's agent, in the name of Landlord, or otherwise, for a term shorter or longer than the balance of the Term, and may grant concessions or free rent and (b) Tenant shall pay Landlord any deficiency between the rent hereby reserved and the net amount of any rents collected by Landlord for the period which would otherwise have constituted the remaining Term, through such re-letting. Such deficiency shall become due and payable monthly, as it is determined. Landlord shall have no obligation to re-let the Premises, and its failure or refusal to do so, or failure to collect rent on re-letting, shall not affect Tenant's liability hereunder. In computing the net amount of rents collected through such re-letting, Landlord may deduct all expenses incurred in obtaining possession or re-letting the Premises, including legal expenses and fees, brokerage fees, the commercially reasonable cost of restoring the Premises to good order, and the cost of all alterations and decorations deemed necessary by Landlord to effect re-letting. In no event shall Tenant be entitled to a credit or repayment for rental income which exceeds the sums payable by Tenant hereunder or which covers a period after the original Term; and (c) Tenant hereby expressly waives any right of redemption granted by any present or future law. "Re-enter" and "re-entry" as used in this Lease are not restricted to their technical legal meaning. In the event of a breach or threatened breach of any of the covenants or provisions hereof, Landlord shall have the right of injunctive relief. Mention herein of any particular remedy shall not preclude Landlord from any other available remedy and Landlord shall recover as liquidated damages, in addition to accrued Rent and other charges, if Landlord's re-entry is the result of Tenant's bankruptcy, insolvency, or reorganization, the full rental for the maximum period allowed by any act relating to bankruptcy, insolvency or reorganization.

6.02 If Landlord re-enters the Premises for any cause, Tenant abandons the Premises without securing the same, or the Term expires, and property is left in the Premises, then, in any of the foregoing cases, any such property left in the Premises by Tenant shall be deemed to have been abandoned by Tenant and Landlord shall have the right to retain or dispose of such property in any manner without any obligation to account therefor to Tenant, at Tenant's sole cost and expense (and Tenant's obligation to reimburse Landlord for such costs shall survive the Expiration Date or sooner termination of this Lease). If Tenant shall at any time default hereunder, and if Landlord shall institute an action or summary proceeding against Tenant based upon such default, then Tenant shall reimburse Landlord for the legal expenses and fees thereby incurred by Landlord.

ARTICLE 7

LANDLORD MAY CURE DEFAULTS

7.01 If Tenant shall default in performing any covenant or condition of this Lease, (a) beyond the expiration of any applicable notice and cure period or (b) prior to the expiration of

any such applicable notice and cure period if (I) there exists an imminent threat (x) to the health or safety of any person or (y) of harm to property, (II) such default by Tenant adversely impacts other tenants or occupants or the operation of the Building or (III) such default by Tenant causes interference with or adversely affects the performance of work by Landlord then, in any event described in clauses (a) and (b) of this Section 7.01, Landlord may perform the same for the account of Tenant, and if Landlord, in connection therewith, or in connection with any default by Tenant, makes any expenditures or incurs any obligations for the payment of money, including but not limited to reasonable attorneys' fees, such sums so paid or obligations incurred together with interest thereon at the lesser of (i) a rate per annum equal to the Prime Rate plus three (3%) percent and (ii) the maximum legal rate of interest (such lesser amount, the "Default Rate"), from the date paid by Landlord until reimbursed by Tenant, which sums shall be deemed to be Additional Rent hereunder and shall be paid by Tenant to Landlord within ten (10) days of rendition of any bill or statement therefor, and if the Term shall have expired at the time of the making of such expenditures or incurring of such obligations, such sums shall be recoverable by Landlord as damages. For purposes of this Lease, the "Prime Rate" shall mean the prime rate of JP Morgan Chase Bank, N.A. (or the successor thereto).

ARTICLE 8

ALTERATIONS

8.01

(i) Tenant shall make no decoration, alteration, addition or improvement in the Premises (collectively, "Alterations"), without the prior written consent of Landlord, and, if Tenant obtains Landlord's consent thereto, such Alterations may only be made by contractors or mechanics, in such manner and time and with such materials, as approved by Landlord. Anything hereinabove to the contrary notwithstanding, Landlord will not unreasonably withhold or delay approval of written requests of Tenant to make Alterations that (1) do not affect the Building's exterior (including the appearance), (2) do not adversely affect any Building Systems, (3) are non-structural, (4) do not affect any service required to be furnished by Landlord to Tenant or to any other tenant or occupant of the Building and (5) do not reduce the value or utility of the Building (herein referred to as "Non-Material Alterations") in the Premises. For purposes hereof, the term "Building Systems" shall mean the service systems of the Building, including, without limitation, the mechanical, gas, steam, electrical, sanitary, HVAC (including condenser water risers and pumps, any perimeter induction units in the Premises, the control dampers, fire and smoke dampers and smoke detectors in the main supply and return air ducts leaving the shaft), elevator, plumbing, and life-safety systems (including the generator therefor), and the Building generator (if any) of the Building (it being understood that the Building Systems shall not include any systems installed by or on behalf of Tenant or any subtenant of Tenant). Anything hereinabove to the contrary notwithstanding, Landlord's consent shall not be required with respect to Non-Material Alterations which (w) do not require a building permit or a change in the certificate of occupancy for the Building, (x) do not cost in excess of (I) \$250,000.00 (Subject to CPI Increases) or (II) from and after the Expansion Space Inclusion Date, \$400,000.00 (Subject to CPI Increases), in either such case, either individually or in the aggregate with other Alterations that are reasonably related thereto, (y) do not affect any Building Systems, and (z) are solely of a decorative nature or are solely comprised of the installation of workstation partitions and related data/telecom changes (herein referred to as "Non-Consent Alterations"). "Subject to CPI Increases" means that the specified amount shall be adjusted as of each anniversary of the Commencement Date by multiplying the applicable amount by the greater of (a) 1.0, or (b) a fraction, the numerator of which shall be the CPI as most recently published prior to the date of such adjustment and the denominator of which shall be the CPI for the month in which the Commencement Date occurs. The term "CPI" shall mean Consumer Price Index for All Urban Consumers, New York-Northern New Jersey-Long Island, NY-NJ-CT-PA, 1982-84=100, or any

successor to such index, appropriately adjusted, or if no such index or successor index shall be published, such similar index, appropriately adjusted, as shall be designated by Landlord.

(ii) Tenant may employ architects, contractors, subcontractors and engineering firms ("Contractors") of Tenant's choice to design and construct Alterations, subject to Landlord's approval (such approval not to be unreasonably withheld, conditioned or delayed) and the provisions of Section 8.02(iv); provided, that (I) all work to the Building's life safety systems (including tie-ins to such systems) shall be performed by Landlord's designated contractor provided that the rates charged by such contractor to Tenant are commercially reasonable and (II) Tenant shall utilize and consult with Landlord's designated expeditor and consulting engineer provided that the rates charged to Tenant by such expeditor and consulting engineer are commercially reasonable. Landlord hereby agrees that the Contractors and/or expeditors listed on Exhibit D attached hereto are hereby approved by Landlord on the date hereof; provided, that (i) Landlord may (in Landlord's reasonable discretion), from time to time, reasonably remove or add one or more Contractors and/or expeditors from or to Exhibit D and (ii) subject to Landlord's consent (such consent not to be unreasonably withheld, conditioned or delayed), Tenant may, from time to time, add one or more Contractors and/or expeditors to Exhibit D.

(iii) All alterations, additions or improvements to the Premises remaining in the Premises at the expiration or sooner termination of the Term, except movable office furniture and trade equipment installed at the expense of Tenant, shall, unless Landlord elects otherwise in writing, become the property of Landlord, and shall be surrendered with the Premises, at the expiration or sooner termination of the Term: provided, however, that Tenant shall have the right to use such Alterations throughout the Term and to remove or alter such Alterations at any time, subject to the applicable provisions and limitations contained in this Lease. Notwithstanding anything contained in this Lease to the contrary, Tenant shall not be obligated to remove any Alterations, except, subject to the provisions of this Section 8.01(iii) and Section 12.01, Specialty Alterations. "Specialty Alterations" shall mean Alterations consisting of kitchens (but not standard office pantries), raised or structurally reinforced floors, vaults, structurally reinforced filing systems, internal staircases (provided, that one internal staircase in the Premises shall not constitute a Specialty Alteration, but any additional internal staircase shall constitute a Specialty Alteration), dumbwaiters, pneumatic tubes, vertical and horizontal transportation systems, any slab penetrations or expansion of an existing slab penetrations, removal of slabs to construct double height ceilings, any Alteration to the core bathrooms (but not any additional bathrooms installed in the Premises), any other Alterations which affect the structural elements of the Building, and any other Alterations which are not customary for general office use in Comparable Buildings. Specialty Alterations shall not include any vertical or horizontal telecommunications or data wiring and cabling located within the Premises. Prior to the expiration or earlier termination of the Term, Tenant shall, at Tenant's cost and expense, remove any Specialty Alteration, repair any damage to the Premises or the Building due to such removal, cap all electrical, plumbing and waste disposal lines in accordance with sound construction practice if required as a result of such removal and restore the affected area of the Premises to the condition existing prior to the making of such Specialty Alteration, reasonable wear and tear excepted and, if applicable, subject to the terms of Articles 11 and 14. All removal and restoration work performed by Tenant pursuant to this Section 8.01(iii) shall be performed in accordance with plans and specifications first approved by Landlord (to the extent such approval is required pursuant to the provisions of this Article 8), which approval, if required, shall be granted or withheld in accordance with the provisions of Section 8.01(i) of this Lease, and all applicable terms, covenants, and conditions of this Lease. If Landlord's insurance premiums increase as a result of any Specialty Alterations, Tenant shall pay each such increase each year as Additional Rent within thirty (30) days after Tenant's receipt of a bill therefor from Landlord, provided that Landlord shall have provided reasonable evidence of the causal relationship

between such Specialty Alterations and such increased premiums. The provisions of this Section 8.01(iii) shall survive the expiration or earlier termination of this Lease.

(iv) Notwithstanding the foregoing, Tenant may, together with the submission to Landlord of Tenant's Plans for any Alterations that are not specifically enumerated as Specialty Alterations in Section 8.01(iii), submit a notice to Landlord inquiring whether Tenant shall be required to remove any portion of the Alterations in question because such portion of the Alterations in question is not customary for general office use in Comparable Buildings, which notice shall state in bold upper case letters at the top of the first page: "THIS IS A TIME SENSITIVE NOTICE UNDER SECTION 8.01(iv) OF THE LEASE AND LANDLORD SHALL BE DEEMED TO WAIVE ITS RIGHTS IF IT FAILS TO RESPOND IN THE TIME PERIOD PROVIDED". If Tenant submits such notice and Landlord fails to designate particular Alterations that are not specifically enumerated as Specialty Alterations in Section 8.01(iii) set forth in Tenant's Plans as Specialty Alterations which Tenant shall be required to remove because such portion of the Alterations in question is not customary for general office use in Comparable Buildings, either (1) in Landlord's approval (or prior to the date of Landlord's deemed approval) of such Tenant's Plans with respect to Alterations which, pursuant to the provisions of this Article 8, require Landlord's approval, or (2) within fifteen (15) days following Landlord's receipt of such notice together with such Tenant's Plans with respect to Alterations which do not require Landlord's approval, then, in either case, Tenant shall not be required to remove or pay for the removal of such Alterations which are not so designated as Specialty Alterations.

(v) Subject to the applicable provisions of this Lease, including, without limitation, Sections 8.01(iii) and (iv), and Landlord's review and approval of Tenant's Plans therefor, Tenant shall have the right, at Tenant's sole cost and expense (but subject to Article 47), (i) to install pantries, private restrooms, supplemental HVAC systems, computer facilities and raised flooring within the Premises, and (ii) to construct internal staircases connecting contiguous floors of the Premises.

8.02 All Alterations shall be performed in accordance with the following conditions:

(i) Prior to the commencement of any Alterations, Tenant shall first submit to Landlord for each proposed Alteration detailed dimensioned coordinated plans and specifications, including layout, architectural, mechanical, electrical, plumbing and structural drawings, in form suitable for filing with the Building Department ("Tenant's Plans") (1) if the Alterations that would be depicted or described on Tenant's Plans require Landlord's consent pursuant to this Article 8 and (2) if Landlord's consent is not so required, to the extent such plans and specifications are customarily prepared with respect to such Alterations, or if not so customarily prepared, have been prepared by Tenant; provided, that notwithstanding the foregoing, any particular Tenant's Plans shall only be required to be in form suitable for filing with the Building Department, to the extent such Tenant's Plans are required to be filed with the Building Department by Applicable Laws. With respect to Alterations for which Landlord's consent is required, Landlord shall respond to any request for consent to an Alteration and the Tenant's Plans with respect thereto by either consenting or setting forth in reasonable detail why it is not consenting not later than fifteen (15) Business Days after receipt of Tenant's written request for such consent together with Tenant's Plans. Landlord shall respond to any resubmission of Tenant's Plans following Tenant's receipt of comments from Landlord within five (5) Business Days. If Landlord fails to so respond within such fifteen (15) Business Day period or five (5) Business Day period, as applicable, then Tenant shall have the right to deliver a second notice to Landlord requesting Landlord's consent to such Alterations and the Tenant's Plans (or resubmission thereof) with respect thereto, which request shall state in bold upper case letters at the top of the first page as follows: "THIS IS A TIME SENSITIVE NOTICE AND FAILURE TO APPROVE OR DISAPPROVE THE APPLICABLE ALTERATIONS AND/OR

TENANT PLANS WITHIN FIVE (5) BUSINESS DAYS OF LANDLORD'S RECEIPT OF THIS NOTICE SHALL RESULT IN LANDLORD'S DEEMED APPROVAL OF THE APPLICABLE ALTERATIONS AND/OR TENANT PLANS". If Tenant shall have delivered such reminder notice to Landlord, and Landlord shall fail to respond to such reminder notice by either consenting or setting forth in reasonable detail why it is not consenting within five (5) Business Days (time being of the essence) after the giving by Tenant of such reminder notice, then Landlord shall be deemed to have consented to the Alteration in question and the Tenant's Plans with respect thereto.

(ii) All Alterations in and to the Premises shall be performed in a good and workmanlike manner and in accordance with the Building's Alterations rules and regulations. Prior to the commencement of any such Alterations, Tenant shall, at Tenant's sole cost and expense, obtain and exhibit to Landlord any governmental permit required in connection with such Alterations.

(iii) All Alterations shall be done in compliance with all other applicable provisions of this Lease and with all Applicable Laws, including, without limitation, the Americans with Disabilities Act of 1990, New York City Local Law No. 58/87 and similar present or future laws, and regulations issued pursuant thereto, and New York City Local Law No. 76 and similar present or future laws, and regulations issued pursuant thereto, on abatement, storage, transportation and disposal of asbestos and other hazardous materials, which work, if required, shall be effected at Tenant's sole cost and expense, by contractors and consultants approved by Landlord in accordance with this Article 8 and in compliance with such Applicable Laws and with the rules and regulations and any Alterations rules and regulations which may be promulgated by Landlord with respect to the Building from time to time.

(iv) Intentionally Omitted.

(v) All work to be performed by Tenant or Tenant's Contractors shall be done in a manner which will not unreasonably interfere with or disturb other tenants and occupants of the Building.

(vi) Tenant shall keep the Building and the Premises free and clear of all liens for any work or material claimed to have been furnished to Tenant or to the Premises at the request of, by or on behalf of Tenant or persons claiming by, through or under Tenant.

(vii) Prior to the commencement of any work by or for Tenant, Tenant shall furnish to Landlord certificates evidencing that all Contractors performing any of such work have obtained all insurance required pursuant to the Building's Alterations rules and regulations.

(viii) Except in connection with Tenant's Initial Alteration Work, in granting its consent to any Alterations for which Landlord's consent is required, Landlord may impose such conditions as to guarantee completion (including, without limitation, requiring Tenant to post additional security or a bond to insure the completion of such Alterations, payment, restoration or otherwise), as Landlord may reasonably require.

(ix) The performance of any Alteration shall not be done in a manner which would violate Landlord's union contracts affecting the Project, or create any work stoppage, picketing, labor disruption, disharmony or dispute or any interference with the business of Landlord or any tenant or occupant of the Building. Tenant shall promptly stop the performance of any Alteration if Landlord notifies Tenant (which notice may be oral) that continuing such Alteration would violate Landlord's union contracts affecting the Project, or create any work stoppage, picketing, labor disruption, disharmony or dispute.

(x) The review and/or approval by Landlord, its agents, consultants and/or contractors, of any Alteration or of Tenant's Plans therefor and the coordination of such Alteration work with the Building are solely for the benefit of Landlord, and neither Landlord nor any of its agents, consultants or contractors shall have any duty toward Tenant; nor shall Landlord or any of its agents, consultants and/or contractors be deemed to have made any representation or warranty to Tenant, or have any liability, with respect to the safety, adequacy, correctness, efficiency or compliance with laws of any Tenant's Plans, Alterations or any other matter relating thereto. Landlord shall receive no fee for its supervision, profit, overhead or general conditions in connection with any Alterations performed by Tenant; provided, that Tenant shall reimburse Landlord, within thirty (30) days after demand therefor, for Landlord's actual out-of-pocket third party costs incurred in connection with the review of Tenant's Alterations and Tenant's Plans therefor.

(xi) The timing of Tenant's performance of any Alterations (including Tenant's Initial Alteration Work, subject to the further provisions of Section 22.04) shall be subject to Landlord's consent, which consent shall not be unreasonably withheld, conditioned or delayed provided that the performance of any such work at the time(s) requested by Tenant (a) does not interfere with or adversely affect any other tenant of the Building, (b) does not interfere with or adversely affect the performance of work by Landlord or the management or operation of the Building and (c) complies with Applicable Laws and any Alterations rules and regulations which may be promulgated by Landlord with respect to the Building.

(xii) All Alterations and fixtures (excluding Tenant's trade fixtures) installed by Tenant in the Premises shall be fully paid for by Tenant in cash and shall not be subject to conditional bills of sale, chattel mortgages, or other title retention agreements.

(xiii) Promptly following the substantial completion of any Alterations that required Landlord's consent pursuant to this Article 8 (or of any Alterations that do not require Landlord's consent pursuant to this Article 8 if (x) plans and specifications are customarily prepared with respect to such Alterations, or (y) whether or not so customarily prepared, plans and specifications have been prepared by Tenant), Tenant shall submit to Landlord: (a) one (1) sepi and one (1) electronic copy (using a current version of AutoCAD or such other similar software as is then commonly in use) of final, "as-built" plans for the Premises showing all such Alterations and demonstrating that such Alterations were performed substantially in accordance with plans and specifications first approved by Landlord and (b) an itemization of Tenant's total construction costs, detailed by contractor(s), subcontractors, vendors and materialmen; bills, receipts, lien waivers and releases from all contractors, subcontractors, vendors and materialmen; architects' and Tenant's certification of completion, payment and acceptance, and all governmental approvals and confirmations of completion for such Alterations.

8.03 Landlord shall reasonably cooperate with Tenant in connection with obtaining necessary permits for the Alterations, which may include, without limitation but solely with respect to Alterations which do not require a change to the certificate of occupancy of the Building, executing applications reasonably required by Tenant for such permits within five (5) Business Days after receipt of Tenant's written request therefor, together with the Tenant's Plans for the applicable Alteration and prior to completion of Landlord's review of Tenant's Plans and specifications for such Alterations; provided, that execution of any such application by Landlord shall not constitute Landlord's consent to the proposed Alteration in question. Tenant shall reimburse Landlord, within thirty (30) days after demand therefor, for all reasonable and actual out of pocket costs and expenses reasonably incurred by Landlord in connection with Landlord's cooperation in obtaining such permits.

ARTICLE 9

LIENS

9.01 Prior to commencement of any work in the Premises at the request of, by or on behalf of Tenant or persons claiming by, through or under Tenant, Tenant shall obtain and deliver to Landlord a written letter of authorization, in form reasonably satisfactory to Landlord's counsel, signed by all architects, engineers and designers to become involved in such work, which shall confirm that any of their drawings or plans are to be removed from any filing with governmental authorities on request of Landlord, in the event that said architect, engineer or designer thereafter no longer is providing services with respect to the Premises. Tenant covenants and agrees that it shall not at any time hereafter create, suffer or permit the creation of any lien, encumbrance, chattel mortgage, leasehold mortgage, title retention or security agreement in or to the leasehold interest conveyed herein, the Premises or any installations or other property contained therein, including without limitation, in connection with any Alterations performed or installed pursuant to Article 8. With respect to contractors, subcontractors, materialmen and laborers, and architects, engineers and designers, for all work or materials to be furnished to Tenant at the Premises, Tenant agrees to obtain and deliver to Landlord written and unconditional waiver of mechanics liens upon the Premises, the Building or the Project after payment to the contractors, etc., subject to any then applicable provisions of the New York Lien Law. Notwithstanding the foregoing, Tenant at its expense shall cause any lien filed against the Premises, the Building or the Project, for work or materials claimed to have been furnished to Tenant, to be discharged of record within ten (10) Business Days after notice thereof.

ARTICLE 10

REPAIRS

10.01 Subject to Section 30.05 hereof, and except as set forth in Section 10.02, Landlord, at Landlord's expense (subject to reimbursement to the extent, if any, provided in accordance with Article 48, and, subject to Section 43.06, to reimbursement from Tenant if resulting from any negligence or willful misconduct of Tenant or persons claiming by, through or under Tenant), shall make all repairs and replacements to the structural elements of the Building both exterior and interior (including the roof and floor slabs), to the Building Systems (to the point of entry to the Premises), the common areas and public portions of the Project and the core, shell (including exterior windows), in conformance with the standards that are customary for Comparable Building and Applicable Laws, in each case, to the extent that Landlord's failure to make the repair or replacement in question would adversely impact Tenant's use or occupancy of the Premises and except to the extent Tenant is obligated to make any such repair or replacement pursuant to any other provision of this Lease.

10.02 Tenant shall take good care of the Premises and the fixtures and appurtenances therein, including, without limitation, all horizontal distribution portions of any Building Systems which exclusively serve and are located within the Premises, and shall make all repairs necessary to keep the foregoing in good working order and condition, including structural repairs when those are necessitated by the act, omission or negligence of Tenant or its agents, employees, invitees or contractors, subject to the provisions of Article 11 hereof and Section 43.06. Landlord shall permit Tenant access to Building mechanical rooms and service closets as reasonably required by Tenant to perform any alterations, maintenance or repairs permitted in accordance with the provisions of this Lease; provided, that (i) any such work performed by Tenant in a Building mechanical room or service closet shall be deemed an Alteration under this Lease requiring Landlord's consent, (ii) in no event shall Tenant be permitted to install any equipment in, or make any other changes to, any Building mechanical room or service closet (provided that the foregoing shall not prohibit Tenant from using equipment required for any

permitted alteration, maintenance or repair in a Building mechanical room or service closet while the applicable work is being performed) and (iii) Tenant shall only access Building mechanical rooms and service closets under the supervision of a representative of Landlord (unless Landlord waives such requirement in any instance), who shall be made available to Tenant at reasonable times upon reasonable advance notice from Tenant, and Tenant shall reimburse Landlord for any reasonable incremental out-of-pocket costs incurred by Landlord in connection with providing such supervision within thirty (30) days after demand therefor. Tenant shall not paint, alter, drill into or otherwise change the appearance of the windows including, without limitation, the sills, jambs, frames, sashes, and meeting rails.

ARTICLE 11

FIRE OR OTHER CASUALTY

11.01 Damage by fire or other casualty to the Building (excluding leasable areas thereof) and to the core and shell of the Premises (excluding the tenant improvements and betterments and Tenant's personal property) shall be repaired at the expense of Landlord ("Landlord's Restoration Work"), but without prejudice to the rights of subrogation, if any, of Landlord's insurer to the extent not waived herein. Landlord shall not be required to repair or restore any of Tenant's property or any alteration, installation or leasehold improvement made in and/or to the Premises. If, as a result of such damage to the Building or to the core and shell of the Premises or Building Systems serving the Premises, the Premises are rendered Untenantable, the Fixed Annual Rent and Recurring Additional Rent shall abate in proportion to the portion of the Premises not usable by Tenant from the date of such fire or other casualty until Landlord's Restoration Work is substantially completed. Landlord shall not be liable to Tenant for any delay in performing Landlord's Restoration Work, Tenant's sole remedy being the right to an abatement of Rent, as provided above. Tenant shall cooperate with Landlord as may be reasonably required in connection with the performance by Landlord of Landlord's Restoration Work. If (1) all or any portion of the Building is damaged and the estimated time (as determined by a third-party contractor) to complete such restoration is twelve (12) months or greater or (2) a casualty occurs during the last twelve (12) months of the Term and forty-percent (40%) or more of the Premises is Untenantable as a result of the applicable casualty, then Landlord may within ninety (90) days after such fire or other casualty give written notice to Tenant of its election that the Term shall automatically expire no less than ten (10) days after such notice is given. Notwithstanding the foregoing, each party shall look first to any insurance in its favor before making any claim against the other party for recovery for loss or damage resulting from fire or other casualty, and to the extent that such insurance is in force and collectible (or would have been in force if maintained by a party as required by this Lease) and to the extent permitted by law, Landlord and Tenant each hereby releases and waives all right of recovery against the other or anyone claiming through or under each of them by way of subrogation or otherwise. The foregoing release and waiver shall be in force only if both releasors' insurance policies contain a clause providing that such a release or waiver shall not invalidate the insurance. "Untenantable" or "Untenantability" means that the Premises (or the applicable portion thereof) cannot be used in a manner consistent with a Class A office building, and that the Premises (or the applicable portion thereof) is not being used, in either case, for the conduct of business.

11.02 Within ninety (90) days after Landlord has actual knowledge of any damage described in Section 11.01 hereof occurring at any time following the Commencement Date, Landlord shall deliver to Tenant a statement (the "Restoration Statement") prepared by a reputable third-party contractor setting forth such contractor's good faith estimate as to the time (the "Landlord's Restoration Period") reasonably required to complete the portion of Landlord's Restoration Work which must be completed within the Premises. If (x)(i) Landlord's Restoration Period exceeds fifteen (15) months from the date of such statement, (ii) Landlord's Restoration Period would expire during the last eight (8) months of the Term, and following the

substantial completion of Landlord's Restoration Work, restoration of the Premises by Tenant would be required or (iii) the casualty occurs during the last twelve (12) months of the Term and Landlord's Restoration Period exceeds four (4) months from the date of such statement, and (y) forty percent (40%) or more of the Premises is Untenantable as a result of the applicable casualty, Tenant may elect to terminate this Lease by notice to Landlord not later than thirty (30) days following receipt of the Restoration Statement (time being of the essence). If Tenant makes such election, the Term shall expire upon the sixtieth (60th) day after notice of such election is given by Tenant, and Tenant shall vacate the Premises and surrender the same to Landlord in accordance with the provisions of Article 12 hereof.

11.03 If (i) Landlord has not completed Landlord's Restoration Work (except for and subject only to punch list items) on or before the end of the Landlord's Restoration Period (as Landlord's Restoration Period may be extended by reason of Tenant Delay and Unavoidable Delay), (ii) (A) the Landlord's Restoration Work will not be substantially completed prior to the last eight (8) months of the Term, and following the substantial completion of Landlord's Restoration Work, restoration of the Premises by Tenant would be required or (B) at least fifteen (15) months have elapsed since the date of the Restoration Statement, and (iii) at least forty percent (40%) of the Premises was rendered Untenantable as a result of the applicable casualty, Tenant may elect by written notice, given within sixty (60) days after the later of (x) the last day of Landlord's Restoration Period (or longer, if extended by reason of Unavoidable Delay or Tenant Delay) and (y) the last day of the eight (8) month period or the fifteen (15) month period, as applicable, following the date of the Restoration Statement, to terminate this Lease (time being of the essence) and, if Tenant makes such election, the Term shall expire upon the sixtieth (60th) day after notice of such election is given by Tenant, and Tenant shall vacate the Premises and surrender the same to Landlord in accordance with the provisions of Article 12 hereof; provided, that if Landlord completes the restoration on or before the expiration of such sixty (60) day period, Tenant's termination notice shall be void and of no further force and effect and this Lease shall continue in full force and effect in accordance with the terms hereof. Except as set forth in Section 11.02 and in this Section 11.03, Tenant shall have no other options to cancel this Lease in connection with a casualty.

11.04 In the event that the Premises has been damaged or destroyed and this Lease has not been terminated in accordance with the provisions of this Article 11, Tenant shall (i) cooperate with Landlord in the restoration of the Premises and shall remove from the Premises as promptly as reasonably possible all of Tenant's salvageable inventory, movable equipment, furniture and other property and (ii) repair the damage to the tenant improvements and betterments and Tenant's personal property and restore the Premises following the date upon which the core and shell of the Premises shall have been substantially repaired by Landlord.

11.05 This Article 11 constitutes an express agreement governing any case of damage or destruction of the Premises or the Building by fire or other casualty, and Section 227 of the Real Property Law of the State of New York, which provides for such contingency in the absence of an express agreement, and any other law of like nature and purpose now or hereafter in force shall have no application in any such case.

ARTICLE 12

END OF TERM

12.01 Tenant shall surrender the Premises to Landlord at the expiration or sooner termination of this Lease free and clear of all tenants, occupants or persons claiming by, through or under Tenant and in good order and condition, except for reasonable wear and tear and damage by fire or other casualty, and Tenant shall remove all of its personal property, all Specialty Alterations (to the extent such Specialty Alterations are required to be removed

pursuant to the provisions of Section 8.01 hereof), and all signage installed or displayed by or on behalf of Tenant. Tenant shall have no obligation to remove any telephone or data wiring, cabling or equipment at the end of the Term.

12.02 The parties recognize and agree that the damage to Landlord resulting from any failure by Tenant to timely surrender the Premises will be substantial, will exceed the amount of monthly Rent theretofore payable hereunder, and will be impossible of accurate measurement. Tenant therefore agrees that if possession of the Premises is not surrendered to Landlord free and clear of all tenants, occupants or persons claiming by, through or under Tenant within one (1) day after the date of the expiration or sooner termination of the Term, then (A) Tenant shall pay Landlord as liquidated damages for each month and for each portion of any month during which Tenant holds over in the Premises after expiration or termination of the Term the product of the Applicable Percentage multiplied by (x) the Fixed Annual Rent which was payable per month under this Lease during the last month of the Term thereof and the average of the Recurring Additional Rent which was payable per month under this Lease during the last six (6) months of the Term thereof and (y) the average Additional Rent other than Recurring Additional Rent which was payable per month under this Lease during the last six (6) months of the Term thereof, and (B) if such holdover continues for more than one hundred eighty (180) days, (a) Tenant shall be liable to Landlord for and indemnify Landlord against all costs, claims, loss or liability resulting from such holdover, including, without limitation, against (I) any payment or rent concession which Landlord may be required to make to any tenant obtained by Landlord for all or any part of the Premises (a "New Tenant") pursuant to the provisions of the fully executed lease between Landlord and the New Tenant by reason of the late delivery of space to the New Tenant as a result of Tenant's holding over and (II) any claim for damages by any New Tenant and (b) Tenant shall be liable to Landlord for the loss of the benefit of the bargain if any New Tenant terminates its lease pursuant to the provisions of the fully executed lease between Landlord and the New Tenant by reason of the holding over by Tenant. "Applicable Percentage" means (i) 150% for the first sixty (60) days of such holdover and (ii) 200% thereafter. If Tenant fails to remove any Specialty Alterations as required in accordance with the terms of Section 8.01(iii), Tenant shall be liable to Landlord for actual lost rent attributable to the time period that it would reasonably take Landlord to remove such Specialty Alterations.

12.03 No holding over by Tenant after the Term shall operate to extend the Term. The acceptance of any rent paid by Tenant pursuant to this Article 12 shall not preclude Landlord from commencing and prosecuting a holdover or summary eviction proceeding.

12.04 The provisions of this Article 12 shall survive the expiration or sooner termination of the Term.

ARTICLE 13

SUBORDINATION AND ESTOPPEL, ETC.

13.01 This Lease shall be subject and subordinate to each and every Superior Lease and to the lien of each and every Mortgage now or hereafter affecting the Premises or any Superior Lease, and to all renewals, extensions, supplements, amendments, modifications, consolidations and replacements thereof or thereto, substitutions therefor, and advances made thereunder; provided, that, subject to the provisions of Section 13.06, Tenant's agreement to subordinate this Lease to any particular Superior Lease or Mortgage is conditioned upon the applicable Mortgagee or Lessor executing and delivering to Tenant an agreement to the effect that, *inter alia*, if there shall be a foreclosure of its Mortgage or termination of a Superior Lease, such Mortgagee or Lessor will not make Tenant a party defendant to such foreclosure, evict Tenant, disturb Tenant's possession under this Lease, or terminate or disturb Tenant's leasehold estate or rights or privileges hereunder provided no event of default beyond the expiration of any

applicable notice and cure period hereunder has occurred and is then continuing hereunder and such agreement shall contain substantive provisions that are no less favorable to Tenant than the substantive provisions contained in the form of agreement annexed hereto as Exhibit E (any such agreement, or any agreement of similar import, from a Mortgagee or Lessor, being hereinafter called a “Nondisturbance Agreement”). Subject to the provisions of Section 13.06 below, Tenant’s receipt of a Nondisturbance Agreement is a condition precedent to Tenant’s subordination of its rights under, and interests in, this Lease, and Tenant’s obligation to subordinate its rights under, and interests in, this Lease (including, without limitation, its obligations under Section 13.03 below) at any time during the Term is excused until the foregoing condition is satisfied in each respective instance. If the date of expiration of any Superior Lease shall be the same date as the Expiration Date, the Term shall end and expire twelve (12) hours prior to the expiration of the Superior Lease.

13.02 In confirmation of such subordination, Tenant shall execute and deliver any reasonable instrument that Landlord, the Lessor of any such Superior Lease, the holder of any Mortgage or any of its successors in interest shall reasonably request to evidence such subordination, provided that such instrument includes a Nondisturbance Agreement or a separate Nondisturbance Agreement with respect to the applicable Mortgage or Superior Lease has been delivered to Tenant. The leases to which this Lease is, at the time referred to, subject and subordinate pursuant to this Article 13 are herein called “Superior Leases”, the mortgages to which this Lease is, at the time referred to, subject and subordinate are herein called “Mortgages”, the lessor of a Superior Lease or its successor in interest at the time referred to is herein called a “Lessor” and the mortgagee under a Mortgage or its successor in interest at the time referred to is herein called a “Mortgagee”.

13.03 If any Lessor, Mortgagee, or other party shall succeed to the rights of Landlord under this Lease, whether through termination of a Superior Lease, possession or foreclosure action or delivery of a new lease or deed, then, at the request of such party so succeeding to Landlord’s rights (hereinafter called a “Successor Landlord”), Tenant shall attorn to and recognize such Successor Landlord as Tenant’s landlord under this Lease, and shall promptly execute and deliver any instrument that such Successor Landlord may reasonably request to evidence such attornment. Upon such attornment this Lease shall continue in full force and effect as, or as if it were, a direct lease between such Successor Landlord and Tenant upon, subject to the terms of a Nondisturbance Agreement, all of the terms, conditions and covenants as are set forth in this Lease; provided, that, in no event shall any such Successor Landlord or anyone claiming by, through or under such Successor Landlord, including a purchase at a foreclosure sale, be:

- (i) liable for any act or omission of any prior landlord (including the then defaulting landlord);
- (ii) subject to any defense, claim or offsets which Tenant may have against any prior landlord (including the then defaulting landlord);
- (iii) bound by any payment of Rent which Tenant may have made to any prior landlord (including the then defaulting landlord) more than thirty (30) days in advance of the date upon which such payment was due;
- (iv) bound by any obligation to make any payment to or on behalf of Tenant, including payments on account of Landlord’s Contribution;
- (v) bound by any obligation to perform or complete any construction in connection with the Project or the Premises or to pay any sums to Tenant in connection therewith; or

(vi) bound by any waiver or forbearance under, or any amendment, modification, cancellation or surrender of, this Lease made without such party's consent.

Notwithstanding the foregoing, a Successor Landlord shall be subject to Tenant's rights under Section 47.08, irrespective of when such offset right accrued, and in no event shall the foregoing be construed in any manner to prevent Tenant from exercising its rights under Section 47.08. In case of any conflict between this Section 13.03 and the provisions of any nondisturbance agreement, the provisions of the nondisturbance agreement shall govern as between Tenant and the Successor Landlord or anyone claiming by, through or under such Successor Landlord that is a party to such nondisturbance agreement.

13.04 If, in connection with obtaining financing or refinancing for the Building, a banking, insurance, or other lender shall request reasonable modifications to this Lease as a condition to such financing or refinancing, Tenant shall not unreasonably withhold, delay, or condition its consent thereto, provided such modifications do not increase the obligations, or decrease the rights, of Tenant under this Lease, in each case, except to a *de minimis* extent. In no event shall a requested modification of this Lease requiring Tenant to do the following be deemed to increase the obligations, or decrease the rights, of Tenant under this Lease by more than a *de minimis* extent.

(i) give notice of any default by Landlord under this Lease to such lender and/or permit the curing of such defaults by such lender; and

(ii) obtain such lender's consent for any modification of this Lease as provided in Section 13.05 below.

13.05 This Lease may not be modified or amended so as to reduce the Rent, shorten the Term, or otherwise adversely affect the rights of Landlord hereunder, or be canceled or surrendered, without the written consent in each instance of the Lessors whose Superior Leases and Mortgagees whose Mortgages, as applicable, require such consent (other than an amendment or modification expressly provided for by this Lease). Any such modification, agreement, cancellation or surrender not expressly provided for by this Lease and made without such written consent shall be null and void. This Section 13.05 shall not apply to termination rights expressly granted to Tenant in this Lease.

13.06 Notwithstanding anything contained herein to the contrary, if Tenant shall fail to execute, acknowledge and return any Nondisturbance Agreement that meets the requirements of Section 13.01 hereof within ten (10) Business Days after receipt thereof, and such failure shall continue for ten (10) Business Days after notice of such failure shall have been given to Tenant (which notice shall contain a statement in bold type and capital letters at the top of such notice stating "THIS IS A TIME SENSITIVE NOTICE AND THIS LEASE SHALL AUTOMATICALLY BE SUBORDINATE TO THE [SUPERIOR LEASE/MORTGAGE] NAMED IN THE NONDISTURBANCE AGREEMENT DELIVERED TO TENANT IF TENANT FAILS TO EXECUTE AND DELIVER SUCH NONDISTURBANCE AGREEMENT TO LANDLORD WITHIN TEN (10) BUSINESS DAYS"), then, notwithstanding the provisions of Section 13.01 and notwithstanding the fact that Tenant has not, in fact, executed and delivered such Nondisturbance Agreement, this Lease shall be deemed automatically subordinate to the Superior Lease or Mortgage, as applicable, which was the subject of the Nondisturbance Agreement which Tenant failed to execute.

13.07 From time to time, either party, on at least twenty (20) days' prior written request by the other party, shall deliver to the requesting party, and if Landlord is the requesting party, to any Lessor or Mortgagee or potential mortgagee or purchaser of the Project (or portion thereof) or net lessee of the Project or, if Landlord or Tenant is the requesting party, to any potential

assignee of the requesting party's interest in this Lease, a statement in writing certifying to such person that this Lease is unmodified and in full force and effect (or if there shall have been modifications, that the same is in full force and effect as modified and stating the modifications), certifying the dates to which the Rent and other charges have been paid, stating whether or not, to the certifying party's knowledge, Landlord (where Landlord is the requesting party) or Tenant (where Tenant is the requesting party) is in default in performance of any covenant, agreement or condition contained in this Lease and, if so, specifying each such default, and certifying the Commencement Date, the Rent Commencement Date, the Expiration Date, and the rentable square footage of the Premises.

13.08 Landlord shall deliver to Tenant, within a reasonable period of time following the Effective Date, a Nondisturbance Agreement, duly executed and acknowledged, from Lender (as defined in such Nondisturbance Agreement), substantially in the form annexed to this Lease as Exhibit E, provided, and on condition that, Tenant provides to Landlord Tenant's duly executed and acknowledged signature thereto on the Effective Date.

ARTICLE 14

CONDEMNATION

14.01 If the whole or any substantial part of the Premises shall be condemned by eminent domain or acquired by private purchase in lieu thereof, for any public or quasi-public purpose, this Lease shall terminate on the date of the vesting of title through such proceeding or purchase, and Tenant shall have no claim against Landlord for the value of any unexpired portion of the Term, nor shall Tenant be entitled to any part of the condemnation award or private purchase price. If less than a substantial part of the Premises is condemned, this Lease shall not terminate, but (x) the Fixed Annual Rent shall be reduced in the proportion that the number of rentable square feet of such portion of the Premises so acquired or condemned bears to the total rentable square feet of the Premises immediately prior to such acquisition or condemnation, (y) Tenant's Share shall be redetermined based upon the proportion that the number of rentable square feet of the Premises that is remaining after such acquisition or condemnation bears to the number of rentable square feet of the Building that is remaining after such acquisition or condemnation (including any retail space), and (z) the Percentage shall be redetermined based upon the proportion that the number of rentable square feet of the Premises remaining after such acquisition or condemnation bears to the number of rentable square feet of the office space in the Building remaining after such acquisition or condemnation. Nothing contained in this Section 14.01 shall preclude Tenant from making a separate claim in such proceeding to receive from the condemning authority any compensation to which Tenant may otherwise lawfully be entitled in such case in respect of the value of any improvements in the Premises, to the extent made at Tenant's expense (*i.e.*, excluding the value of any Landlord Improvements), Tenant's personal property located in the Premises and/or moving expenses, provided that such compensation does not include any value of the estate vested by this Lease in Tenant or of the unexpired portion of the Term and does not reduce the amount available to Landlord.

ARTICLE 15

REQUIREMENTS OF LAW

15.01 Tenant, at Tenant's sole expense, shall comply with all laws, ordinances, rules, requirements, orders and regulations (present, future, ordinary, extraordinary, foreseen or unforeseen) of any governmental, public or quasi-public authority, including the New York Board of Fire Underwriters, the Insurance Services Offices, and/or any other similar body performing the same or similar functions, having or asserting jurisdiction over the Project and/or the Premises which are at any time in force, including any City, State and Federal laws, rules and

regulations on the disabled or handicapped, on fire safety and on hazardous materials (collectively, “Applicable Laws”) applicable to the Premises and/or any Alterations therein. The foregoing shall not require Tenant to (i) do structural work to the Building or (ii) perform work with respect to the Building core, the Building Systems which serve the Premises up to the point of connection to the distribution system for such Building System located within the Premises (it being agreed that Tenant shall be responsible for any work required in connection with compliance with Applicable Laws applicable to any component(s) of the distribution system for any Building Systems which serve and are located within the Premises) or Building mechanical areas, unless, in either case, required because of Tenant’s specific manner of use of the Premises (as opposed to the mere use and occupancy of the Premises for office purposes) or Alterations performed by or on behalf of Tenant (or the specific manner of use or Alterations of or for another party claiming by, through or under Tenant).

15.02 Landlord hereby represents that as of the Commencement Date, the Premises shall be in compliance with all Applicable Laws for a vacant and demolished space and free from all Hazardous Materials to the extent required by Applicable Laws. Landlord, at Landlord’s sole cost and expense (but subject to reimbursement to the extent, if any, provided in accordance with Article 48 below), shall comply with all Applicable Laws applicable (i) to the public or common areas of the Project and the Building core, and (ii) to Building Systems which serve the Premises up to the point of connection to the distribution system for such Building System located within the Premises (it being agreed that Tenant shall be responsible for complying with Applicable Laws applicable to any component(s) of the distribution system for any Building Systems which serve and are located within the Premises), and Building mechanical areas, in each case, to the extent that failure to comply would adversely impact Tenant’s use or occupancy of the Premises.

15.03 Intentionally Omitted.

15.04 Tenant shall not cause or permit Hazardous Materials to be used, transported, stored, released, handled, produced or installed in, on or from the Premises or the Project other than customary office, cleaning and/or maintenance and/or construction supplies brought into, used in and/or kept upon the Premises or the Project if and to the extent permitted pursuant to Applicable Laws and in addition, with respect to construction supplies, if and to the extent used in accordance with good construction practices. The term “Hazardous Materials” means any substance or material defined by any Applicable Law, as “hazardous,” “toxic” or words of similar import. In the event of a breach of the provisions of this Section 15.04, Tenant shall remove any such Hazardous Materials from the Project in the manner prescribed for such removal by Applicable Laws, and, in addition to all of Landlord’s rights and remedies under this Lease and pursuant to Applicable Laws, the indemnity provisions set forth in Article 20 shall apply in connection therewith.

(b) If Tenant discovers Hazardous Materials that were (x) introduced to the Premises by Landlord or any of Landlord’s agents, contractors or employees, or (y) solely with respect to the period prior to Commencement Date introduced by any party other than Tenant or Tenant’s agents, contractors or employees or a Related Entity of Tenant, in any case, in violation of Applicable Laws, Landlord shall, at its sole cost, remediate, or cause to be remediated, the same to the extent such remediation is required pursuant to Applicable Laws.

15.05 If any Building violation or outstanding construction lien (other than a violation or construction lien, as applicable, which results from any act or omission of Tenant or anyone claiming by, through or under Tenant, or its respective employees, agents or contractors) delays or prevents Tenant from obtaining any work permit required in connection with Tenant’s Initial Alteration Work, or from obtaining a temporary certificate of occupancy upon completion of Tenant’s Initial Alteration Work, then Landlord shall cure and remove said violation (or shall cause such violation to be cured and removed) or discharge such construction lien (or shall cause

such construction lien to be discharged), as applicable, in either case, within thirty (30) days after Landlord's receipt of Tenant's notice to Landlord describing such violation and delay or such construction lien and delay, as applicable, or if such violation is of such a nature that it cannot be removed and cured within thirty (30) days or if such construction lien is of such a nature that it cannot be discharged within thirty (30) days, then, in either case, Landlord shall commence within such thirty (30) day period, and thereafter diligently pursue, the cure and removal of such violation or the discharge of such construction lien, as applicable. If Tenant is actually delayed in performing Tenant's Initial Alteration Work in or in occupying a portion of the Premises (for the initial occupancy of such portion of the Premises) for the conduct of business, in either case, as a direct result of the existence of such violation(s) or construction lien, as applicable, then the Fixed Annual Rent and any Recurring Additional Rent with respect to such portion of the Premises that Tenant is actually delayed in legally occupying for the conduct of business shall be abated for one day for each day that Tenant is actually delayed in obtaining (I) any such work permit which is necessary for Tenant to perform such Tenant's Initial Alteration Work that Tenant is delayed in performing or (II) a temporary certificate of occupancy to legally occupy such portion of the Premises for the conduct of business, in either case, by reason of any aforesaid violation or construction lien, as applicable.

ARTICLE 16

CERTIFICATE OF OCCUPANCY

16.01 Tenant shall at no time use or occupy the Premises in violation of any temporary or permanent certificate of occupancy issued for the Building. The statement in this Lease of the nature of the business to be conducted by Tenant shall not be deemed to constitute a representation or guaranty by Landlord that such use is lawful or permissible in the Premises under the certificate of occupancy for the Building. Tenant shall not occupy the Premises for the conduct of business (in accordance with the provisions of Section 1.02) until Tenant has obtained a temporary certificate of occupancy for the Premises following the completion of Tenant's Initial Alteration Work.

ARTICLE 17

POSSESSION

17.01 If Landlord shall be unable to give possession of the Premises on any particular date because of the retention of possession of any occupant thereof, alteration or construction work, or for any other reason, Landlord shall not be subject to any liability for such failure. The provisions of this Article are intended to constitute an "express provision to the contrary" within the meaning of Section 223(a) of the New York Real Property Law.

ARTICLE 18

QUIET ENJOYMENT

18.01 Landlord covenants that if Tenant pays the Rent and performs all of Tenant's other obligations under this Lease, Tenant may peaceably and quietly enjoy the Premises, subject to the terms, covenants and conditions of this Lease and to the ground leases, underlying leases and mortgages hereinbefore mentioned.

ARTICLE 19

RIGHT OF ENTRY; SECURITY

19.01 Tenant shall permit Landlord to erect, construct and maintain pipes, conduits and shafts in and through the Premises; provided that (i) any such pipes, conduits and shafts shall either be concealed behind, beneath or within partitioning, columns, ceilings or floors located or to be located in the Premises, or adequately furred in a manner consistent with Comparable Buildings at points immediately adjacent to partitioning, columns or ceilings located or to be located in the Premises; (ii) Landlord installs such pipes, conduits or shafts in a manner that minimizes, to the extent reasonably practicable, any adverse effect on an Alteration theretofore performed in the Premises; (iii) the parties shall reasonably cooperate regarding the location and design of any such pipes, conduits and shafts, provided that if Tenant requests that Landlord install any such pipes conduits and shafts in a location that differs from the location in which Landlord initially planned to install such pipes, conduits and shafts, such location requested by Tenant is a reasonable alternative location; and (iv) such pipes, conduits and shafts shall not reduce the usable square footage of the Premises except to a *de minimis* extent. Landlord or its agents shall have the right to enter or pass through the Premises at all times, by master key upon at least twenty four (24) hours' prior notice (which may be given in person, by telephone or via email notwithstanding anything to the contrary contained in Article 27, below) to Tenant (except in the event of an emergency, in which event no prior notice shall be required), and, in the event of an emergency, by reasonable force or otherwise, to examine the same, and to make such repairs, alterations or additions as it may deem necessary or desirable to the Premises or the Building, and to take all material into and upon the Premises that may be required therefor. Such entry and work shall not constitute an eviction of Tenant in whole or in part, shall not be grounds for any abatement of Rent, and shall impose no liability on Landlord by reason of inconvenience or injury to Tenant's business. During the performance of any entry, work or repairs, maintenance, changes or installations (except by reason of an emergency) made by Landlord pursuant to this Article 19, Landlord shall use commercially reasonable efforts to minimize interference with Tenant's access to the Premises and use and occupancy of the Premises for the ordinary conduct of business; provided, that Landlord shall not be required to perform any such work, repairs, maintenance, changes or installations on an overtime or premium pay basis. Any damage to the Premises or to Tenant's Property resulting from Landlord's exercise of the access rights set forth in this Section 19.01 shall be repaired and the Premises restored to its condition prior to such damage reasonably promptly by and at the expense of Landlord. At any time during the Term, Landlord may exhibit the Premises to prospective purchasers or mortgagees of Landlord's interest therein. During the last seventeen (17) months of the Term, Landlord may exhibit the Premises to prospective tenants. Landlord shall have the right at any time, without the same constituting an actual or constructive eviction, and without incurring any liability to Tenant, to change the arrangement and/or location of entrances or passageways, windows, corridors, elevators, stairs, toilets, or other public parts of the Building, and to change the designation of rooms and suites and the name or number by which the Building is known, provided that any such change does not unreasonably and materially interfere with Tenant's access to the Premises. The exterior walls and roofs of the Building, the mechanical rooms, service closets, shafts, areas above any hung ceiling and the windows and the portions of all window sills outside same are not part of the Premises demised by this Lease, and Landlord hereby reserves all rights to such parts of the Building. Notwithstanding anything to the contrary herein, whenever Landlord is permitted to have access to the Premises pursuant to the provisions of this Section 19.01, Landlord shall (except in the event of an emergency where there is an imminent threat to life or property) be accompanied by a representative of Tenant if Tenant makes such representative available to Landlord promptly at such times.

19.02 Landlord shall provide security services for the Building in a manner consistent with standards generally maintained in Comparable Buildings (the "Security Standard");

provided, that, Landlord shall have no obligation to make any capital expenditures in connection therewith except to the extent same are required by Applicable Laws, in which case, the cost thereof shall be included in Expenses to the extent provided in Article 48 hereof. Without limiting the generality of the foregoing, Landlord shall provide for the Building a restricted access program for all Building tenants and the employees and visitors of all Building tenants, which program shall consist of the following, as such program may be updated and replaced by Landlord, at its option from time to time, with measures reasonably deemed by Landlord to be equally or more effective: (i) controlled electronic access to the Building through electronic proximity cards enabling such Tenant employees to access lobby areas and the office tower of the Building, (ii) electronic surveillance, which with respect to points of Building entry shall be on a 24-hour basis, and (iii) uniformed security guards to monitor and record Building activity on a 24-hour basis. Landlord agrees to reasonably cooperate with Tenant in Tenant's design, implementation and maintenance of Tenant's controlled electronic access system to coordinate the same with Landlord's controlled electronic access system so that Tenant's employees need only carry one electronic proximity card to access the Building, the Building's common areas and the Premises; provided that Landlord shall not be required to incur any expense in connection with such cooperation unless Tenant agrees to reimburse Landlord for such expense. Notwithstanding any of the foregoing, Landlord shall not be deemed to have warranted the efficiency of any security personnel, service, procedures or equipment (collectively, "Security Protocol") and, except to the extent due to Landlord's gross negligence or willful misconduct, Landlord shall not be liable in any manner for the failure of any such Security Protocol to prevent or control, or apprehend anyone suspected of, personal injury, property damage or any criminal conduct in, on or around the Project. Landlord may make changes or modifications to the Security Protocol at the Building from time to time so long as the Security Protocol is to a standard substantially consistent with the Security Standard, and Landlord shall provide Tenant with prior written notice of any such material changes or modifications to the Security Protocol, provided however the Building lobby will be staffed with at least one security guard at all times subject to Unavoidable Delay. "Unavoidable Delay" means Landlord's or Tenant's, as applicable, inability to fulfill or delay in fulfilling any of its obligations under this Lease expressly or impliedly to be performed by Landlord or Tenant, as applicable, if such inability or delay is due to or arises by reason of strikes, labor troubles, accident, weather conditions that render the performance of construction unsafe or impracticable, or by any cause whatsoever beyond such parties' reasonable control, including, without limitation, laws, or other governmental actions or orders, shortages or unavailability of labor, fuel, steam, water, electricity or materials, delays caused by Tenant (as applicable only to Landlord), mechanical breakdown, acts of God, enemy or terrorist action, civil commotion, fire or other casualty, or any actual or threatened health emergency, including, but not limited to, epidemics, pandemics (including, without limitation, COVID-19), famine, disease, plague, quarantine, and other health risks, including, but not limited to, health risks declared or recognized by the Centers for Disease Control, the World Health Organization, any governmental authority or similar body having jurisdiction and any order by any federal, state or local governmental authority having jurisdiction in connection with any such health emergency described above; provided, however, that a party's failure to make a payment of money (including any failure to satisfy a lien, judgment or other monetary obligation), or any other event that derives from such party's lack of funds shall not constitute an Unavoidable Delay for any purpose.

ARTICLE 20

INDEMNITY

20.01 Subject to Section 43.05, Tenant shall indemnify, defend and hold harmless Landlord, all Lessors and all Mortgagees and each of their respective partners, members, directors, officers, shareholders, principals, board members, agents and employees (each, a "Landlord Indemnified Party"), from and against any and all claims made by third parties against

such Landlord Indemnified Party caused by (i) any act, omission or negligence of Tenant or any person claiming through or under Tenant or any of their respective partners, directors, officers, agents, employees or contractors, (ii) any accident, injury or damage occurring in, at or upon the Premises during the Term (or prior to the Commencement Date, if arising from or in connection with any negligence of Tenant or any person claiming through or under Tenant or any of their respective partners, directors, officers, agents, employees or contractors), (iii) any brokerage commission or similar compensation claimed to be due by reason of any proposed subletting or assignment by Tenant or (iv) the conduct of management of the Premises or of any business therein, or any work or thing done, or any condition created in or about the Premises during the Term or during any period of holding over or retention of possession of the Premises by Tenant or anyone claiming by, through or under Tenant; in each case together with all reasonable costs, expenses and liabilities incurred in connection with each such claim or action or proceeding brought thereon, including, without limitation, all reasonable attorneys' fees and disbursements.

20.02 Subject to Section 43.05, Landlord shall indemnify, defend and hold harmless Tenant and its partners, members, directors, officers, shareholders, principals, board members, agents and employees (each, a "Tenant Indemnified Party"), from and against any and all claims made by third parties against any Tenant Indemnified Party caused by the negligence or willful misconduct of Landlord or its officers, agents, employees or contractors in the operation of the common areas of the Building together with all reasonable costs, expenses and liabilities incurred in connection with each such claim or action or proceeding brought thereon, including, without limitation, all reasonable attorneys' fees and disbursements.

20.03 The obligations of Landlord and Tenant under this Article 20 shall survive the expiration or sooner termination of this Lease.

ARTICLE 21

LANDLORD'S LIABILITY, ETC.

21.01 This Lease and the obligations of Tenant hereunder shall not in any way be affected because Landlord is unable to fulfill any of its obligations or to supply any service, by reason of strike or other cause not within Landlord's control. Subject to Section 30.05, Landlord shall have the right, without incurring any liability to Tenant, to stop any service because of accident or emergency, or for repairs, alterations or improvements, necessary or desirable in the judgment of Landlord, until such repairs, alterations or improvements shall have been completed; provided, however, that Landlord shall use commercially reasonable efforts to minimize the duration of any such stoppage, but in no event shall Landlord be required to incur overtime or premium labor charges. Landlord shall not be liable to Tenant or anyone else, for any loss or damage to person, property or business; nor shall Landlord be liable for any latent defect in the Premises or the Building. Neither the partners, entities or individuals comprising Landlord, nor the agents, directors, or officers or employees of any of the foregoing shall be liable for the performance of Landlord's obligations hereunder. Tenant agrees to look solely to Landlord's estate and interest in the land and Building and the proceeds thereof held by Landlord, or the lease of the Building or of the land and Building, and the Premises, for the satisfaction of any right or remedy of Tenant for the collection of a judgment (or other judicial process) requiring the payment of money by Landlord, and in the event of any liability by Landlord, no other property or assets of Landlord or of any Landlord Indemnified Party shall be subject to levy, execution or other enforcement procedure for the satisfaction of Tenant's remedies under or with respect to this Lease, the relationship of Landlord and Tenant hereunder, or Tenant's use and occupancy of the Premises or any other liability of Landlord to Tenant.

ARTICLE 22

CONDITION OF PREMISES; TENANT'S INITIAL ALTERATION WORK

22.01 The parties acknowledge that Tenant has inspected the Premises and the Building and is fully familiar with the physical condition thereof and Tenant agrees to accept the Premises at the commencement of the Term in its then "as is" condition, provided, however, that nothing contained in this sentence shall be deemed to limit any of Landlord's repair and maintenance obligations under Section 10.01 of this Lease or Landlord's obligation to correct Punchlist Items, if any, as hereinafter provided. Except for the Delivery Condition Work Tenant acknowledges and agrees that Landlord shall have no obligation to do any work in or to the Premises in order to make it suitable and ready for occupancy and use by Tenant. Prior to the Effective Date Landlord has performed, at Landlord's sole cost and expense, the work set forth on Exhibit P annexed hereto (collectively, the "Delivery Condition Work"). Following the Commencement Date, Tenant will inspect the Delivery Condition Work. Tenant may give Landlord a written notice (herein called a "Punchlist") at any time prior to the date on which Tenant commences construction of Tenant's Initial Alteration Work, specifying in reasonable detail any incomplete items of Delivery Condition Work discovered by Tenant in the Premises (collectively, "Punchlist Items"). If Tenant shall so timely deliver a Punchlist, then following confirmation of the items on said list, Landlord shall use reasonable efforts to promptly complete any such items. If Tenant does not timely deliver a Punchlist, then Tenant shall be deemed to have waived Tenant's right to deliver a Punchlist and Landlord shall have no further obligations with respect to the Delivery Condition Work. For the avoidance of doubt, the existence of any Punchlist Items shall not affect the occurrence of the Commencement Date or the Rent Commencement Date.

22.02 Notwithstanding anything contained herein to the contrary, Landlord and Tenant acknowledge and agree that: (i) until the completion of Punchlist Items, if any, and Landlord's Base Building Work Landlord shall be permitted to access the Premises and take all materials and equipment into the Premises that may be required for the performance of any portion of Punchlist Items and Landlord's Base Building Work (ii) Landlord and Tenant shall each use reasonable efforts to coordinate the performance of Tenant's Initial Alteration Work and Punchlist Items, if any, and the Landlord's Base Building Work, and (iii) the performance by Landlord of Landlord's Punchlist Items, if any, and Landlord's Base Building Work following the Commencement Date shall not constitute an eviction of Tenant in whole or in part, constructive or actual, and shall not be a ground for any abatement of rent and shall not impose liability on Landlord by reason of any inconvenience, injury to Tenant's business or otherwise. "Landlord's Base Building Work" means all items of work, labor, materials, equipment and installation necessary to construct and complete the core and shell of the Building.

22.03 The term "Tenant Delay" means any actual delay in the performance of Landlord's obligations under this Lease to the extent arising from any act or omission of any nature of Tenant, Tenant's agents or contractors, including, without limitation, delays by Tenant in submission of information or giving authorizations or approvals beyond the time period set forth in this Lease (or if none, beyond a commercially reasonable time period under the circumstances) and delays due to the postponement of any Landlord's Base Building Work at the request of Tenant. Tenant shall pay to Landlord any reasonable out of pocket costs or expenses incurred by Landlord by reason of any Tenant Delay. Landlord agrees to deliver prompt written notice to Tenant of any Tenant Delay upon Landlord becoming aware of such Tenant Delay.

22.04 Notwithstanding the provisions of Section 8.02, Tenant shall have prepared by a registered architect and/or a licensed professional engineer, at its sole cost and expense, and submit to Landlord for its approval in accordance with the applicable provisions of this Lease, final and complete dimensioned architectural, mechanical, electrical and structural drawings and specifications in a form ready for use as construction drawings for the installation of Tenant's

Initial Alteration Work. All such construction plans and specifications and all such work shall be effected in accordance with all applicable provisions of this Lease at Tenant's sole cost and expense (but subject to Article 47). Tenant shall properly coordinate Tenant's Initial Alteration Work with the Landlord's Base Building Work.

(i) Without in any way limiting the provisions of Article 8:

(a) Tenant shall cause Tenant's architect, engineer, contractor, subcontractors, vendors and materials suppliers (collectively, "Tenant's Consultants") to perform Tenant's Initial Alteration Work in a manner that does not interfere with, impede or adversely affect (including due to the impact of noise, smoke or pollutants) (w) the performance of Landlord's Base Building Work, (x) the performance of construction by other tenants and occupants, (y) the use of any tenant of the Building of its premises or access to its premises or any common areas which such tenant is entitled to use or access, or (z) the management and/or operation of the Project.

(b) Landlord and Tenant shall discuss each other's construction schedules and logistics plans and at all times reasonably cooperate in good faith with each other to the end that the performance of Landlord's Base Building Work and Tenant's Initial Alteration Work may be properly coordinated in accordance with good construction practice; provided, that Tenant acknowledges that, in all events, Landlord and Landlord's contractors, subcontractors, vendors and material suppliers shall have priority (with respect to use and scheduling of all facilities, access to Project areas (excluding the Premises), performance of work and use of any elevators, loading docks and all other systems) at all times over Tenant's Consultants, provided, however, that Tenant and Tenant's Consultants shall have priority to perform Tenant's Initial Alteration Work within the Premises over Landlord and Landlord's Consultants performance of Landlord's Base Building Work within the Premises following the Commencement Date. Tenant shall minimize interference with the conduct of Landlord's Base Building Work. Landlord shall use reasonable measures to minimize unreasonable interference with the conduct of Tenant's Initial Alteration Work within the Premises. Landlord shall have the right to store materials and equipment which Landlord intends to use within the Premises within areas of the Premises reasonably designated by Landlord, provided that such storage shall not unreasonably interfere with the completion of Tenant's Initial Alteration Work as reasonably determined by Landlord consistent with good construction practice.

(ii) Neither Tenant nor Tenant's Consultants shall store materials required for performance of Tenant's Initial Alteration Work in any part of the Project other than within the Premises.

(iii) Tenant shall be responsible for the removal of trash and construction debris resulting from the construction of Tenant's Initial Alteration Work, all of which shall be performed at Tenant's sole cost and expense.

(iv) With respect to those portions of the fire protection aspects of Tenant's Initial Alteration Work which are connected to or which tie into the Building systems, Tenant shall use Landlord's designated contractor, provided that the rates charged by such contractor to Tenant are commercially reasonable. For all purposes in connection with Tenant's Initial Alteration Work, Tenant shall use the expeditor designated by Landlord, provided that the rates charged by such expeditor to Tenant are commercially reasonable.

(v) In connection with Tenant's Initial Alteration Work, Tenant shall comply, and cause Tenant's Consultants to comply, promptly with all procedures and regulations reasonably prescribed by Landlord from time to time for coordinating Landlord's Base Building Work, on the one hand, and Tenant's Initial Alteration Work on the other hand, and coordinating

all such work with any other activity or work in the Project, including, without limitation, the use of compatible union labor.

(vi) Without limiting the generality of any other provision of this Lease, any delay in the performance of the Landlord's Base Building Work by reason of Tenant's Initial Alteration Work pursuant to this Section 22.04 shall constitute Tenant Delay.

ARTICLE 23

CLEANING

23.01 From and after the date that Tenant first occupies the Premises for the conduct of business, Landlord shall provide cleaning services to the Premises on Business Days in accordance with the cleaning specifications annexed hereto and made part hereof as Exhibit F. Landlord, its cleaning contractor and their employees shall have access to the Premises during non-Business Hours and the use of Tenant's light, power and water in the Premises as may be reasonably required for the purpose of cleaning the Premises. Landlord may remove Tenant's Extraordinary Refuse from the Building and Tenant shall pay the actual reasonable cost thereof.

23.02 Tenant acknowledges that Landlord has designated a cleaning contractor for the Building. Tenant agrees to employ said cleaning contractor or such other contractor as Landlord shall from time to time designate (the "Building Cleaning Contractor") to perform all cleaning services required under this Lease to be performed by Tenant within the Premises, including without limitation, removal from the Building of Extraordinary Refuse, and for any other waxing, polishing, and other cleaning work in the Premises and Tenant's furniture, fixtures and equipment (collectively, "Tenant Cleaning Services") provided that the prices charged by said contractor are comparable to the prices customarily charged by other reputable cleaning contractors employing union labor in midtown Manhattan for the same level and quality of service. Tenant acknowledges that it has been advised that the cleaning contractor for the Building may be a division or affiliate of Landlord. Tenant agrees that it shall not employ any other cleaning and maintenance contractor, nor any individual, firm or organization for such purpose, without Landlord's prior written consent. In the event that Landlord and Tenant cannot agree on whether the prices then being charged by the Building Cleaning Contractor for such cleaning services are comparable to those charged by other reputable contractors as herein provided, then Landlord and Tenant shall each obtain two (2) bona fide bids for such services from reputable cleaning contractors performing such services in Comparable Buildings employing union labor, and the average of the four bids thus obtained shall be the standard of comparison. In the event that the Building Cleaning Contractor does not agree to perform such Tenant Cleaning Services for Tenant at such average price, Landlord shall not unreasonably withhold its consent to the performance of Tenant Cleaning Services by a reputable cleaning contractor designated by Tenant employing union labor with the proper jurisdictional qualifications; provided, however, that, without limitation, Landlord's experience with such contractor or any criminal proceedings pending or previously filed against such contractor may form a reasonable basis upon which Landlord may withhold or withdraw its consent. The performance of the Tenant Cleaning Services by any such cleaning contractor employed by Tenant shall not interfere with or delay (in either case, beyond a *de minimis* extent), and shall not impose any additional expense upon Landlord in, the cleaning of the Premises or the Building and/or the removal of rubbish therefrom and if such interference or delay shall occur, Tenant, upon notice from Landlord, shall promptly instruct Tenant's cleaning contractor to modify the particular manner of performing the Tenant Cleaning Services which is causing such interference or delay, and if any additional expense shall be incurred by Landlord as a result of the performance of the Tenant Cleaning Services by Tenant's cleaning contractor, Tenant shall pay Landlord's reasonable costs so incurred within thirty (30) days after Tenant's receipt of an invoice therefor.

ARTICLE 24

JURY WAIVER

24.01 Landlord and Tenant hereby waive trial by jury in any action, proceeding or counterclaim involving any matter whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises or involving the right to any statutory relief or remedy. Tenant shall not interpose any counterclaim of any nature (other than compulsory counterclaims, if any) in any summary proceeding.

ARTICLE 25

NO WAIVER, ETC.

25.01 No act or omission of Landlord or its agents shall constitute an actual or constructive eviction, unless Landlord shall have first received written notice of Tenant's claim and shall have had a reasonable opportunity to meet such claim. [***]. No act or omission of Landlord or its agents shall constitute an acceptance of a surrender of the Premises, except a writing signed by Landlord. The delivery or acceptance of keys to Landlord or its agents shall not constitute a termination of this Lease or a surrender of the Premises. Acceptance by Landlord of less than the Rent herein provided shall at Landlord's option be deemed on account of earliest Rent remaining unpaid. No endorsement on any check, or letter accompanying Rent, shall be deemed an accord and satisfaction, and such check may be cashed without prejudice to Landlord. No waiver of any provision of this Lease shall be effective, unless such waiver be in writing signed by the party to be charged. In no event shall Tenant be entitled to make, nor shall Tenant make any claim, and Tenant hereby waives any claim for money damages (nor shall Tenant claim any money damages by way of set-off, counterclaim or defense) based upon any claim or assertion by Tenant that Landlord had unreasonably withheld, delayed or conditioned its consent or approval to any request by Tenant made under a provision of this Lease. Tenant's sole remedy shall be an action or proceeding to enforce any such provision, or for specific performance or declaratory judgment. Tenant shall comply with the rules and regulations contained in this Lease a copy of which are attached hereto as Exhibit G, and any reasonable modifications thereof or additions thereto that Landlord hereafter adopts from time to time on reasonable advance notice to Tenant (it being agreed that such rules and regulations shall not be applied in a manner that is discriminatory to Tenant and, in the event of a conflict between such rules and regulations and this Lease, this Lease shall control). Landlord shall not be liable to Tenant for the violation of such rules and regulations by any other tenant. Failure of Landlord to enforce any provision of this Lease, or any rule or regulation, shall not be construed as the waiver of any subsequent violation of a provision of this Lease, or any rule or regulation. This Lease shall not be affected by nor shall Landlord in any way be liable for the closing, obstructing, darkening or bricking up of windows in the Premises temporarily to the extent required to comply with Applicable Laws or to perform any repairs, maintenance, alterations, or improvements to the Building.

ARTICLE 26

OCCUPANCY AND USE BY TENANT

26.01 If this Lease is terminated because of Tenant's default hereunder, then, in addition to Landlord's rights of re-entry, restoration, preparation for and re-rental, and anything elsewhere in this Lease to the contrary notwithstanding, all Rent and Additional Rent reserved in this Lease from the date of such breach to the scheduled expiration date of this Lease shall become, at Landlord's option, immediately due and payable to Landlord and Landlord shall retain its right to judgment on and collection of Tenant's aforesaid obligation to make a single payment to

Landlord of a sum equal to the amount by which the Rent for the period which otherwise would have constituted the unexpired portion of the Term exceeds the then fair and reasonable rental value of the Premises for the same period, both discounted to present worth at the Prime Rate less the aggregate amount of any monthly amounts theretofore collected by Landlord pursuant to the provisions of Section 6.01 hereof for the same period. Notwithstanding the foregoing, in the event of a termination of this Lease by reason of Tenant's default hereunder, and regardless of whether Landlord exercises the foregoing option described in this Section 26.01, Landlord shall be entitled to recover from Tenant all expenses incurred by Landlord in obtaining possession of the Premises and/or re-letting the Premises (or any portion thereof), including legal expenses and fees, brokerage fees, the cost of restoring such space to the condition required by this Lease, and the cost of all alterations and decoration reasonably deemed necessary by Landlord to effect such re-letting and to obtain a fair and reasonable rental value in connection therewith. In no event shall Tenant be entitled to a credit or repayment for rental income which exceeds the sums payable by Tenant hereunder or which covers a period after the original Term.

ARTICLE 27

NOTICES

27.01 Except as otherwise expressly provided in this Lease, any bills, statements, consents, notices, demands, requests or other communications (each, a "Notice") given or required to be given under this Lease shall be in writing and shall be deemed sufficiently given or rendered if delivered by hand (against a signed receipt) or if sent by registered or certified mail (return receipt requested) or if sent by a nationally recognized overnight courier for next business-day delivery, in each case addressed as follows:

If to Tenant:

Prior to the date Tenant occupies the Premises for the conduct of business therein (the "Occupancy Date")

UiPath, Inc.
90 Park Avenue, 20th Floor
New York, NY 10016
Attn: Elisabeta Bosneag, Senior Global Manager Real Estate

with a copy to:

UiPath, Inc.
90 Park Avenue, 20th Floor
New York, NY 10016
Attn: Dana Forfa, Head of Global Procurement

and

UiPath, Inc.
90 Park Avenue, 20th Floor
New York, NY 10016
Attn: Legal Department

and

Elisabeta.bosneag@uipath.com;
real.estate@uipath.com;

dana.forfa@uipath.com;
legal.corporate@uipath.com

and a copy of all invoices to:

accounts.payable@uipath.com

After the Occupancy Date:

UiPath, Inc.
One Vanderbilt Avenue, 60th Floor
New York, NY 10017
Attn: Elisabeta Bosneag, Senior Global Manager Real Estate

with a copy to:

UiPath, Inc.
One Vanderbilt Avenue, 60th Floor
New York, NY 10017
Attn: Dana Forfa, Head of Global Procurement

and

UiPath, Inc.
One Vanderbilt Avenue, 60th Floor
New York, NY 10017
Attn: Legal Department

and

Elisabeta.bosneag@uipath.com;
real.estate@uipath.com;
dana.forfa@uipath.com;
legal.corporate@uipath.com

and a copy of all invoices to:

accounts.payable@uipath.com

If to Landlord:

One Vanderbilt Owner LLC
One Vanderbilt Avenue
New York, New York 10017
Attention: General Counsel – Real Estate

with a copy to:

SL Green Realty Corp.
One Vanderbilt Avenue
New York, New York 10017
Attention: Director of Leasing

and with a copy to:

Loeb & Loeb LLP
345 Park Avenue
New York, New York 10154
Attention: Raymond A. Sanseverino, Esq.

and a copy to any Mortgagee or Lessor which shall have requested same by notice given in accordance with the provisions of this Article 27, at the address designated by such Mortgagee or Lessor,

or to such other or additional address(es) as either Landlord or Tenant may designate as its new address(es) for such purpose by Notice given to the other in accordance with the provisions of this Article 27. Notices from Landlord may be given by Landlord's managing agent, if any, or by Landlord's attorney. Notices from Tenant may be given by Tenant's attorney. Each Notice shall be deemed to have been given on the date such Notice is actually received as evidenced by a written receipt therefor, provided, however, that any Notice given via email shall be deemed to have been given upon transmission by the sender, and in the event of failure to deliver by reason of changed address of which no Notice was given or refusal to accept delivery, or in the case of Notices given via email, in the event of failure to deliver by reason of any such email address no longer being active or accepting emails, in any such case, as of the date of such failure.

ARTICLE 28

WATER

28.01 Landlord shall provide, at all times, reasonable quantities of cold and tempered water to all core lavatories in the Premises and reasonable quantities of cold water for typical office pantry and cleaning purposes only. If Tenant requires, uses or consumes water for any purpose in addition to ordinary pantry, cleaning, or lavatory purposes ("Excess Water"), Landlord may install a water meter to measure Tenant's Excess Water consumption. In such event, (a) Tenant shall pay Landlord for the cost of the meter and the cost of the installation thereof and through the duration of Tenant's occupancy Tenant shall keep said meter and equipment in good working order and repair at Tenant's own cost and expense; (b) Tenant shall pay for Excess Water consumed as shown on said meter and for the actual cost of piping and supplying such Excess Water to the Premises; and (c) Tenant shall pay the sewer rent, charge or any other tax, rent, levy or charge which now or hereafter is assessed, imposed or shall become a lien upon the Premises or the realty of which they are a part pursuant to any Applicable Laws made or issued in connection with any such metered use, consumption, maintenance or supply of water, water system, or sewage or sewage connection or system; provided, that in no event shall any item included in the definition of "Real Estate Taxes" as set forth in this Lease be included within the items which Tenant shall be required to pay pursuant to this clause (c). Tenant shall pay to Landlord within thirty (30) days after demand therefor, as Additional Rent, a charge equal to Landlord's actual cost (without markup) to provide the Excess Water to Tenant (including all charges described in clauses (a), (b), and (c) of this Section 28.01).

ARTICLE 29

SPRINKLER SYSTEM

29.01 If any sprinkler system in the Premises is damaged by any act or omission of Tenant or its agents, employees, licensees or visitors, Tenant shall restore the system to good working condition at its own expense. If the New York Board of Fire Underwriters, the New York Fire Insurance Exchange, the Insurance Services Office, and/or any other similar body

performing the same or similar functions, or any governmental authority requires the installation of, or any alteration to a sprinkler system by reason of Tenant's particular manner of occupancy or use of the Premises (as distinguished from mere use of the Premises for office purposes), including any alteration necessary to obtain the full allowance for a sprinkler system in the fire insurance rate of Landlord, Tenant shall make such installation or alteration promptly, and at its own expense.

ARTICLE 30

HEAT, ELEVATOR, ETC.

30.01 From and after the Occupancy Date, or, at Tenant's request, prior to the Occupancy Date, Landlord shall provide heating, ventilation and air conditioning service during HVAC Periods pursuant to the specifications annexed hereto as Exhibit H. "HVAC Periods" means 8:00 a.m. to 8:00 p.m. on Business Days and 9:00 a.m. to 1:00 p.m. on Saturdays (other than Holidays). "Business Days" means all days other than Saturdays, Sundays and Holidays. "Holidays" means State holidays, Federal holidays and Building Service Employees Union Contract holidays. If Tenant requires heating, ventilation or air conditioning service to the Premises other than during HVAC Periods, Landlord shall furnish such heat, ventilation or air conditioning, provided that Tenant requests same via Landlord's electronic work order system (or, if such system is not operational, by notice hand delivered, e-mailed or faxed to Landlord at Landlord's office in the Building, addressed to the attention of the Operations Manager) before 2:00 p.m. on any Business Day for service on such Business Day, and before 2:00 p.m. on the Business Day immediately preceding any non-Business Day for service on such non-Business Day. Landlord shall use reasonable efforts to supply such requested service if less notice is given to Landlord. Tenant shall reimburse Landlord, as Additional Rent, within thirty (30) days after receipt of an invoice from Landlord evidencing the same, for the provision by Landlord of non-HVAC Period service requested by Tenant at Landlord's then established charges therefor, [***]. If any of the other tenants in any of the same HVAC zone(s) of the Building as Tenant request HVAC service during any portion of the same non-HVAC Periods as Tenant, the charges to Tenant for HVAC service to the same zone(s) during those non-HVAC Periods shall be equitably adjusted so that Tenant shall only bear a pro-rated portion thereof based upon the rentable square footage of the Premises relative to the total rentable square footage in the applicable HVAC zone(s) to which such overtime HVAC service is simultaneously provided. There shall be a minimum charge of four (4) hours for any time period of additional service that neither immediately precedes nor immediately follows an HVAC Period.

30.02 Landlord shall provide passenger elevator service to the Premises on Business Days during Business Hours in accordance with the specifications attached hereto as Exhibit I, with at least one (1) passenger elevator available at all other times. "Business Hours" means 8:00 a.m. to 6:00 p.m. on Business Days. Subject to Unavoidable Delay, Landlord shall operate all passenger elevators in the elevator bank which serve the Premises during Business Hours on Business Days except that Landlord shall have the right to remove up to two elevators at any one time for maintenance and repairs.

30.03 No bulky materials including, but not limited to furniture, office equipment, packages, or merchandise ("Freight Items") shall be received in the Premises or Building by Tenant or removed from the Premises or Building by Tenant except by means of the freight elevators and loading dock, which Landlord will provide during Freight Elevator Hours, without charge to Tenant (subject, however, to Tenant's obligation to contribute to Expenses as provided in Article 48) on a first come, first served basis. If Tenant requires freight elevator and/or loading dock service at hours other than during Freight Elevator Hours, Landlord shall make available to Tenant, upon reasonable notice, overtime freight elevator and/or loading dock service, and Tenant shall pay to Landlord, as Additional Rent, within thirty (30) days after Landlord's

demand, Landlord's then established charges for overtime freight service. "Freight Elevator Hours" means between 8:00 a.m. and 12:00 p.m. and 1:00 p.m. to 5:00 p.m. on Business Days. If additional freight elevator and/or loading dock service is requested for a period of time that does not immediately precede or follow Freight Elevator Hours, the minimum charge prescribed by Landlord shall be for four (4) hours. Subject to the provisions of Section 43.06 hereof, any damage done to the Building or Premises by Tenant, its employees, agents, servants, representatives and/or contractors in the course of moving any Freight Items shall be paid by Tenant within thirty (30) days after written demand by Landlord. [***].

30.04 Except in the case of an emergency or due to casualty or condemnation, and subject to the Security Protocol then in effect, Tenant shall have access to the Premises 24 hours per day, 7 days per week.

30.05 [***].

30.06 (a) Subject to the terms of this Section 30.06 and all other applicable provisions of the Lease, during the Term, Tenant shall have the non-exclusive right to use those certain fire staircases connecting any contiguous floors of the Premises occupied by Tenant, if any (such fire staircases being referred to herein as the "Fire Stairs"), solely for the purpose of permitting Tenant's employees and other Permitted Users to move between the contiguous floors of the Premises occupied by Tenant. Tenant shall use (or permit use of by Permitted Users) the Fire Stairs only to the extent permitted by, and in a manner that complies with, Applicable Law, and any rules and regulations hereafter promulgated by Landlord from time to time regarding the use of fire stairs by tenants and other occupants of the Building. Tenant shall, at its expense, be responsible for (i) the cleaning of the Fire Stairs and maintenance of the reflective tape installed within the Fire Stairs and (ii) to the extent necessitated by the acts or omissions of, or use of the Fire Stairs by, Tenant or any Permitted User, the performance of all non-structural repairs to, the Fire Stairs and doors which allow access to the Fire Stairs, all of which shall be performed to the satisfaction of Landlord and otherwise in accordance with all applicable provisions of the Lease. During the Term, Tenant shall be responsible for all incremental costs and expenses in connection with Tenant's use of the Fire Stairs (including, without limitation, any increase in Landlord's insurance costs resulting from Tenant's use thereof). During the Term, Tenant shall obtain all insurance coverage required under the Lease with respect to the Premises for the Fire Stairs. During the Term, Tenant shall indemnify and hold Landlord and its agents harmless from and against any and all claims, losses, costs, damage, liability and expense (including, without limitation, reasonable attorneys' fees and disbursements) arising from the use of the Fire Stairs by Tenant, its employees and/or anyone claiming by, through or under Tenant.

(b) Tenant shall not have the right to perform any Alterations or other work in and/or to the Fire Stairs except to the extent expressly set forth herein. Subject to Applicable Laws, including, without limitation, applicable re-entry rules and regulations from time to time in effect, prior to the commencement of such use of the Fire Stairs as contemplated under clause (a), Tenant shall install and regularly maintain at the doors between the Fire Stairs and each contiguous floor of the Premises, if any, a security system reasonably acceptable to Landlord to prevent unauthorized access to and from the Fire Stairs. At Tenant's sole cost and expense, Tenant shall tie such security system into the Building's security and Class E Systems and any other systems Landlord may reasonably require using Landlord's designated contractor, consulting engineer and expeditor. Notwithstanding anything to the contrary contained in this Lease, all work referred to in this Section 30.06, and any work performed by or on behalf of Tenant in or affecting the Fire Stairs, shall be performed by Tenant at its sole cost and expense, in accordance with all applicable provisions of the Lease, including Article 8 of the Lease, which shall apply as though such work was being performed in the Premises (including, without limitation, the requirement of the submission to and prior approval by Landlord of Tenant's Plans for the performance by Tenant of the work prior to the commencement of any work).

Notwithstanding anything to the contrary contained in this Lease, all work performed by or on behalf of Tenant in or affecting the Fire Stairs shall be subject to Landlord's review and approval as an Alteration that is not a Non-Material Alteration or a Non-Consent Alteration. Tenant shall provide Landlord with access to such security system(s) installed by Tenant.

(c) Tenant shall not use the Fire Stairs so as to interfere with the rights of other tenants or occupants of the Building or in a manner that prevents, or in any way obstructs, free passage therein from and/or between floors of the Building. In no event shall Tenant be permitted to store any equipment, furniture, storage boxes or any other personal property whatsoever in the Fire Stairs.

(d) Tenant acknowledges that Landlord has made no representation or warranty as to whether Tenant's use of the Fire Stairs as contemplated hereunder is permitted under Applicable Laws and/or insurance requirements. In the event that Tenant is not permitted to use the Fire Stairs for any reason whatsoever Landlord shall not have liability to Tenant therefor. Nothing contained in this Section 30.06 diminishes Landlord's right to make installations and/or other changes in and/or to the Fire Stairs as permitted by Applicable Law, which may limit or prevent Tenant's access to the Fire Stairs, and such work, or any inability of Tenant to use the Fire Stairs as contemplated by this Lease, shall not constitute an eviction of Tenant in whole or in part, shall not be grounds for any abatement of Rent, and shall impose no liability on Landlord by reason of inconvenience or injury to Tenant's business or otherwise. Tenant shall be solely responsible for the operation of the security system on the doors between the Fire Stairs and the Premises and hereby waives any and all claims against Landlord arising out of or in connection with parties gaining access to and from the Premises through the Fire Stairs.

30.07 [***].

ARTICLE 31

FUTURE CONDOMINIUM CONVERSION

31.01 Tenant acknowledges that the Building and the Land may be subjected to the condominium form of ownership prior to the end of the Term. Tenant agrees that if, at any time during the Term, the Building and the Land shall be subjected to the condominium form of ownership, then, this Lease and all rights of Tenant hereunder are and shall be subject and subordinate in all respects to any condominium declaration and any other documents (collectively, the "Declaration") which shall be recorded in order to convert the Building and the Land to a condominium form of ownership in accordance with the provisions of Article 9 B of the Real Property Law of the State of New York or any successor thereto, provided the Declaration does not (i) increase Tenant's obligations under this Lease (except to a *de minimis* extent) or (ii) adversely affect or diminish Tenant's rights under this Lease (except in either case to a *de minimis* extent). If any such Declaration is to be recorded, Tenant, upon request of Landlord, shall enter into an amendment of this Lease in such respects as shall be reasonably necessary to conform to such condominiumization, including, without limitation and to the extent applicable, appropriate adjustment to the Percentage and Tenant's Share.

ARTICLE 32

TAX ESCALATION

32.01 Tenant shall pay to Landlord, as Additional Rent, tax payments in accordance with this Article:

(a) For the purpose of this Article, the following definitions shall apply:

(i) The term “Tenant’s Share” shall mean the percentage which is calculated by dividing (i) the total rentable square footage of the Premises by (ii) the total rentable square footage of the Building, in each case, as such rentable square footage is determined in accordance with Section 1.01 of this Lease (it being agreed that such percentage shall be calculated to the nearest hundredth of a percent). [***].

(ii) The term “Tax Year” shall mean each period of twelve (12) months, commencing on the first day of July of each such period, in which occurs any part of the Term, or such other period of twelve (12) months occurring during the Term as hereafter may be adopted as the fiscal year for real estate tax purposes for the City of New York.

(iii) The term “Real Estate Taxes” shall mean (x) the total of all taxes and special or other assessments levied, assessed or imposed at any time by any governmental authority upon or against the Project including, without limitation, (A) any business improvement district assessment payable in respect of the Land and/or the Building and (B) any tax or assessment levied, assessed or imposed at any time by any governmental authority in connection with the receipt of income or rents from said Project to the extent that same shall be in lieu of all or a portion of any of the aforesaid taxes or assessments, or additions or increases thereof, upon or against said Project and (y) any expenses incurred by Landlord in contesting such taxes or assessments and/or the assessed value of the Project, which expense shall be allocated to the Tax Year to which such expenses relate. If, due to a future change in the method of taxation or in the taxing authority, or for any other reason, a franchise, income, transit, profit or other tax or governmental imposition, however designated, shall be levied against Landlord in substitution in whole or in part for the Real Estate Taxes, or in lieu of additions to or increases of said Real Estate Taxes, then such franchise, income, transit, profit or other tax or governmental imposition shall be deemed to be included within the definition of “Real Estate Taxes” for the purposes hereof. Real Estate Taxes shall also include payments in lieu of taxes, in connection with a “PILOT” program or similar arrangement with a governmental authority or agency, with respect to the Land and/or the Building. If the owner, or lessee under a Superior Lease or any other lease in the Building, of all or any part of the Project is an entity exempt from the payment of taxes described in clause (x), there shall be included in “Real Estate Taxes” the taxes described in clause (x) which would be so levied, assessed or imposed if such owner or lessee were not so exempt and such taxes shall be deemed to have been paid by Landlord on the dates on which such taxes otherwise would have been payable if such owner or lessee were not so exempt. Notwithstanding anything to the contrary contained in this Lease, Real Estate Taxes shall be calculated without taking into account any exemption, abatement or reduction which the Project or any portion thereof may now or hereafter receive pursuant to any governmental incentive program (including, without limitation, the Industrial and Commercial Abatement Program), for the purpose of determining the Real Estate Taxes applicable to each Tax Year.

(iv) The term “Tax Statement” shall mean a statement that shows the Tax Payment for a particular Tax Year.

(v) Where more than one assessment is imposed by the City of New York for any Tax Year, whether denominated an “actual assessment” or a “transitional assessment” or otherwise, then the phrases herein “assessed value” and “assessments” shall mean whichever of the actual, transitional or other assessment is designated by the City of New York as the taxable assessment for that Tax Year.

32.02 Tenant shall pay to Landlord, as Additional Rent for each Tax Year occurring during the Term, an amount equal to Tenant’s Share of the Real Estate Taxes for such Tax Year

(each, a “Tax Payment”) as shown on the applicable Tax Statement. Notwithstanding the provisions of the preceding sentence, Tenant shall have no obligation to make any Tax Payment with respect to any period prior to the Rent Commencement Date. The Tax Payment for each Tax Year shall be due and payable in installments in the same manner that Real Estate Taxes for such Tax Year are due and payable by Landlord, whether to the City of New York, to a superior Lessor or Mortgagee or otherwise. Tenant shall pay Tenant’s Share of each such installment within thirty (30) days after the rendering of a Tax Statement, which statement may be rendered so as to require Tenant’s Tax Payment to be paid by Tenant thirty (30) days prior to the date such Real Estate Taxes first become due and payable by Landlord. If, as of the date that is sixty (60) days before the date that Landlord is obligated to make a payment of Real Estate Taxes to the applicable governmental authority, superior Lessor, or Mortgagee, the Real Estate Taxes for the applicable Tax Year have not yet been billed by the applicable governmental authority, then Landlord shall have the right to give Tenant a Tax Statement that sets forth a reasonable estimate of the Tax Payment for the applicable Tax Year and, once the applicable governmental authority issues the applicable tax bill, the parties shall make an appropriate adjustment between them to the extent necessary to reconcile the Tax Payment that Tenant has theretofore made based on the estimated Tax Statement and the amount that is reflected on a revised Tax Statement given by Landlord to Tenant. The benefit of any discount for any early payment or prepayment of Real Estate Taxes shall accrue solely to the benefit of Landlord, and such discount shall not be subtracted from the Real Estate Taxes payable for any Tax Year.

32.03 Intentionally Omitted.

32.04 If, after Tenant has made a Tax Payment, Landlord receives a refund of any portion of the Real Estate Taxes payable for any Tax Year on which such Tax Payment is based, as a result of a reduction of such Real Estate Taxes by final determination of tax assessment proceedings, settlement or otherwise, Landlord shall, subject to the provisions of the next sentence, within thirty (30) days after receiving the refund, pay to Tenant Tenant’s Share of the refund less Tenant’s Share of expenses (including customary attorneys’ and appraisers’ fees) incurred by Landlord (to the extent such expenses were not already included in the calculation of Real Estate Taxes for the applicable Tax Year) in connection with any such application or proceeding (a “Tax Refund”); provided that in no event shall any Tax Refund owed to Tenant with respect to Real Estate Taxes exceed the Tax Payment paid by Tenant with respect to Real Estate Taxes for such Tax Year. In lieu of paying such amount to Tenant, Landlord may credit the portion of such refund to which Tenant is entitled against the Rent thereafter coming due hereunder. If (x) Tenant is entitled to a credit against Rent pursuant to this Section 32.04, and (y) the Expiration Date occurs prior to the date that such credit is exhausted, then Landlord shall pay to Tenant the unused portion of such credit on or prior to the thirtieth (30th) day after the Expiration Date (and Landlord’s obligation to make such payment shall survive the Expiration Date). If (i) Landlord receives such refund after the Expiration Date, and (ii) Tenant is entitled to a portion thereof as contemplated by this Section 32.04, then Landlord shall pay to Tenant an amount equal to Tenant’s Tax Refund within thirty (30) days after the date that such refund is paid to Landlord and Landlord’s obligation to make such payment shall survive the Expiration Date. In addition to but without duplication of the foregoing (and without duplication of any amounts which were already included in the calculation of Real Estate Taxes for the applicable Tax Year), Tenant shall pay Landlord, as Additional Rent, within thirty (30) days after Landlord shall have delivered to Tenant a statement therefor, Tenant’s Share of all customary expenses incurred by Landlord in reviewing or contesting the validity or amount of any Real Estate Taxes or for the purpose of obtaining reductions in the assessed valuation of the Project, including without limitation, the customary fees and disbursements of attorneys, third-party consultants, experts and others.

32.05 Tax Statements shall constitute a final determination as between Landlord and Tenant of the Real Estate Taxes for the periods represented thereby (and the Tax Payments

therefor), unless Tenant within one hundred eighty (180) days after the date a Tax Statement is furnished to Tenant shall give a written notice to Landlord that it disputes its accuracy or its appropriateness, which notice shall specify the particular respects in which the applicable Tax Statement is inaccurate or inappropriate. If Tenant shall so dispute a Tax Statement then, pending the resolution of such dispute, Tenant shall pay the Additional Rent to Landlord in accordance with the Tax Statement furnished by Landlord.

32.06 In no event shall the Fixed Annual Rent under this Lease be reduced by virtue of this Article 32.

32.07 Upon the date of any expiration or termination of this Lease (except termination because of Tenant's default) whether the same be the date hereinabove set forth for the expiration of the Term or any prior or subsequent date, a proportionate share of said Additional Rent for the Tax Year during which such expiration or termination occurs shall be due and payable by Tenant to Landlord within thirty (30) days after Tenant's receipt of an invoice, if it was not theretofore already billed and paid. The said proportionate share shall be based upon the length of time that this Lease shall have been in existence during such Tax Year. Landlord shall promptly cause statements of said Additional Rent for that Tax Year to be prepared and furnished to Tenant. Landlord and Tenant shall thereupon make appropriate adjustments and payments of amounts then owing.

32.08 Landlord's and Tenant's obligations to make the adjustments and payments referred to in Section 32.07 above shall survive any expiration or termination of this Lease. Any delay or failure of Landlord in billing any Tax Payment shall not constitute a waiver of or in any way impair the continuing obligation of Tenant to pay such Tax Payment hereunder.

32.09 Landlord shall, with respect to each Tax Year any portion of which occurs after the Rent Commencement Date, initiate and pursue in good faith an application and proceeding seeking a reduction in Real Estate Taxes or the assessed valuation of the Project, unless Landlord is advised by its tax certiorari counsel that it should not commence such a contest. Tenant, for itself and its immediate and remote subtenants and successors in interest hereunder, hereby waives, to the extent permitted by law, any right Tenant may now or in the future have to protest or contest any Real Estate Taxes or to bring any application or proceeding seeking a reduction in Real Estate Taxes or assessed valuation or otherwise challenging the determination thereof.

ARTICLE 33

RENT CONTROL

33.01 In the event the Fixed Annual Rent or Additional Rent or any part thereof provided to be paid by Tenant under the provisions of this Lease during the Term shall become uncollectible or shall be reduced or required to be reduced or refunded by virtue of any Federal, State, County or City law, order or regulation, or by any direction of a public officer or body pursuant to Applicable Law, or the orders, rules, code or regulations of any organization or entity formed pursuant to law, whether such organization or entity be public or private (a "Legal Rent Restriction"), then Landlord, at its option, may at any time thereafter terminate this Lease, by not less than thirty (30) days' written notice to Tenant, on a date set forth in said notice, in which event this Lease and the term hereof shall terminate and come to an end on the date fixed in said notice as if the said date were the date originally fixed herein for the termination of the demised term. Landlord shall not have the right to so terminate this Lease if Tenant within such period of thirty (30) days shall in writing lawfully agree that the rentals herein reserved are a reasonable rental and agree to continue to pay said rentals, and if such agreement by Tenant shall then be legally enforceable by Landlord. If it is not lawful for Tenant to enter into the foregoing agreement, then Tenant shall enter into such written agreement(s) as Landlord may reasonably

request so as to permit Landlord to lawfully collect the maximum rents which from time to time may be legally permissible (but not in excess of the amounts reserved therefor during each applicable period under this Lease) and, upon the termination of such Legal Rent Restriction, (a) the Rent (or any part thereof subject to the Legal Rent Restriction) shall become and thereafter be payable in accordance with the amounts reserved herein for the periods following the termination of such Legal Rent Restriction and (b) Tenant shall pay to Landlord, to the maximum extent the same is legally permissible, an amount equal to the amount of the Rent (or any part thereof subject to the Legal Rent Restriction) which would have been payable pursuant to this Lease but was not paid due to such Legal Rent Restriction and, in such event, Landlord shall not thereafter have the right to so terminate this Lease as a result of such Legal Rent Restriction.

ARTICLE 34

ARBITRATION

34.01 Subject to the further provisions of this Article 34, either party shall have the right to submit a dispute pursuant to Section 47.08 of this Lease, to final and binding arbitration in New York, New York, administered by JAMS in accordance with JAMS Streamlined Arbitration Rules and Procedures in effect at that time (or, if JAMS is no longer in existence, then administered by National Arbitration and Mediation (“NAM”), in accordance with NAM’s Comprehensive Dispute Resolution Rules and Procedures; and if NAM is no longer in existence, then administered by the American Arbitration Association under the Expedited Procedures of its Commercial Arbitration Rules in effect at that time; and if none of the preceding remains in existence, by the expedited arbitration procedures of any succeeding or substantially similar dispute resolution organization). A single arbitrator will be selected pursuant to such rules and procedures (the “JAMS Arbitrator”). No dispute relating to this Lease or the relationship of Landlord and Tenant under this Lease shall be resolved by arbitration pursuant to this Article 34 except for disputes pursuant to Section 47.08. The parties agree that: (i) the unsuccessful party in such arbitration will pay to the successful party all costs and expenses reasonably incurred by the successful party, including reasonable attorneys’ fees and disbursements, and will pay any fees and disbursements due to JAMS (or the organization administering the arbitration) and the JAMS Arbitrator and, to the extent the “successful” party cannot be clearly identified, each party will bear its own costs and expenses and the parties will pay their equal share of any fees and disbursements due to JAMS (or the organization administering the arbitration) and the JAMS Arbitrator; (ii) arbitration pursuant to this arbitration clause is intended to be the sole and exclusive method of arbitration to be utilized by the parties; (iii) judgment may be had on the decision and award of the arbitrator so rendered in any court of competent jurisdiction (each party hereby consenting to the entry of such judgment in any such court); (iv) the JAMS Arbitrator shall have no right to award damages (though the foregoing shall not preclude the JAMS Arbitrator from issuing a determination that results in the payment or credit from one party to the other if such payment or credit is the subject matter of such arbitration); and (v) any decision or award rendered in such arbitration, whether or not such decision or award has been entered for judgment, shall be final and binding upon Landlord and Tenant. The JAMS Arbitrator will be bound by the provisions of this Lease and will not have the power to add to, subtract from or otherwise modify such provisions, and will have the authority to, and may, order specific performance to remedy any breach of the terms of this Lease. The JAMS Arbitrator will consider only the specific issues submitted to him/her for resolution, and will be directed to make a determination as to the “successful” party or a specific determination that there is no prevailing party. If any party fails to appear at a duly scheduled and noticed hearing, the JAMS Arbitrator is hereby expressly authorized to enter judgment for the appearing party. The JAMS Arbitrator shall be directed by both parties to issue a determination that provides an explanation of his/her decision with reasonable specificity. Landlord and Tenant shall each have the right to appear and be represented by counsel before said JAMS Arbitrator and to submit such data and memoranda

in support of their respective positions in the matter in dispute as may be reasonably necessary or appropriate under the circumstances. Neither party shall have ex parte communications with any arbitrator selected under this Section 34.01 following his or her selection and pending completion of the arbitration hereunder.

34.02 Landlord and Tenant agree to sign all documents and to do all other things necessary to submit any such matter to arbitration and further agree to, and hereby do, waive any and all rights they or either of them may at any time have to revoke their agreement hereunder to submit to arbitration and to abide by the decision rendered thereunder which shall be binding and conclusive on the parties and shall constitute an "award" by the arbitrator within the meaning of the applicable arbitration rules and Applicable Laws. For such period, if any, as this agreement to arbitrate is not legally binding or the arbitrator's award is not legally enforceable, the provisions requiring arbitration shall be deemed deleted and matters to be determined by arbitration shall be subject to litigation.

34.03 Any JAMS Arbitrator acting under this Article 34 in connection with any matter shall (1) be experienced in the field to which the dispute relates, (2) have been actively engaged in such field for a period of at least ten (10) years before the date of his or her appointment as arbitrator hereunder, (3) be sworn fairly and impartially to perform his or her respective duties as an arbitrator, (4) not be an employee or past employee of Landlord or Tenant or of any Affiliate of Landlord or Tenant and (5) never have represented or been retained for any reason whatsoever by Landlord or Tenant or any Affiliate of Landlord or Tenant (unless both Landlord and Tenant waive the requirement set forth in this clause (5) in writing).

34.04 This Article 34 shall survive the expiration or sooner termination of this Lease.

ARTICLE 35

SUPPLEMENTAL AIR CONDITIONING

35.01 If supplementary air-conditioning equipment is desired by Tenant to accommodate Tenant's special usage areas (i.e. computer rooms, conference rooms, or any special usage which subjects a portion or the entire Premises to a high density of office personnel and/or heat generating machines or appliances), it shall be Tenant's responsibility to furnish, install, maintain, repair and operate such desired supplementary air-conditioning equipment at its sole cost and expense. Tenant shall pay for all electricity consumed in the operation of such supplemental air conditioning equipment in accordance with the provisions of Article 41 of this Lease.

35.02 Upon Tenant's election, Landlord shall make available to Tenant on a 24 hours a day, 7 days a week and 365 days a year (or 366 days a year in any leap year) basis up to fifteen (15) tons (the "Maximum Tonnage"), of condenser water in connection with the operation by Tenant of supplemental air-conditioning equipment ("Supplemental Condenser Water"). Tenant may elect to have Landlord supply such Supplemental Condenser Water by notice ("Tenant's Supplemental Water Notice") given to Landlord on or before the Rent Commencement Date (such date, the "Supplemental Water Reservation Deadline") (time being of the essence), which notice shall set forth the tonnage of Supplemental Condenser Water requested by Tenant up to the Maximum Tonnage (such reserved capacity, as it may be increased or reduced from time to time pursuant to this Section 35.02, the "Reserved Capacity"). Tenant shall be deemed to have elected not to have Landlord supply Supplemental Condenser Water if Tenant fails to give to Landlord Tenant's Supplemental Water Notice on or before the Supplemental Water Reservation Deadline and in such event Landlord shall have no obligation to reserve Supplemental Condenser Water for Tenant's future use; provided, that, regardless of whether Tenant gives Tenant's Supplemental Water Notice, if Tenant thereafter requires Supplemental Condenser Water that

was not reserved by Tenant pursuant to Tenant's Supplemental Water Notice, upon Tenant's written request, Landlord shall provide such requested Supplemental Condenser Water (or additional Supplemental Condenser Water) to Tenant to the extent such Supplemental Condenser Water is then available after taking into account appropriate reserves to serve the current and reasonably anticipated future needs of Landlord and the other existing and future tenants of the Building. Tenant shall perform all necessary work and install all required equipment to permit Tenant to tap into Landlord's condenser water riser. There shall be no tap-in charges in connection with Tenant's initial tap-in to the Building condenser water system if such initial tap-in occurs as part of Tenant's Initial Alteration Work; thereafter in connection with any tap-in to the Building condenser water system Tenant shall pay to Landlord, as Additional Rent, within thirty (30) days after Landlord's demand, Landlord's then established charges therefor. At any time, and from time to time during the Term, Tenant shall have the right, upon at least thirty (30) days' prior notice to Landlord (a "Reserved Capacity Reduction Notice"), to reduce the tonnage of Supplemental Condenser Water reserved by Landlord for Tenant to an amount less than the then Reserved Capacity; provided, that, from and after the date(s) on which Tenant elects to reduce the Reserved Capacity, Landlord shall only be obligated to reserve for Tenant the Reserved Capacity as so reduced and Tenant shall have no right, and Landlord shall have no obligation, to increase the Reserved Capacity, regardless of whether such Reserved Capacity is less than the Maximum Tonnage. Subject to Landlord's approval of Tenant's plans therefor in accordance with the terms and conditions of Article 8 and compliance by Tenant with all other applicable provisions of this Lease, Tenant shall have the right, as part of Tenant's Initial Alteration Work to install within the Premises redundant supplemental systems with a capacity in excess of the Maximum Tonnage, provided that such supplemental systems are equipped with automatic condenser water shut-off valves to ensure that Tenant does not exceed the Maximum Tonnage. Landlord will provide Tenant with outside air in connection with Tenant's supplementary air-conditioning equipment, at no additional charge.

35.03 [***].

ARTICLE 36

SHORING

36.01 Tenant shall permit any person authorized to make an excavation on land adjacent to the Building to do any work within the Premises necessary to preserve the wall of the Building from injury or damage, and Tenant shall have no claim against Landlord for damages or abatement of rent by reason thereof.

ARTICLE 37

EFFECT OF CONVEYANCE, ETC.

37.01 If the Building shall be sold, transferred or leased, or the lease thereof transferred or sold, Landlord shall be relieved of all future obligations and liabilities hereunder and the purchaser, transferee or tenant of the Building shall be deemed to have assumed and agreed to perform all such obligations and liabilities of Landlord hereunder. In the event of such sale, transfer or lease, Landlord shall also be relieved of all existing obligations and liabilities hereunder, provided that the purchaser, transferee or tenant of the Building assumes in writing such obligations and liabilities.

ARTICLE 38

RIGHTS OF SUCCESSORS AND ASSIGNS

38.01 This Lease shall bind and inure to the benefit of the heirs, executors, administrators, successors, and, except as otherwise provided herein, the assigns of the parties hereto. If any provision of any Article of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of that Article, or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of said Article and of this Lease shall be valid and be enforced to the fullest extent permitted by law.

ARTICLE 39

CAPTIONS

39.01 The captions herein are inserted only for convenience, and are in no way to be construed as a part of this Lease or as a limitation of the scope of any provision of this Lease.

ARTICLE 40

BROKERS

40.01 Each of Landlord and Tenant covenants, represents and warrants for itself, that it has had no dealings or negotiations with any broker or agent in connection with the consummation of this Lease other than SL Green Leasing LLC, CBRE, Inc. and Cushman & Wakefield, Inc. (collectively, the "**Broker**"). Landlord covenants and agrees to defend, hold harmless and indemnify Tenant from and against any and all cost, expense (including reasonable attorneys' fees) or liability for any compensation, commissions or charges claimed by any broker or agent claiming to have dealt with Landlord, including, without limitation, Broker, with respect to this Lease or the negotiation thereof. Tenant covenants and agrees to defend, hold harmless and indemnify Landlord from and against any and all cost, expense (including reasonable attorneys' fees) or liability for any compensation, commissions or charges claimed by any broker or agent (other than Broker) claiming to have dealt with Tenant with respect to this Lease or the negotiation thereof. Landlord shall enter into a separate agreement with Broker which provides that, if this Lease is executed and delivered by both Landlord and Tenant, Landlord shall pay to Broker a commission to be agreed upon between Landlord and Broker, subject to, and in accordance with, the terms and conditions of such agreement. The provisions of this Section 40.01 shall survive the expiration or any sooner termination of this Lease.

ARTICLE 41

ELECTRICITY

41.01 Tenant acknowledges and agrees that electric service shall be supplied to the Premises on a "submetered basis" in accordance with the provisions of this Article 41. Electricity and electric service, as used herein, shall mean any element affecting the generation, transmission, and/or distribution or redistribution of electricity, including but not limited to services which facilitate the distribution of service. From and after the Commencement Date, Landlord shall make available, at the combined electrical closets servicing the Premises, electricity for all purposes with an average capacity of not less than six (6) watts demand load per usable square foot of the Premises (exclusive of electricity for the Building Systems serving the Premises, including, without limitation, the base Building HVAC system) which shall be distributed by Tenant at its sole cost and expense, subject to all other applicable provisions of

this Lease. From and after the Commencement Date, Landlord shall make available to Tenant additional electrical capacity, provided that (i) there exist appropriate reserves to serve the current and anticipated future needs of Landlord and the other existing and future tenants of the Building, (ii) Landlord receives a load letter from Tenant's engineer certifying that Tenant requires such additional electrical capacity and that the load is not too excessive for the Building and its electrical equipment and (iii) Landlord is reimbursed by Tenant within thirty (30) days of Landlord's request therefor for Landlord's actual out-of-pocket cost of providing such additional electrical capacity to Tenant, including, without limitation, the actual out-of-pocket cost of installing any additional risers and/or other equipment necessary in connection with such provision of additional electricity. Subject to approval in accordance with Article 8 of Tenant's plans therefor and compliance by Tenant with all other applicable provisions of this Lease, Tenant shall have the right to redistribute Tenant's allocated electrical capacity within the Premises; provided, that if Tenant shall surrender any portion of the Premises prior to surrendering the entire Premises, Tenant shall perform any work required prior to such partial surrender so that the surrendered portion of the Premises has at least an average capacity of six (6) watts demand load per usable square foot of the Premises or such greater amount as permitted by this Section 41.01 (exclusive of electricity for the Building Systems serving the Premises, including, without limitation, the base Building HVAC system).

41.02 If and so long as Landlord provides redistributed electricity to the Premises on a submetered basis, Tenant agrees that the charges for such redistributed electricity shall be computed as a sum equal to [***]. "Landlord's Cost" for such redistributed electricity shall be equal to (a) Landlord's Cost Rate for the relevant billing period multiplied by Tenant's electricity consumption and demand for the relevant billing period measured and calculated as hereinafter provided (but never less than Landlord's actual cost for the electricity so redistributed), (b) Landlord's reasonable and actual costs for measuring, calculating and reporting Tenant's electricity charges, including the fees of an electrical consultant and (c) all taxes paid by Landlord. Where more than one meter measures the service of Tenant in the Building, the service rendered through each meter may be computed and billed separately in accordance with the rates herein specified. Tenant acknowledges that the electric submeters for the Premises shall include the electrical consumption of the air handler unit(s) that supply heating, ventilation and air conditioning service to the Premises. In addition, if any portion of the Premises at any time is located on a floor of the Building which contains rentable area that is not included in the Premises, then Tenant shall pay as Additional Rent, Tenant's Base Building AC Percentage of the costs incurred by Landlord for the electrical consumption of the air handler unit(s) that supply heating, ventilation and air conditioning service to such floor of the Building (including, without limitation, all applicable surcharges, demand charges, time-of-day charges, energy charges, fuel adjustment charges, rate adjustment charges, taxes and other sums payable in respect thereof). "Tenant's Base Building AC Percentage" shall mean the percentage which is calculated by dividing (i) the total rentable square footage of any portion of the Premises that is located on a floor of the Building which contains rentable area that is not included in the Premises by (ii) the total rentable square footage of such floor of the Building, as applicable, in each case, as such rentable square footage is determined in accordance with Section 1.01 of this Lease (it being agreed that such percentage shall be calculated to the nearest hundredth of a percent).

41.03 "Landlord's Cost Rate" shall mean the amount determined as follows: (i) the actual total dollar amount billed to Landlord by the public utility and/or service providers supplying electric service to the Building for the Building's consumption for the relevant billing period for energy (kilowatt hours, *i.e.*, "KWH") shall be divided by the total kilowatt hours consumed by the Building for such billing period, carried to six decimal places, and (ii) the actual total dollar amount billed to Landlord by the public utility and/or service providers supplying electric service to the Building for the relevant billing period for demand (kilowatts, *i.e.*, "KW") for the Building's consumption for such billing period, shall be divided by the total

demand (kilowatts) of the Building for such billing period, carried to six decimal places (and the Landlord's Cost Rate, so defined, for KWH and for KW shall be applied to Tenant's electricity consumption and demand, KWH and KW, for the relevant billing period).

41.04 Landlord shall install submeters at Landlord's cost and expense to measure Tenant's electricity consumption, KWH and KW. Bills for Landlord's Cost therefor shall be rendered at such times as Landlord may elect, and the amount, as computed from a meter, shall be deemed to be, and shall be paid as Additional Rent. If any tax is imposed upon Landlord's receipt from the resale of electrical energy to Tenant by any Federal, State or Municipal authority, Tenant covenants and agrees that, where permitted by law, Tenant's share of such taxes based upon its usage and demand shall be passed on to, and shall be included in the bill of, and shall be paid by Tenant to Landlord. All repairs to and maintenance of the submeter(s) during the Term shall be performed by Landlord at Landlord's sole cost and expense.

41.05 In the event that all or part of the meters, or system by which Landlord measures Tenant's consumption of electricity (the "Submetering System"), shall not be operable or malfunction, (a) Landlord, through an independent, electrical consultant selected by Landlord, shall estimate the readings that would have been yielded by said Submetering System as if such system was operable or the malfunction had not occurred, as the case may be, on the basis of Tenant's prior usage and demand and the lighting and equipment installed within the Premises, (b) Tenant shall utilize such estimated readings and the bill rendered based thereon shall be binding and conclusive on Tenant unless, within ninety (90) days after receipt of such a bill, Tenant challenges, in writing to Landlord, the accuracy or method of computation thereof. If, within thirty (30) days of Landlord's receipt of such a challenge, the parties are unable to agree on the amount of the contested bill, the controlling determination of the same shall be made by an independent electrical consultant agreed upon by the parties or, upon their inability to agree, as selected by JAMS. The determination of such electrical consultant shall be final and binding on both Landlord and Tenant and the expenses of such consultant shall be divided equally between the parties. Pending such controlling determination, Tenant shall timely pay Additional Rent to Landlord in accordance with the contested bill. Tenant shall be entitled to a prompt refund from Landlord, or shall make prompt additional payment to Landlord, in the event that the electrical consultant determines that the amount of a contested bill should have been other than as reflected thereon.

41.06 If all or part of the submetering Additional Rent payable in accordance with this Article becomes uncollectible or reduced or refunded by virtue of any law, order or regulations, the parties agree that, at Landlord's option, in lieu of submetering Additional Rent, and in consideration of Tenant's use of the Building's electrical distribution system and receipt of redistributed electricity and payment by Landlord of consultant's fees and other redistribution costs, the Fixed Annual Rent to be paid under this Lease shall be increased by an "alternative charge" which shall be a sum equal to [***].

41.07 Except as otherwise expressly provided in Section 30.05, Landlord shall not be liable to Tenant for any loss or damage or expense which Tenant may sustain or incur if either the quantity or character of electric service is changed or is no longer available or suitable for Tenant's requirements. Tenant covenants and agrees that at all times its use of electric current shall never exceed six (6) watts demand load per usable square foot of the Premises (exclusive of electricity for the Building Systems serving the Premises, including, without limitation, the base Building HVAC system). Any riser or risers to supply Tenant's electrical requirements, upon written request of Tenant, will be installed by Landlord, at the sole reasonable cost and expense of Tenant, if, in Landlord's sole judgment, the same are necessary and will not cause permanent damage or injury to the Building or the Premises or cause or create a dangerous or hazardous condition or entail excessive or unreasonable alterations, repairs or expense or interfere with or unreasonably disturb other tenants or occupants. In addition to the installation of such riser or

risers, Landlord will also at the sole reasonable cost and expense of Tenant, install all other equipment proper and necessary in connection therewith subject to the aforesaid terms and conditions. Landlord reserves the right to terminate the furnishing of electricity at any time, upon sixty (60) days' written notice to Tenant, (to the extent allowed by Applicable Laws), so long as Tenant is not treated in a discriminatory fashion, in respect of such discontinuance, relative to other office tenants of the Building, in which event Tenant may make application directly to the public utility and/or other providers for Tenant's entire separate supply of electric current and Landlord shall permit its wires and conduits, to the extent available and safely capable, to be used for such purpose, but only to the extent of Tenant's then authorized load. Any meters, risers, or other equipment or connections necessary to furnish electricity on a submetering basis or to enable Tenant to obtain electric current directly from such utility and/or other providers shall be installed by Landlord, (x) at Tenant's sole cost and expense, if the change to direct meter is required by Applicable Laws or (y) at Landlord's sole cost and expense, if the change to direct meter is for any reason other than being required by Applicable Laws. Only rigid conduit or electricity metal tubing (EMT) will be allowed. Landlord, upon the expiration of the aforesaid sixty (60) days' written notice to Tenant (or such shorter period as may be required by Applicable Laws) may discontinue furnishing the electric current but this Lease shall otherwise remain in full force and effect. Notwithstanding the foregoing, to the extent allowed by Applicable Laws, Landlord shall not discontinue furnishing the electric current as contemplated by this Section 41.07 unless and until Tenant obtains electric service directly from the utility company, provided that Tenant shall use diligent efforts to obtain electricity for the Premises directly from the utility company as contemplated herein.

41.08 Landlord shall, at Landlord's cost (but subject to reimbursement by way of Expenses in accordance with the terms of Article 48), provide 0.20 watts/ssf demand of emergency power through a circuit in the emergency panel located either on the floor on which the Premises is located or on the floor immediately above or immediately below the floor on which the Premises is located for Tenant's emergency lighting in the Premises. Tenant shall be responsible for bringing the circuit from the emergency panel to the Premises.

ARTICLE 42

LEASE SUBMISSION

42.01 Landlord and Tenant agree that this Lease is submitted to Tenant on the understanding that it shall not be considered an offer and shall not bind Landlord in any way unless and until (i) Tenant has duly executed and delivered duplicate originals thereof to Landlord (or a copy thereof via facsimile, email or other electronic transmission) and (ii) Landlord has executed and delivered one of said originals to Tenant (or a copy thereof via facsimile, email or other electronic transmission).

ARTICLE 43

INSURANCE

43.01 Tenant shall not violate, or permit the violation of, any condition imposed by the standard fire insurance policy then issued for Comparable Buildings, and shall not do, or permit anything to be done, or keep or permit anything to be kept in the Premises, or use the Premises in a manner which would subject Landlord to any liability or responsibility for personal injury or death or property damage, or which would increase the fire or other casualty insurance rate of any other tenant or on the Building or the property therein over the rate which would otherwise then be in effect (unless Tenant pays the resulting premium as hereinafter provided for) or which would result in insurance companies of good standing refusing to insure the Building or any of such property in amounts reasonably satisfactory to Landlord.

43.02 Tenant covenants to deliver prior to the earlier to occur of the Commencement Date and Tenant accessing the Building, and to keep in force, at Tenant's own cost, during the Term hereof the following insurance coverage which coverage shall be effective from and after the date of such delivery:

(a) A Commercial General Liability insurance policy naming Landlord and its designees as additional insureds protecting Landlord and its designees against any alleged liability, occasioned by any incident involving injury or death to any person or damage to property of any person or entity, on or about the Building, the Premises, common areas or areas around the Building or Premises. Such insurance policy shall include Products and Completed Operations Liability and Contractual Liability covering the liability of Tenant to Landlord by virtue of Tenant's indemnification obligations in this Lease, covering bodily injury liability, property damage liability, personal injury & advertising liability and fire legal liability, all in connection with the use and occupancy of or the condition of the Premises, the Building or the related common areas, in amounts not less than:

\$10,000,000, general aggregate per location
\$10,000,000, per occurrence for bodily injury & property damage
\$10,000,000, personal & advertising injury
\$1,000,000, fire legal liability

Such insurance may be carried under a blanket policy covering the Premises and other locations of Tenant, if any, provided such a policy contains an endorsement (i) naming Landlord and its designees as additional insureds, (ii) specifically referencing the Premises; and (iii) guaranteeing a minimum limit available for the Premises equal to the limits of liability required under this Lease;

(b) "All-risk" insurance, including flood, earthquake and terrorism coverage in an amount adequate to cover the cost of replacement of all personal property, fixtures, furnishings, equipment, improvements, betterments and installations located in the Premises, whether or not installed or paid for by Landlord.

(c) "All-risk" business interruption and extra expense insurance, including the perils of terrorism, flood and earthquake coverage, in an amount adequate to cover the loss of gross profits and continuing expenses during the period of partial or total shutdown of Tenant's business for a period of not less than twelve (12) months.

43.03 All such policies shall be issued by companies of recognized responsibility permitted to do business within New York State and approved by Landlord (in Landlord's reasonable discretion) and rated by Best's Insurance Reports or any successor publication of comparable standing and carrying a rating of A- VIII or better or the then equivalent of such rating, and, to the extent available on a commercially reasonable basis, all such policies shall contain a provision whereby the same cannot be canceled or modified unless Landlord and any additional insured are given at least thirty (30) days prior written notice of such cancellation or modification, except that such period of thirty (30) days may be reduced to no less than ten (10) days for non-payment of premium. If same shall not be available on a commercially reasonable basis, then Tenant shall provide a least thirty (30) days' prior written notice to Landlord of any such cancellation or modification of such policies. Tenant shall not be permitted to satisfy any insurance obligations under this Lease by self-insurance, whether through the use of a self-insured retention or otherwise, without Landlord's prior written consent thereto, provided, however, that the foregoing shall not prohibit each of the policies required by Sections 43.02(b) and (c) from containing a deductible, in an amount up to \$50,000.00, without Landlord's prior written consent.

43.04 Prior to the time such insurance is first required to be carried by Tenant and thereafter, at least ten (10) days prior to the expiration of any such policies, Tenant shall deliver to Landlord 2003 Accord 28 certificates evidencing such insurance (the 2006 Accord 28 being unacceptable to Landlord). Tenant, upon reasonable prior notice from Landlord, shall make available to Landlord, at the Premises, duplicate originals of such policies from which Landlord may make copies thereof, at Landlord's cost. Tenant's failure to provide and keep in force the aforementioned insurance shall be regarded as a material default hereunder subject to any applicable notice and cure period, entitling Landlord to exercise any or all of the remedies as provided in this Lease in the event of Tenant's default. In addition, in the event Tenant fails to provide and keep in force the insurance required by this Lease, at the times and for the durations specified in this Lease, Landlord shall have the right, but not the obligation, at any time and from time to time, and upon prior notice given to Tenant and Tenant's failure to provide the same within two (2) Business Days after Landlord's giving of such notice, to procure such insurance and/or pay the premiums for such insurance in which event Tenant shall repay Landlord within ten (10) days after demand by Landlord, as Additional Rent, all sums so paid by Landlord and any costs or expenses incurred by Landlord in connection therewith without prejudice to any other rights and remedies of Landlord under this Lease.

43.05 Landlord and Tenant shall each secure an appropriate clause in, or an endorsement upon, each "all-risk" insurance policy obtained by it and covering property as stated in Section 43.02(b), pursuant to which the respective insurance companies waive subrogation against each other and any other parties, if agreed to in writing prior to any damage or destruction. The waiver of subrogation or permission for waiver of any claim hereinbefore referred to shall extend to the agents of each party and its employees and, in the case of Tenant, shall also extend to all other persons and entities occupying or using the Premises in accordance with the terms of this Lease.

43.06 Subject to the foregoing provisions of this Article 43, and insofar as may be permitted by the terms of the insurance policies carried by it, each party hereby releases the other with respect to any claim (including a claim for negligence) which it might otherwise have against the other party for loss, damages or destruction with respect to its property by fire or other casualty (including rental value or business interruption, as the case may be) occurring during the Term.

43.07 If, by reason of a failure of Tenant to comply with the provisions of this Lease, the rate of fire insurance with extended coverage on the Building or equipment or other property of Landlord shall be higher than it otherwise would be, Tenant shall reimburse Landlord, within thirty (30) days after demand, for that part of the premiums for fire insurance and extended coverage paid by Landlord because of such failure on the part of Tenant.

43.08 Landlord may, from time to time (but not more frequently than once in any three (3) year period), require that the amount of the insurance to be provided and maintained by Tenant hereunder be increased so that the amount thereof adequately protects Landlord's interest, provided that any such increase is consistent with insurance requirements for Comparable Buildings.

43.09 A schedule or make up of rates for the Building or the Premises, as the case may be, issued by the New York Fire Insurance Rating Organization, the Insurance Services Office and/or any other similar body performing the same or similar function making rates for fire insurance and extended coverage for the premises concerned, shall be conclusive evidence of the facts therein stated and of the several items and charges in the fire insurance rate with extended coverage then applicable to the Premises.

43.10 Each policy evidencing the insurance to be carried by Tenant under this Lease shall contain a clause that such policy and the coverage evidenced thereby shall be primary with respect to any policies carried by Landlord, and that any coverage carried by Landlord shall be excess insurance.

43.11 In no event shall the amounts of or limitations on Tenant's insurance coverage requirements set forth in Section 43.02 limit, reduce or affect in any way Tenant's indemnification obligations set forth in this Lease.

43.12 [***].

ARTICLE 44

SIGNAGE

44.01 Tenant, at Tenant's sole cost and expense, shall be permitted to affix either a sign or plaque identifying its name on or adjacent to the entrance door or elevator lobby on any full floor of the Premises, subject to the prior written approval of Landlord, which shall not be unreasonably withheld subject to the other provisions of this Article 44, with respect to location, design, size, materials, quality, coloring, lettering, shape and manner of installation thereof, and subject, also, to compliance by Tenant, at its expense, with all Applicable Laws, provided, however, that no such consent to such signage on any full floor of the Premises shall be required so long as such signage is consistent with the standards of Comparable Buildings with respect to comparable signage with similar visibility and prominence. All such signage shall be consistent and compatible with the design, aesthetics, signage and graphics program for the Project as established by Landlord. Landlord may remove any sign installed in violation of this provision, and Tenant shall pay the reasonable cost of such removal and any restoration costs.

44.02 Tenant covenants and agrees that on the expiration or sooner termination of the Term, Tenant, at its sole cost and expense, shall promptly remove all signs installed or displayed by or on behalf of Tenant pursuant to this Article 44 or otherwise, repair in good and workmanlike manner all damage caused by such removal and, to the extent reasonably feasible, restore the affected portion of the Building to the condition in which it existed prior to the installation of any such sign(s) or equipment.

44.03 Tenant shall be entitled to its pro rata share, based on Tenant's Share, of the listings on the computerized Building lobby directory, if any, to display Tenant's name and logo without charge.

44.04 [***].

ARTICLE 45

ROOF TOP ANTENNA; SHAFT SPACE

45.01 During the Term from and after the Commencement Date, Tenant shall have the right without charge, except as provided for herein, to utilize space on the roof of the Building to install, maintain and operate, at Tenant's sole cost and expense, equipment, antennae and satellite dishes as reasonably necessary for the operation of Tenant's communication and data transmission network, and to connect such equipment, antennae and dishes to the Premises (collectively, the "Installations"), subject to all of the applicable terms, covenants and provisions of this Lease, and subject to Landlord's prior written approval (which shall not be unreasonably withheld, conditioned or delayed) including, without limitation, approval as to size, weight, location and method of attachment, and which shall also be required for modifications to, and the

removal of, the same. Landlord shall, in its reasonable discretion, designate the space on the roof of the Building available for Installations, which shall expressly exclude all mechanical, electrical, plumbing and other service systems of the Building located thereon and all passageways required for access thereto for personnel, materials and equipment, and shall reasonably designate the course through the Building shafts through which conduits for the Installations may be run. In connection with Tenant's installation, maintenance and operation of its Installations, Tenant shall comply with all Applicable Laws, and shall procure, maintain and pay for all permits and licenses required therefor, including all renewals thereof. The installation, maintenance, and operation of the Installations shall be subject to all of the terms, covenants and conditions of this Lease, except as provided for in this Article 45. The parties agree that Tenant's use of the rooftop of the Building is a non-exclusive use and Landlord may permit the use of any other portion of the roof by any other person, firm or corporation for any use including the installation of other antennas, generators and/or communications systems. Landlord shall not permit any use of the rooftop by any person, firm or corporation which impairs the data transmission and reception of Tenant via the Installations unless such use is customary for Comparable Buildings, or unless the location of any installations or equipment impairing Tenant's data transmission and/or reception is mandated by Applicable Laws. Tenant shall ensure that its use of the rooftop does not impair the data transmission and reception of any other person, firm or corporation via their respective antennas, dishes and support equipment, if any. Tenant shall pay any additional or increased insurance premiums incurred by Landlord to the extent incurred as a result of any Installations, and shall obtain and pay for any additional insurance coverage for the benefit of Landlord in such amount and of such type as Landlord may reasonably require, in connection with the Installations. If the installation, maintenance or operation of any Installations shall revoke, negate or in any manner impair or limit any roof warranty or guaranty for the Building, then Landlord shall promptly notify Tenant upon becoming aware of same and Tenant shall reimburse Landlord for any loss or damage sustained or costs or expenses incurred by Landlord as a result thereof.

45.02 In no event shall the maximum level of microwave emissions from Tenant's antenna exceed Tenant's proportionate share of the total microwave emissions allowable for the Building as determined by the governmental authorities having jurisdiction thereof taking into account the number of rooftop installations at the Building.

45.03 From and after the date that Tenant first begins to use the Installations, Tenant shall pay for all electrical service required for Tenant's use of the Installations.

45.04 Tenant, at Tenant's sole cost and expense, shall promptly repair any and all damage to the rooftop of the Building and to any part of the Building caused by or resulting from the installation, maintenance and repair, operation or removal of the Installations. Tenant further covenants and agrees that the Installations shall be erected, installed, repaired, maintained and operated by Tenant at the sole cost and expense of Tenant and without charge, cost or expense to Landlord. Landlord shall have no liability to repair or maintain the Installations, nor shall Landlord be liable for any damage to the Installations, except to the extent such damage is caused by the negligence or willful misconduct of Landlord or Landlord's agents, employees or contractors. Landlord shall provide Tenant with access to the rooftop of the Building, at reasonable times on reasonable prior notice, for purposes of Tenant's installation, operation, testing, maintenance, repair and removal of the Installations; provided, that Landlord shall have the right to require, as a condition to such access, that Tenant (or Tenant's employee, contractor or other representative) at all times be accompanied by a representative of Landlord who Landlord shall make available upon reasonable notice, and Tenant agrees to pay Landlord's reasonable out-of-pocket expenses incurred in making such representative available within thirty (30) days after demand therefor.

45.05 The Installations installed by Tenant pursuant to the provisions of this Article 45 shall be Tenant's property and, prior to the expiration of the Term, shall be removed by Tenant, at Tenant's sole cost and expense, and Tenant shall repair any damage to the rooftop of the Building, or any other portion or portions of the Building caused by or resulting from said removal.

45.06 Landlord may require Tenant upon thirty (30) days' notice to relocate the Installations, at Landlord's expense, to another portion of the roof in the event that, in Landlord's reasonable judgment, the space upon which the Installations are located is needed by Landlord, provided that such relocation would not adversely affect the service provided by the Installations in any material respect. The rights granted in this Article 45 are given in connection with, and as part of the rights created under, this Lease, and are not separately transferable or assignable (but for the avoidance of doubt, may be exercised by any successor Tenant or Tenant by assignment). Tenant shall not resell in any form the use of the Installations, including, without limitation, the granting of any licensing or other rights, except that Tenant may permit its subtenants and other Permitted Users to use the Installations.

45.07 Tenant shall be responsible, at its sole cost and expense, for bringing telecommunication service, data wiring service and cable television service to the Premises. Subject to the terms of this Section 45.07, Tenant may install, replace and maintain electrical lines, telecommunications lines, or other similar lines and conduits (collectively, the "Risers") in the shaft location (including a sleeve for Tenant's installation of Risers from one of the two (2) points of entry into the Building to the Premises) reasonably designated by Landlord. For the avoidance of doubt, Landlord is not obligated to provide Tenant with any conduits. If Tenant exercises Tenant's right to install the Risers as contemplated by this Section 45.07, then Tenant, at Tenant's expense, shall maintain the Risers in good condition during the Term. Any installation made by Tenant in such shaft space, including the installation of any Risers, shall be performed at Tenant's sole cost and expense, in accordance with all Applicable Laws and Landlord's rules and regulations, shall constitute an Alteration under this Lease and shall be properly tagged so that all of Tenant's installations can be identified. Landlord, at Landlord's cost and expense and at no cost to Tenant, and upon reasonable prior notice to Tenant of not less than thirty (30) days, may, at any time and from time to time during the Term, relocate any of the Risers; provided, however, (i) that Landlord, at Landlord's sole cost and expense, shall perform such relocation in a manner that does not interfere with the operation of Tenant's business, and (ii) prior to removing such Risers, Landlord shall, at Landlord's sole cost and expense, install and make operative new Risers and cooperate with Tenant to enable Tenant to maintain the continuous operation of such systems. Without in any way limiting the provisions of Section 20.01, Tenant shall indemnify and save harmless Landlord from and against all loss, damage, liability, cost and expense of any nature (including, without limitation, reasonable attorneys' fees and expenses) by reason of accidents, damage, injury or loss to any and all persons and property, or either, whosoever or whatsoever to the extent resulting from or arising in connection with Tenant's installation, use, maintenance and removal of the Risers that Tenant installs in the shaft space and Tenant's insurance in respect of the Premises shall include coverage for any losses incurred in connection with such installation, use, operation, maintenance and removal.

45.08 Tenant shall have the right, at Tenant's sole cost and expense, to contract for telecommunications service from any reputable carrier which serves the area, subject to Landlord's consent (which consent shall not be unreasonably withheld, conditioned or delayed and may include, without limitation, the condition that such service provider enter into a license agreement with Landlord which is reasonably satisfactory to Landlord), and Landlord shall reasonably cooperate with Tenant in connection therewith, without liability or out-of-pocket cost or expense to Landlord. If Tenant desires to subscribe to a telecommunications company that does not then service the Building, at Tenant's written request, Landlord shall reasonably cooperate with Tenant to allow any such service provider to provide service to the Building for

Tenant's operations at no charge to Tenant (or, other than customary charges under the aforementioned license agreement, such service provider) by Landlord, but without liability or out-of-pocket cost or expense to Landlord.

ARTICLE 46

MISCELLANEOUS

46.01 This Lease represents the entire understanding between the parties with regard to the matters addressed herein and may only be modified by written agreement executed by all parties hereto. All prior understandings or representations between the parties hereto, oral or written, with regard to the matters addressed herein are hereby merged herein. Tenant acknowledges that neither Landlord nor any representative or agent of Landlord has made any representation or warranty, express or implied, as to the physical condition, state of repair, layout, footage or use of the Premises or any matter or thing affecting or relating to Premises except as specifically set forth in this Lease. Tenant has not been induced by and has not relied upon any statement, representation or agreement, whether express or implied, not specifically set forth in this Lease. Landlord shall not be liable or bound in any manner by any oral or written statement, broker's "set-up", representation, agreement or information pertaining to the Premises, the Building or this Lease furnished by any real estate broker, agent, servant, employee or other person, unless specifically set forth herein, and no rights are or shall be acquired by Tenant by implication or otherwise unless expressly set forth herein. This Lease shall be construed without regard to any presumption or other rule requiring construction against the party causing this agreement to be drafted.

46.02 This Lease shall be governed by and construed in accordance with the laws of the State of New York without regard to its conflict of law provisions.

46.03 This Lease may be executed in one (1) or more counterparts, each of which shall be deemed an original, but all of which when taken together will constitute one and the same instrument. The signature page of any counterpart of this Lease may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart of this Lease identical thereto except having an additional signature page executed by the other party to this Lease attached thereto. Any counterpart of this Lease may be delivered via facsimile, email or other electronic transmission, and shall be legally binding upon the parties hereto to the same extent as originals.

46.04 Neither party shall record this Lease without the prior consent of the other party, unless the recording of this Lease shall be required by a Lessor or Mortgagee.

46.05 Notwithstanding anything to the contrary contained in this Lease, except as set forth in Section 12.02, neither party hereunder shall be liable under or in connection with this Lease for consequential, special, punitive, exemplary and/or other like damages.

46.06 The provisions of this Lease are intended to be for the sole benefit of the parties hereto and their respective successors and permitted assigns, and none of the provisions of this Lease are intended to be, nor shall they be construed to be, for the benefit of any third party.

46.07 Intentionally Omitted.

46.08 All references in this Lease to a "full floor of the Premises" or words of similar import shall mean a portion of the Premises comprising a floor of the Building with respect to which Tenant leases the entire rentable area of such floor.

46.09 Tenant hereby represents to Landlord that as of the date of this Lease, Tenant is not a Prohibited Person. Landlord hereby represents to Tenant that as of the date of this Lease, Landlord is not a Prohibited Person. “Prohibited Person” means a person or entity (i) listed in the Annex to, or is otherwise designated under the provisions of, the Executive Order 13224 on Terrorist Financing, effective September 24, 2001 and relating to Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, as the same has been, and may be, amended from time to time (the “Executive Order”), (ii) controlled by, or acting for or on behalf of, any person or entity that is listed in the Annex to, or is otherwise designated under the provisions of, the Executive Order, (iii) with whom a party is prohibited from dealing or otherwise engaging in any transaction by any terrorism or money laundering or any other Applicable Law, including the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56) U.S.C. App. 1 et seq. and the Executive Order, (iv) which commits, threatens or conspires to commit or supports “terrorism” as defined in the Executive Order, or (v) named as a “specially designated national (SDN) and blocked person” on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website or any replacement website or other replacement official publication of such list.

46.10 Neither party hereto may issue (or cause to be issued) a press release or written statement to the press with respect to or concerning this Lease or the terms hereof without the express consent of the other party hereto. Neither party shall unreasonably withhold, condition or delay its consent to the other party issuing (or causing the issuance of) such press release or written statement to the press, provided, however, that Tenant shall not issue any such press release or written statement prior to Landlord issuing any such press release or statement. Notwithstanding the foregoing, either party shall be permitted to issue any such press release or written statement that is necessary in order to comply with Applicable Laws. In the event of a breach or threatened breach of the provisions of this Section 46.10 by either party, the other party’s sole remedies shall be an action to recover its actual damages directly resulting from any such breach (subject to the provisions of Section 46.05 of this Lease) and/or an action or proceeding to enforce the provisions of this Section 46.10, or for specific performance, injunction or declaratory judgment.

46.11 All of the Exhibits attached to this Lease are incorporated in and made a part of this Lease and all references to “this Lease” shall be deemed to include such Exhibits.

46.12 The rule of “ejusdem generis” shall not be applicable to limit a general statement in this Lease following, followed by, or referable to an enumeration of specific matters to matters similar to the matters specifically mentioned, except as may be otherwise reasonable within the particular context of any such statement.

46.13 Whenever in this Lease the occurrence of a certain date, deadline or event is defined by reference to a certain number of months (the “Reference Number”) before or after the occurrence of a different date or event (the “Reference Date”), such date being defined based on the Reference Date shall be deemed to occur on the date occurring in the month the Reference Number of months before or after the Reference Date which is the same numerical date in the month as the Reference Date (or, if no same numerical date exists in such month, the last day of such month). By way of example, if a certain event is to occur ten (10) months after the Commencement Date and (x) the Commencement Date occurs on May 1, such event shall occur on March 1 of the following year, or (y) the Commencement Date occurs on April 30, such event shall occur on February 28 (or, in the case of a leap year, on February 29) of the following year.

46.14 Each party shall keep the provisions of this Lease, and all negotiations with respect thereto, confidential. Each party and its partners, officers, shareholders, directors,

members, employees and representatives, shall not, without the prior consent of the other party, disclose, divulge, communicate or otherwise reveal to any person, the provisions of this Lease, and all negotiations with respect thereto, except (a) to the extent required pursuant to Applicable Laws (by deposition, interrogatory, request for documents, subpoena, civil investigative demand or similar process) to disclose such provisions, (b) to the extent necessary, to attorneys, accountants or other professional consultants or advisors of such party; provided that each such attorney, accountant, and other professional consultants or advisors is informed of this confidentiality provision and of the duty to maintain the confidentiality of the provisions of this Lease and all negotiations with respect thereto, (c) to the extent required by securities laws or the compliance provisions of any legal authority, or any securities, bond or commodities exchange to disclose such provisions and (d) that Landlord may make extensive disclosures to its investors, lenders, secured and unsecured, rating agencies, prospective purchasers, consultants and other parties in the ordinary course of its ownership of the Project and Tenant agrees that no such disclosures shall be restricted by or deemed a breach by Landlord of the provisions of this Section 46.14 or of Section 46.10. In making any such disclosure, Landlord shall instruct the parties described in this clause (d) that they shall maintain such information as confidential to the extent permitted by Applicable Laws, to the extent such confidentiality instruction is customary for the disclosure in question. The provisions of this Section 46.14 shall survive the termination of this Lease.

ARTICLE 47

LANDLORD'S CONTRIBUTION

[***].

ARTICLE 48

OPERATING EXPENSE ESCALATION

48.01 Tenant shall pay to Landlord, as Additional Rent, operating expense payments in accordance with this Article 48:

48.02 Definitions: For the purpose of this Article 48, the following definitions shall apply:

(i) The term the “Percentage” shall mean the percentage which is calculated by dividing (a) the total rentable square footage of the Premises by (b) the total rentable square footage of the office space in the Building, in each case, as such rentable square footage is determined in accordance with Section 1.01 of this Lease. [***].

(ii) The term “Expense Year” for purposes of this Article shall mean each calendar year in which any part of the Term occurs.

(iii) The term “Expenses” shall mean the total, without duplication, of all the costs and expenses incurred or borne by Landlord with respect to the operation and maintenance of the Project and the services provided tenants therein, including, without limitation, the costs and expenses incurred for and with respect to: steam and any other fuel; water rates and sewer rents; air conditioning; mechanical ventilation; heating; cleaning, by contract or otherwise; window washing (interior and exterior); elevators, escalators; porters and matron service; all electricity purchased for the Building except that which is redistributed to premises leased by tenants in the Building; protection and security; lobby decoration; costs and expenses in

connection with the Amenity Floor; repairs, replacements and improvements which are appropriate for the continued operation of the Building as a first class building; maintenance; management fees (subject to the limitation set forth in clause (b) below); painting of non-tenant areas; supplies; wages, salaries, disability benefits, pensions, hospitalization, retirement plans and group insurance respecting employees of the Building up to and including the building manager; uniforms and working clothes for such employees and the cleaning thereof and expenses imposed pursuant to law or to any collective bargaining agreement with respect to such employees; worker's compensation insurance, payroll, social security, unemployment and other similar taxes with respect to such employees; the rental value of Landlord's management office in the Building; the total of all the costs and expenses incurred or borne by Landlord with respect to procuring and maintaining insurance coverage consistent with recommendations of an independent risk management consultant, taking in account all relevant factors in respect of the Project, including, without limitation, the following insurance coverages: comprehensive all risk insurance on the Project and the personal property contained therein or thereon, commercial general liability insurance against claims for personal injury, bodily injury, death or property damage, occurring upon, in or about the Project, extended coverage, boiler and machinery, sprinkler, apparatus, rental, business income and plate glass insurance, owner's contingent or protective liability insurance, workers' compensation and employer's liability insurance, insurance against acts of terrorism (including, without limitation, bio terrorism), and any insurance required by a mortgagee; and association fees or dues.

Notwithstanding anything to the contrary in this Lease, the foregoing Expenses shall exclude or have deducted from them, as the case may be and as shall be appropriate:

(a) expenses related to leasing space (including, without limitation, leasing and/or brokerage commissions, the cost of tenant improvements (or allowances that Landlord provides to a tenant therefor), legal fees, lease buy-out costs, rent concessions, takeover expenses, costs of relocating or moving tenants and advertising expenses);

(b) managing agents' fees or commissions in excess of three percent (3%) of rents payable by tenants leasing office space in the Building;

(c) wages, salaries, bonuses or other compensation and the cost of any benefits, in any case, for executives' above the grade of building manager;

(d) if (i) Landlord makes an improvement to the Project or a replacement at the Project in either case in connection with the maintenance, repair, management or operation thereof or Landlord leases any equipment in connection with the maintenance, repair or operation of the Project, as the case may be, (ii) generally accepted accounting principles consistently applied ("GAAP"), require Landlord to capitalize the cost of such improvement or replacement, or with respect to such leased equipment, GAAP would require Landlord to capitalize the cost of such leased equipment if such leased equipment had been purchased by Landlord (any such improvement, replacement or leased equipment, as the case may be, a "Capital Item"), then Expenses shall include (A) the annual amortization (amortized on a straight line basis over the useful life thereof determined in accordance with GAAP) of costs incurred by Landlord for any Capital Items installed or paid for by Landlord to the extent required by any new (or change in) Applicable Laws which are (x) enacted after the Commencement Date or (y) enacted before the Commencement Date but first become effective after the Commencement Date; (B) the annual amortization (amortized on a straight line basis over the useful life determined in accordance with GAAP) of costs of any Capital Item purchased or incurred as a labor-saving measure or to affect other cost-savings in the operation or maintenance of the Building (but only to the extent that the annual amortized

costs of any such Capital Item (together with the interest thereon as described below) in any single Expense Year does not exceed the actual cost savings realized in such Expense Year); (C) the annual amortization (amortized on a straight line basis over the useful life determined in accordance with GAAP) of costs of any Capital Item purchased or incurred as a replacement which in Landlord's reasonable judgment is prudent to make in lieu of repairs to the replaced item(s) (but only to the extent that the annual amortized costs of any such Capital Item (together with the interest thereon as described below) in any single Expense Year does not exceed the reasonably projected repair costs that Landlord would have incurred in respect of the applicable item during such Expense Year), and (D) the annual amortization (amortized on a straight line basis over the useful life determined in accordance with GAAP) of costs of any furniture, fixtures and equipment for the Amenity Floor or any technology upgrades to the Amenity Floor or any improvements, installations or alterations (including, without limitation, painting, wallpapering, wallcovering and carpeting) to the Amenity Floor, in each case, incurred by or on behalf of Landlord in order to maintain the quality and standards of the Amenity Floor existing on the date the Amenity Floor is first operational and available for use by tenants, but not any of the foregoing costs incurred in connection with the initial construction of the Amenity Floor, and, in each of the foregoing cases described in clauses (A), (B), (C) and (D), such amortization shall include interest at Landlord's actual financing cost, if any, or, if such Capital Item was not financed by Landlord, at the Prime Rate at the time Landlord incurred the cost for any such Capital Item. If Landlord shall lease any such Capital Items designed to result in savings or reduction in Expenses, then the rentals and other costs paid pursuant to such leasing shall be included in Expenses for the Expense Year in which they were incurred, except that in no event shall such rentals or other costs in any particular Expense Year exceed the amount that Landlord would have been permitted to include in Expenses pursuant to this clause (d) if Landlord had incurred the cost of the applicable Capital Item;

(e) amounts for which Landlord has been reimbursed through proceeds of insurance;

(f) the cost of repairs or replacements incurred by reason of fire or other casualty to the extent such costs are covered by insurance carried by Landlord (or would have been covered by insurance carried by Landlord if Landlord had maintained the insurance Landlord is required to maintain pursuant to Section 43.12), except for costs not covered by reason of the deductible or self-insured retention portion of any insurance policy maintained by Landlord consistent with recommendations of an independent risk management consultant, taking in account all relevant factors in respect of the Project (it being agreed that the amount of any such deductible or self-insured retention portion of any such insurance policy shall be includible in Expenses);

(g) advertising and promotional expenditures;

(h) accounting, auditing, legal or arbitration fees for disputes with tenants and legal and auditing fees, other than accounting, auditing, legal and arbitration fees reasonably incurred in connection with the maintenance and operation of the Project or in connection with the preparation of statements required pursuant to Additional Rent or lease escalation provisions;

(i) expenses in connection with services, materials or other benefits which are not offered to Tenant or for which Tenant is charged directly or is otherwise responsible (other than pursuant to the provisions of this Article 48), which are provided to another tenant or occupant of the Building;

- (j) the cost of correcting structural defects in the initial construction of the Building or the cost of correcting structural defects arising from defects in the base, shell or core of the Building or in improvements installed by Landlord;
- (k) Capital Items, depreciation or amortization expense (except as permitted pursuant to Section 48.02(iii)(d));
- (l) amounts for which Landlord is entitled to reimbursement directly by any other tenant(s) or occupant(s) of the Building, other than by means of expense reimbursement provisions similar to this Article 48 contained in the leases or occupancy agreements of such other tenant(s) or occupants;
- (m) Real Estate Taxes;
- (n) except as permitted pursuant to Section 48.02(iii)(d), payments of interest or principal in respect of Landlord's debt, and other costs incurred in connection with any sale, purchase, financing or refinancing of the Project or any portion thereof or any interest therein;
- (o) any ground lease rental (other than amounts which constitute a reimbursement to the lessor for items which would have been included in Expenses under this Lease if the same were paid directly by Landlord);
- (p) any costs incurred by Landlord in connection with effecting a condominium conversion in accordance with this Lease;
- (q) costs incurred in connection with the acquisition or sale of air rights, transferable development rights, easements, or other real property interests;
- (r) costs and expenses that would otherwise constitute Expenses if relating exclusively to the retail space in the Building or other rentable space leased in the Building for non-office use;
- (s) bad debt loss, rent loss or reserves;
- (t) reserves for repairs, maintenance and replacements;
- (u) any fee or expenditure that is paid or payable to any affiliate of Landlord to the extent that such fee or expenditure exceeds the commercially reasonable rate that would be reasonably expected to be paid in the absence of such relationship (it being understood that management fees of up to three percent (3%) of rent payable by tenants leasing office space in the Building shall be deemed not to be in excess of such commercially reasonable rate and therefore shall be includable in Expenses);
- (v) the cost to acquire objects of fine art that Landlord installs in the Building (but including in Expenses the costs of insurance, maintenance and cleaning of same);
- (w) fees, dues, or contributions that Landlord pays voluntarily to civic organizations, charities, political parties, or political action committees, other than association fees or dues payable to the Real Estate Board of New York, Inc., and other professional associations organized to promote the interests of commercial landlords;

- (x) any interest, fine, penalty or other late charge payable by Landlord, except to the extent that the cost of avoiding liability for such interest, fine, penalty or other late charge exceeds the amount thereof, resulting from Landlord's violation of any Applicable Law;
- (y) costs or expenses incurred due to the violation or default by Landlord of the terms and conditions of any lease (including this Lease) or occupancy agreement or under any mortgage or ground lease affecting the Project;
- (z) penalties for any late payments made by Landlord for costs that constitute Expenses;
- (aa) costs incurred by Landlord which result from Landlord's negligence or willful misconduct, to the extent any such costs are in excess of the costs that would have been incurred in the absence of Landlord's negligence or willful misconduct;
- (ab) costs associated with the operation of the partnership or other entity which constitutes Landlord, as distinguished from costs of operation of the Project, including accounting and legal costs, costs of defending lawsuits with any mortgagee, costs of selling, syndicating, financing, mortgaging or hypothecating any ownership interest in Landlord, or any of Landlord's interests in the Project and costs that Landlord incurs in organizing or maintaining in good standing the entity that constitutes Landlord, or in authorizing Landlord to do business in the State of New York;
- (ac) Landlord's entertainment expenses and related travel expenses not related to property management;
- (ad) costs that Landlord incurs in installing submeters measuring electricity or water in the portions of the Building that Landlord has leased or that Landlord is offering for lease, or that otherwise constitute leasable space that is not used for the general benefit of the occupants of the Building;
- (ae) any imputed fixed or base rent for the Amenity Floor;
- (af) the cost of electricity that is furnished to the Premises or any other leasable areas of the Building, other than for the operation of the Building Systems;
- (ag) amounts payable by Landlord for withdrawal liability or unfunded pension liability to a multi-employer pension plan (under Title IV of the Employee Retirement Income Security Act of 1974, as amended, or laws of similar application);
- (ah) amounts for which Landlord has been reimbursed through condemnation proceeds or claims under warranties;
- (ai) costs or expenses incurred in connection with expanding or reducing the rentable area of the Project, including costs of constructing any additions to, or building additional stories on, the Building or its plazas, or adding buildings or other structures adjoining the Building, or connecting the Building to other structures adjoining the Building, and construction costs of reducing the area of the Building, plazas or such other structures;
- (aj) notwithstanding any contrary provision of this Lease, including, without limitation, any provision relating to Capital Items, any and all costs arising from

the removal or encapsulation of Hazardous Materials in or about the Premises or the Building (but exclusive of any such costs with respect to Hazardous Materials (other than asbestos) used in compliance with all Applicable Laws in the course of operating and maintaining the Project, which costs shall not be excluded from Expenses pursuant to this clause (jj);

(ak) any compensation paid to clerks, attendants or other persons in commercial concessions operated by Landlord, if any;

(al) costs of signs in or on the Building identifying the owner of the Building or any tenants' signs;

(am) costs or expenses of any judgment, settlement or arbitration award resulting from any liability of Landlord and all expenses incurred in connection therewith except to the extent that such costs and expenses of any judgment, settlement, or arbitration award would have been otherwise includable as an Expense if not costs or expenses of such judgment, settlement or arbitration award;

(an) initial build-out costs or expenses for any amenities; it being expressly understood that the foregoing shall not prevent Landlord from including in Expenses any maintenance and/or operating costs for any amenities from time to time constructed, created or designated for the general benefit of tenants in the Project;

(ao) costs or expenses incurred by Landlord to remedy violations of Applicable Laws as of the Effective Date;

(ap) any amounts that Landlord pays to indemnify a third person, or that constitute damages that a third person recovers against Landlord, to the extent any such costs are in excess of the costs that would have been incurred in the absence of such indemnification or award of damages;

(aq) the cost of electricity that is furnished to the Premises or any other leasable areas of the Building, other than for the operation of the Building Systems;

(ar) operating costs incurred due to private events at the Project that would not have been incurred if not for such private events; and

(as) the cost of any "tenant relations" parties, events or promotions.

48.03 If during any Expense Year, Landlord does not furnish any particular item(s) of work or service (the cost of which would constitute an Expense hereunder) to portions of the Project due to the fact that such portions are not occupied or leased, or because such item of work or service is not required or desired by the tenant of such portion, or such tenant is itself obtaining and providing such item of work or service, or for other reasons, then, the Expenses for such Expense Year shall be increased by an amount equal to the additional expenses which would reasonably have been incurred during such Expense Year by Landlord if Landlord had at its own expense furnished such item of work or service to the entire Project. Expenses shall be reduced by all cash discounts, trade discounts, quantity discounts, rebates or other amounts received by Landlord or Landlord's managing agent in the purchase of any goods, utilities or services the cost of which is included in Expenses.

48.04 From and after the Rent Commencement Date, Tenant shall pay to Landlord, as Additional Rent for each Expense Year (or portion thereof), in the manner hereinafter provided,

an amount (such amount being referred to herein as the “Expense Payment”) equal to the Percentage of the Expenses for such Expense Year (or portion thereof).

48.05 Landlord may furnish to Tenant, prior to the commencement of the first Expense Year, a statement setting forth Landlord’s estimate of the Expense Payment for such Expense Year, provided, that Tenant shall not be obligated to pay any portion of such Expense Payment for such Expense Year prior to Landlord providing either an estimate of such Expense Payment or an Expense Statement for such Expense Year. Tenant shall pay to Landlord on the first day of each month during such Expense Year, an amount equal to 1/12th of Landlord’s estimate of such Expense Payment for such Expense Year. If the estimate is furnished to Tenant after the commencement of such Expense Year, Tenant shall pay an amount equal to 1/12th of the Expenses estimated on such statement multiplied by the number of months that shall have elapsed in such Expense Year (following the Rent Commencement Date). Within twelve (12) months following the expiration of each Expense Year and after receipt of any necessary information and computations from Landlord’s accountant, Landlord shall submit to Tenant a statement or statements, as hereinafter described, setting forth the actual Expenses for the preceding Expense Year, and the Expense Payment, if any, due to Landlord from Tenant for such Expense Year (such statement or statements in respect of a particular Expense Year being collectively referred to herein as an “Expense Statement”). Notwithstanding the foregoing, Landlord’s failure to deliver an Expense Statement within twelve (12) months following the expiration of any Expense Year shall be without prejudice to Landlord and shall not constitute a waiver of or in any way impair the continuing obligation of Tenant make any payments for such Expense Year pursuant to this Article 48. Following Tenant’s receipt of an Expense Statement, (i) Tenant shall make payment of any unpaid portion thereof, within thirty (30) days after receipt of such Expense Statement; (ii) Tenant shall also pay Landlord, as Additional Rent, within thirty (30) days after receipt of such Expense Statement, an amount equal to the product obtained by multiplying the Expense Payment for the Expense Year by a fraction, the denominator of which shall be twelve (12) and the numerator of which shall be the number of months of the current Expense Year which shall have elapsed prior to the first day of the month immediately following the rendition of such Expense Statement less the amount of any estimated payments previously made by Tenant on account of the Expense Payment for such period; and (iii) Tenant shall also pay to Landlord, as Additional Rent, commencing as of the first day of the month immediately following the rendition of such Expense Statement and on the first day of each month thereafter until a new Expense Statement is rendered an amount equal to 1/12th of the total Expense Payment for the preceding Expense Year. The aforesaid monthly payments based on the total Expense Payment for the preceding Expense Year shall from time to time (but no more than twice per year) be adjusted to reflect, if Landlord can reasonably so estimate, known increases in rates or cost, for the current Expense Year applicable to the categories involved in computing Expenses whenever such increases become known prior to or during such current Expense Year. The payments required to be made under clauses (ii) and (iii) above shall be credited toward the Expense Payment due from Tenant for the then current Expense Year, subject to adjustment as and when the Expense Statement for such current Expense Year is rendered by Landlord.

48.06 The Expense Statements to be furnished by Landlord as provided above shall be prepared in reasonable detail. The Expense Statements thus furnished to Tenant shall constitute a final determination as between Landlord and Tenant of the Expenses for the periods represented thereby, unless Tenant within one hundred eighty (180) days after they are furnished shall give notice to Landlord that it disputes their accuracy or their appropriateness, which notice shall specify the particular respects in which Tenant claims the applicable Expense Statement is inaccurate or inappropriate. Pending the resolution of any such dispute, Tenant shall pay the Additional Rent to Landlord in accordance with the Expense Statement furnished by Landlord. If any Expense Statement shows that there was an overpayment, Landlord shall, within thirty (30) days following the submission to Tenant of such Expense Statement, refund to Tenant the

amount thereof, or, at Landlord's option, credit such amount against the next installment(s) of Rent which become(s) due.

48.07 Landlord shall grant Tenant (together with its designated representatives) reasonable access to so much of Landlord's books and records as may be required for the purposes of verifying the Expenses incurred for any Expense Year (hereinafter, an "Audit") during normal business hours at the place where they are regularly maintained in New York, New York, on a minimum of ten (10) Business Days' prior notice, only during the one hundred eighty (180) day period of time after the date that Landlord gives to Tenant an Expense Statement with respect to such Expense Year, provided and on the express condition that: (i) notice is given by Tenant in a timely fashion under this Section 48.07, (ii) all Additional Rent is timely paid by Tenant to Landlord in accordance with the Expense Statements furnished to Tenant under this Article 48, (iii) Tenant and its designated representatives (including the person or company examining Landlord's books and records on Tenant's behalf (the "Auditor")) shall execute a confidentiality agreement (substantially in the form annexed to this Lease as Exhibit K) prior to the time access to Landlord's books and records is given and (iv) the Auditor is not paid based in whole or in part on the amount of any reduction of the payment resulting from the examination. Tenant shall be solely responsible for all of Tenant's costs incurred in connection with any Audit provided, however, that if the Audit ultimately reflects (after taking into account a final determination of the Arbiter under Section 48.08) that Landlord overstated Expenses for a particular Expense Year by more than four percent (4%) of total Expenses, then Landlord shall reimburse Tenant for the reasonable, out-of-pocket costs incurred by Tenant in performing the Audit, within thirty (30) days after the date that Tenant submits to Landlord an invoice therefor, together with reasonable supporting documentation for the charges set forth therein.

48.08 Tenant, within such one hundred eighty (180) day period described in Section 48.07, may send a notice ("Tenant's Statement") to Landlord that Tenant disagrees with the applicable Expense Statement, specifying in reasonable detail the basis for Tenant's disagreement and the amount of the Expense Payment Tenant claims is due. If Tenant fails timely to deliver a Tenant's Statement, then such Expense Statement shall be conclusive and binding on Tenant. Landlord and Tenant shall attempt to adjust any such disagreement. If they are unable to do so within sixty (60) days after Tenant shall have given Tenant's Statement to Landlord, then such disagreement shall be determined by an Arbiter in accordance with this Section 48.08, and promptly thereafter Landlord and Tenant shall jointly designate an independent certified public accountant (the "Arbiter") whose determination made in accordance with this Section 48.08 shall be binding upon the parties. Tenant shall be responsible for paying all amounts owed to the Arbiter. The Arbiter shall have at least ten (10) years of experience in the real estate accounting field and be a member of an independent certified public accounting firm having at least fifteen (15) accounting professionals. If Landlord and Tenant fail to agree upon the designation of the Arbiter within fifteen (15) days after receipt of notice from a party requesting agreement as to the designation of the Arbiter, which notice shall contain the names and addresses of two or more independent certified public accountants meeting the requirements of this Section 48.08 and who are acceptable to the party sending such notice, then either party shall have the right to request JAMS to designate as the Arbiter an independent certified public accountant meeting the requirements of this Section 48.08 whose determination made in accordance with this Section 48.08 shall be conclusive and binding upon the parties. Pending the resolution of any contest pursuant to this Section 48.08, and as a condition to Tenant's right to prosecute such contest, Tenant shall pay all sums required to be paid in accordance with the applicable Expense Statement pursuant to Section 48.05. Any decision of the Arbiter shall not exceed the amount determined to be due in the first instance as set forth in the Expense Statement or be less than the amount claimed to be due by Tenant in Tenant's Statement, and any determination which does not comply with the foregoing shall be null and void and not binding on the parties. In rendering such determination such Arbiter shall not add to, subtract from or otherwise modify the provisions of this Lease, including the immediately preceding sentence. If

Tenant shall prevail in such contest, an appropriate refund or credit shall be made by Landlord to Tenant within thirty (30) days after such determination.

48.09 If the Rent Commencement Date occurs after the first day of an Expense Year, then the Expense Payment due under this Article 48 for such Expense Year shall be appropriately prorated such that the Expense Payment for such Expense Year shall be an amount equal to the Percentage of the product obtained by multiplying the Expenses for such Expense Year by a fraction, the numerator of which is the number of days remaining in such Expense Year from and after the Rent Commencement Date and the denominator of which is 365 (or 366 if such Expense Year is a leap year). Upon the date of any expiration or termination of this Lease (except termination because of Tenant's default) whether the same be the date hereinabove set forth for the expiration of the Term or any prior or subsequent date, a proportionate share of said Expense Payment for the Expense Year during which such expiration or termination occurs shall immediately become due and payable by Tenant to Landlord, if it was not theretofore already billed and paid. The said proportionate share shall be based upon the length of time that this Lease shall have been in existence during such Expense Year. Promptly after the Expense Statement for that Expense Year has been furnished to Tenant, Landlord and Tenant shall make appropriate adjustments of amounts then owing.

48.10 In no event shall the Fixed Annual Rent under this Lease be reduced by virtue of this Article 48.

48.11 Landlord's and Tenant's obligation to make the adjustments referred to in Sections 48.05 and 48.09 above shall survive any expiration or termination of this Lease.

48.12 Any delay or failure of Landlord in billing any escalation hereinabove provided shall not constitute a waiver of or in any way impair the continuing obligation of Tenant to pay such escalation hereunder.

ARTICLE 49

RENEWAL OPTION

[***].

ARTICLE 50

OFFER SPACE OPTION

[***].

ARTICLE 51

SECURITY DEPOSIT

51.01 Upon the execution and delivery of this Lease, Tenant shall deliver to Landlord either cash or an unconditional irrevocable letter of credit, and Tenant shall maintain same in effect at all times during the Term hereof, in either case as security for the full and faithful performance and observance by Tenant of Tenant's covenants and obligations under this Lease, [***]. If at any time during the Term, the Issuing Bank does not maintain the Issuing Bank Criteria, then Landlord may so notify Tenant and, unless Tenant delivers a replacement

letter of credit from another commercial bank reasonably approved by Landlord meeting the Issuing Bank Criteria within forty-five (45) days after receipt of such notice, Landlord may draw the full amount of such letter of credit and hold the proceeds in a cash security deposit in accordance with this Article 51. Such letter of credit shall have an expiration date no earlier than the first anniversary of the date of issuance thereof and shall be automatically renewed from year to year unless terminated by the issuer thereof by notice to Landlord given not less than forty-five (45) days prior to the expiration thereof.

(b) If Tenant delivers such letter of credit, Tenant shall, throughout the Term, deliver to Landlord, in the event of the termination of any such letter of credit, replacement letters of credit in lieu thereof complying with the terms of this Article 51 (each such letter of credit and such extensions or replacements thereof, as the case may be, is hereinafter referred to as a “Letter of Credit”) no later than forty-five (45) days prior to the expiration date of the preceding Letter of Credit. The term of each such Letter of Credit shall be not less than one year and shall be automatically renewable from year to year as aforesaid. If Tenant shall fail to obtain any replacement of or amendment to a Letter of Credit within any of the applicable time limits set forth in this Article 51, Landlord shall have the right to draw down on the Letter of Credit and retain such cash amount as the security. Upon delivery to Landlord of any replacement or amendment to the Letter of Credit Landlord shall return to Tenant the proceeds of the Letter of Credit which had been drawn by Landlord pursuant to the preceding sentence (or any balance thereof to which Tenant is entitled).

51.02 If Tenant defaults in the full and prompt payment and performance of any of Tenant’s covenants and obligations under this Lease, including, but not limited to, the payment of Fixed Annual Rent and Additional Rent, beyond notice (the delivery of which shall not be required for purposes of this Section 51.02 if Landlord is prevented or prohibited from delivering the same under Applicable Laws, including, but not limited to, all applicable bankruptcy and insolvency laws) and the expiration of any applicable cure periods (except that no notice and cure period shall be required for purposes of this Section 51.02 with respect to any default by Tenant hereunder if, at the time of such default, any of the events set forth in Section 5.01(c)-(e) hereof shall have occurred with or without the acquiescence of Tenant), Landlord may, at its option, (but shall not be obligated to) and without prejudice to any other remedy which Landlord may have on account thereof, use, apply or retain the whole or any part of the security so deposited and the interest accrued thereon, if any, (or draw down the entire Letter of Credit or any portion thereof and use, apply or retain the whole or any part of the security represented by the Letter of Credit) to the extent required for the payment of (i) any Fixed Annual Rent and Additional Rent or any other sums as to which Tenant is in default, (ii) any sum which Landlord may expend or may be required to expend by reason of Tenant’s default in respect of any of the terms, covenants and conditions of this Lease, including, but not limited to, any reletting costs or expenses, (iii) any damages or deficiency in the reletting of the Premises, whether such damages or deficiency accrued before or after summary proceedings or other re-entry by Landlord or (iv) any damages awarded to Landlord in accordance with the terms and conditions of this Lease (it being understood that any use of the whole or any part of the security represented by the Letter of Credit shall not constitute a bar or defense to any of Landlord’s other remedies under this Lease or any law, rule or regulation, including but not limited to Landlord’s right to assert a claim against Tenant under 11 U.S.C. §502(b)(6) or any other provision of Title 11 of the United States Code). If Landlord shall so use, apply or retain the whole or any part of the security or the interest accrued thereon, if any, or draw down the Letter of Credit, as the case may be, Tenant shall within ten (10) days following demand therefor deposit with Landlord a sum equal to the amount so used, applied or retained, as security as aforesaid (if Tenant shall have delivered a Letter of Credit, Tenant shall restore same either by the deposit with Landlord of cash or the provision of a replacement Letter of Credit), failing which Landlord shall have the same rights and remedies as for the non-payment of Fixed Annual Rent beyond the applicable grace period. To ensure that Landlord may utilize the security represented by the Letter of Credit

in the manner, for the purpose, and to the extent provided in this Article 51, each Letter of Credit shall provide that the full amount or any portion thereof may be drawn down by Landlord upon the presentation to the Issuing Bank of Landlord's draft drawn on the Issuing Bank without accompanying memoranda or statement of beneficiary. In no event and under no circumstance shall the draw down on or use of any amounts under the Letter of Credit constitute a basis or defense to the exercise of any other of Landlord's rights and remedies under this Lease or under any law, rule or regulation, including, but not limited to, Landlord's right to assert a claim against Tenant under 11 U.S.C. §502(b)(6) or any other provision of Title 11 of the United States Code.

(b) In the event that Tenant defaults in respect of any of the terms, provisions, covenants and conditions of this Lease beyond notice and the expiration of any applicable cure periods (except to the extent that such notice and cure periods are not applicable pursuant to Section 51.02(a) above) and Landlord utilizes all or any part of the security represented by the Letter of Credit but does not terminate this Lease as provided in Article 5 hereof, Landlord may, at its option, in addition to exercising its rights as provided in Section 51.02(a) hereof, retain the unapplied and unused balance of the portion of the Letter of Credit drawn down by Landlord (herein called the "Cash Security") as security for the full and faithful performance and observance by Tenant thereafter of the terms, provisions, and conditions of this Lease, and may use, apply, or retain the whole or any part of said Cash Security to the extent required for payment of Fixed Annual Rent, Additional Rent, or any other sum as to which Tenant is in default or for any sum which Landlord may expend or be required to expend by reason of Tenant's default in respect of any of the terms, covenants, and conditions of this Lease. In the event Landlord uses, applies or retains any portion or all of the security deposit or the security represented by the Letter of Credit (as the case may be), Tenant shall within five (5) Business Days following the date Landlord uses, applies or retains any portion or all of the security deposit or the security represented by the Letter of Credit (as the case may be), restore the amount so used, applied or retained (if Tenant shall have delivered a Letter of Credit either by the deposit with Landlord of cash or the provision of a replacement Letter of Credit) so that at all times the amount of the security deposited or the amount of the security represented by the Letter of Credit and the Cash Security, if any (as the case may be) shall be not less than the security required by this Article 51, failing which Tenant shall be in default of its obligations under this Article 51 and Landlord shall have the same rights and remedies as for the non-payment of Fixed Annual Rent beyond the applicable grace period.

51.03 If Tenant shall fully and faithfully comply with all of Tenant's covenants and obligations under this Lease, the security, or any balance thereof to which Tenant is entitled, or the Letter of Credit and the Cash Security (if any), as the case may be, shall be returned or paid over to Tenant within sixty (60) days after the date fixed as the end of this Lease and after delivery to Landlord of entire possession of the Premises in compliance with the provisions of this Lease; provided, however, in no event shall any such return be construed as an admission by Landlord that Tenant has performed all of its obligations hereunder.

51.04 In the event of any sale, transfer or leasing of Landlord's interest in the Building whether or not in connection with a sale, transfer or leasing of the land on which the Building is situated to a vendee, transferee or lessee, Landlord shall have the right to transfer the unapplied part of the security and the interest thereon, if any, to which Tenant is entitled (or require Tenant to deliver a replacement Letter of Credit naming the new landlord as beneficiary as set forth below in this Section 51.04) to the vendee, transferee or lessee and Landlord shall thereupon be released by Tenant from all liability for the return or payment thereof, and Tenant shall look solely to the new landlord for the return or payment of the same. The provisions of the preceding sentence shall apply to every subsequent sale, transfer or leasing of Landlord's interest in the Building, and any successor of Landlord may, upon a sale, transfer, leasing or other cessation of the interest of such successor in the Building, whether in whole or in part, pay over any

unapplied part of said security (or transfer the Letter of Credit and the Cash Security, if any, as the case may be) to any vendee, transferee or lessee of Landlord's interest in the Building and shall thereupon be relieved of all liability with respect thereto. In the event of any such sale, transfer or leasing, Landlord shall have the right to transfer the Letter of Credit to the new landlord as aforesaid or, in the alternative, to require Tenant to deliver a replacement Letter of Credit naming the new landlord as beneficiary, and, upon such delivery by Tenant of such replacement Letter of Credit, Landlord shall return the existing Letter of Credit to Tenant. If Tenant shall fail to deliver such replacement Letter of Credit (or a cash security deposit in the required amount in lieu thereof) within fifteen (15) days after request thereof, Tenant shall be in default of its obligations under this Article 51 and Landlord shall have the right (but not the obligation), at its option, to draw down the existing Letter of Credit and retain the proceeds as security hereunder until a replacement Letter of Credit is delivered. Landlord and Tenant hereby agree that, in connection with the transfer by Landlord or its successors or assigns hereunder of Landlord's interest in the Letter of Credit, Tenant shall be solely liable to pay any transfer commission and other costs charged by the Issuing Bank in connection with any such transfer of the Letter of Credit, as Additional Rent hereunder, upon Landlord's demand therefor.

51.05 Except in connection with a permitted assignment of this Lease, Tenant shall not assign or encumber or attempt to assign or encumber the monies deposited herein as security or any interest thereon to which Tenant is entitled, or the security represented by the Letter of Credit, as the case may be, and neither Landlord nor its successors or assigns shall be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance. In any event, in the absence of evidence reasonably satisfactory to Landlord of an assignment of the right to receive the security deposit, or the remaining balance thereof, or the security represented by the Letter of Credit, as the case may be, Landlord may return the security deposit or the Letter of Credit to the original Tenant regardless of one or more assignments of this Lease.

51.06 Neither the security deposit, the Letter of Credit, any proceeds therefrom or the Cash Security, if any, shall be deemed an advance rent deposit or an advance payment of any other kind, or a measure or limitation of Landlord's damages or constitute a bar or defense to any of the Landlord's other remedies under this Lease or at law or in equity upon Tenant's default.

ARTICLE 52

EXPANSION RIGHT

[***].

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

written. **IN WITNESS WHEREOF**, the said Landlord, and Tenant have duly executed this Lease as of the day and year first above

ONE VANDERBILT OWNER LLC

By: _____
Name:
Title:

UIPATH, INC.

By: _____
Name:
Title:

EXHIBIT A

LEGAL DESCRIPTION

PARCEL I (former Lot 20, for information only)

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the northerly side of 42nd Street with the easterly side of Madison Avenue;

RUNNING THENCE northerly along the said easterly side of Madison Avenue, 134 feet 2 inches;

THENCE easterly and parallel with 42nd Street and part of the distance through the center of a party wall, 100 feet;

THENCE northerly and parallel with Madison Avenue, 66 feet 8 inches to the southerly side of 43rd Street;

THENCE easterly along the said southerly side of 43rd Street, 40 feet;

THENCE southerly again parallel with Madison Avenue, 100 feet 5 inches;

THENCE easterly and parallel with 42nd Street, 24 feet 7-1/2 inches to line of land now or formerly of The New York & Harlem Railroad Company or of The New York Central Railroad Company;

THENCE southwesterly along said Railroad Company's land, 101 feet 10 inches to the northerly side of 42nd Street;

THENCE westerly along the said northerly side of 42nd Street, 147 feet 3 inches to the point or place of BEGINNING, be the said several dimensions more or less.

PARCEL II (former Lot 27, for information only)

ALL that certain plot, piece or parcel of land, lying above a horizontal plane drawn at elevation 44.25 feet and intersecting the easterly, westerly, northerly and southerly bounds of the land (hereinafter referred to as the "Land") situate in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the northerly line of 42nd Street with the westerly line of Vanderbilt Avenue;

RUNNING THENCE westerly along the northerly line of 42nd Street 68 feet 5 inches;

THENCE northeasterly in a straight line 203 feet 8 inches, more or less, to a point in the southerly line of 43rd Street, 33 feet 8 inches westerly of the westerly line of Vanderbilt Avenue;

THENCE easterly along the southerly line of 43rd Street, 33 feet 8 inches to the westerly line of Vanderbilt Avenue; and THENCE southerly along the westerly line of Vanderbilt Avenue, 200 feet 10 inches, more or less, to the northerly line of 42nd Street, the point or place of beginning, be said dimensions more or less.

THE above mentioned horizontal plane is referred to herein as the "Limiting Plane". The elevation of the Limiting Plane and all other elevations referred to herein have reference to the datum plane of the former The New York Central Railroad Company, which takes for its elevation 0 feet 0 inches mean high water mark of the East River at the foot of East 26th Street in the City of New York on June 1, 1905.

EXCEPTING so much therefrom as was excepted, reserved and set forth as subdivisions b, c, and d as Article 6 in the deed made by The Penn Central Corporation to 51 East 42nd Street Associates, dated December 5, 1978 and recorded December 22, 1978 in Reel 464 page 1721.

PARCEL III (former Lot 46, for information only)

ALL that certain plot, piece or parcel of land, situate, lying and being in the County of New York, City and State of New York, bounded and described as follows:

COMMENCING at the point on the southerly side of 43rd Street, distant 140 feet easterly from the southeasterly corner of 43rd Street and Madison Avenue;

RUNNING THENCE southerly and parallel with Madison Avenue, 100 feet 5 inches to the center line of the block between 42nd and 43rd Streets;

THENCE easterly, along said center line and parallel with 43rd Street, 24 feet 7-1/2 inches;

THENCE northeasterly on an oblique line, 101 feet 10 inches, more or less, to a point on the southerly side of 43rd Street, distant 42 feet easterly from the point of beginning; and

THENCE westerly along the southerly side of 43rd Street, 42 feet to the point or place of BEGINNING.

PARCEL IV (former Lot 52 f/k/a old Lots 50, 51, 52, for information only)

Parcel A (Old Tax Lot 50):

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at a point on the easterly side of Madison Avenue, distant 45 feet 10 inches southerly from the southeasterly corner of Madison Avenue and 43rd Street;

RUNNING THENCE easterly parallel with 43rd Street and part of the way through a party wall, 100 feet;

THENCE southerly and parallel with Madison Avenue, 20 feet 10 inches;

THENCE westerly and parallel with 43rd Street and part of the way through a party wall, 100 feet to the easterly side of Madison Avenue;

THENCE northerly and along easterly side of Madison Avenue, 20 feet 10 inches to the point or place of BEGINNING.

Parcel B (Old Tax Lot 51):

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at a point on the easterly side of Madison Avenue, distant 25 feet southerly from the corner formed by the intersection of the easterly side of Madison Avenue with the southerly side of 43rd Street;

RUNNING THENCE southerly along the said easterly side of Madison Avenue, 20 feet 10 inches;

THENCE easterly, parallel with 43rd Street 100 feet;

THENCE northerly, parallel with Madison Avenue, 20 feet 10 inches and THENCE westerly, again parallel with 43rd Street, 100 feet to the easterly side of Madison Avenue, the point or place of BEGINNING.

Parcel C (Old Tax Lot 52):

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at the intersection of the southerly side of 43rd Street and the easterly side of Madison Avenue;

RUNNING THENCE southerly along the easterly side of Madison Avenue, 25 feet;

THENCE easterly parallel with 43rd Street and part of the way through the center of a party wall, 100 feet;

THENCE northerly parallel with Madison Avenue, 25 feet to the southerly side of 43rd Street;

THENCE westerly along the southerly side of 43rd Street, 100 feet to the easterly side of Madison Avenue, to the point or place of BEGINNING.

PERIMETER DESCRIPTION

ALL that certain plot, piece or parcel of land, situate, lying and being in the Borough of Manhattan, County, City and State of New York, bounded and described as follows:

BEGINNING at a point at the intersection of the northerly side of East 42nd Street (100 feet wide) with the easterly side of Madison Avenue (80 feet wide), said point being the POINT OR PLACE OF BEGINNING:

THENCE northerly, along said easterly side of Madison Avenue, a distance of 200.83 feet to a point, said point being the intersection of said easterly side of Madison Avenue with the southerly side of East 43rd Street (60 feet wide);

THENCE easterly, along said southerly side of East 43rd Street, a distance of 215.67 feet to a point, said point being the intersection of said southerly side of East 43rd Street and the westerly side of Vanderbilt Avenue (60 feet wide);

THENCE southerly along the westerly side of Vanderbilt Avenue, a distance of 200.83 feet to a point, said point being the intersection of said westerly side of Vanderbilt Avenue and the said northerly side of East 42nd Street;

THENCE westerly, along said northerly side of East 42nd Street, a distance of 215.67 feet to a point, said point being the POINT OR PLACE OF BEGINNING.

EXCEPTING so much therefrom as was excepted, reserved and set forth as subdivisions b, c and d as Article 6 in the deed made by The Penn Central Corporation to 51 East 42nd Street Associates, dated December 5, 1978 and recorded December 22, 1978 in Reel 464 page 1721.

FURTHER EXCEPTING from the above described parcel so much thereof as is lying below a horizontal plane drawn at elevation 44.25 feet and intersecting the easterly, westerly, northerly and southerly bounds of the land situate in the Borough of Manhattan, City, County and State of New York, bounded and described as follows:

BEGINNING at the corner formed by the intersection of the northerly line of 42nd Street with the westerly line of Vanderbilt Avenue;

RUNNING THENCE westerly along the northerly line of 42nd Street 68 feet 5 inches;

THENCE northeasterly in a straight line 203 feet 8 inches, more or less, to a point in the southerly line of 43rd Street, 33 feet 8 inches westerly of the westerly line of Vanderbilt Avenue;

THENCE easterly along the southerly line of 43rd Street, 33 feet 8 inches to the westerly line of Vanderbilt Avenue; and THENCE southerly along the westerly line of Vanderbilt Avenue, 200 feet 10 inches, more or less, to the northerly line of 42nd Street, the point or place of beginning, be said dimensions more or less.

THE above mentioned horizontal plane is referred to herein as the "Limiting Plane". The elevation of the Limiting Plane and all other elevations referred to herein have reference to the datum plane of the former The New York Central Railroad Company, which takes for its elevation 0 feet 0 inches mean high water mark of the East River at the foot of East 26th Street in the City of New York on June 1, 1905.

EXHIBIT B

FLOOR PLAN OF PREMISES

[***]

ALL AREAS, DIMENSIONS AND CONDITIONS ARE APPROXIMATE

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EXHIBIT C

FIXED ANNUAL RENT

Subject to the provisions of Section 3.03 of the Lease to which this Exhibit is attached, Fixed Annual Rent shall be payable in accordance with the provisions of Section 3.01 of the Lease to which this Exhibit is attached, in the amounts set forth below.

<u>Applicable Period</u>	<u>Annual Base Net Rent</u>
The period commencing on the Commencement Date and ending on the day immediately preceding the fifth (5th) anniversary of the Rent Commencement Date (the " <u>First Rent Period</u> ")	\$150.00 per rentable square foot of the Premises
The period commencing on the fifth (5th) anniversary of the Rent Commencement Date and ending on the day immediately preceding the tenth (10th) anniversary of the Rent Commencement Date	\$160.00 per rentable square foot of the Premises
The period commencing on the tenth (10th) anniversary of the Rent Commencement Date and expiring on the Fixed Expiration Date	\$170.00 per rentable square foot of the Premises

EXHIBIT D
PRE-APPROVED CONTRACTORS
[***]

EXHIBIT E

FORM OF NONDISTURBANCE AGREEMENT

[*]**

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EXHIBIT F
CLEANING STANDARDS
[***]

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EXHIBIT G

RULES AND REGULATIONS MADE A PART OF THIS LEASE

1. No animals (other than bona fide service animals), birds, bicycles or vehicles shall be brought into or kept in the Premises. The Premises shall not be used for manufacturing or commercial repairing or for sale or display of merchandise or as a lodging place, or for any immoral or illegal purpose, nor shall the Premises be used for a public stenographer or typist; barber or beauty shop; telephone, secretarial or messenger service; employment, travel or tourist agency; school or classroom; commercial document reproduction; or for any use other than specifically provided for in Tenant's lease. Tenant shall not cause or permit in the Premises any disturbing noises which may interfere with occupants of this or neighboring Buildings, any cooking or objectionable odors, or any nuisance of any kind, or, except as otherwise expressly permitted in Section 15.04(a), any inflammable or explosive fluid, chemical or substance. Canvassing, soliciting and peddling in the Building are prohibited, and each tenant shall cooperate so as to prevent the same.

2. The toilet rooms and other water apparatus shall not be used for any purposes other than those for which they were constructed, and no sweepings, rags, ink, chemicals or other unsuitable substances shall be thrown therein. Tenant shall not place anything out of doors, windows or skylights, or into hallways, stairways or elevators, nor place food or objects on outside window sills. Tenant shall not obstruct or cover the halls, stairways and elevators, or use them for any purpose other than ingress and egress to or from Tenant's Premises, nor shall skylights, windows, doors and transoms that reflect or admit light into the Building be covered or obstructed in any way (except for window coverings installed by Tenant in accordance with the provisions of Article 8 of the Lease).

3. Tenant shall not place a load upon any floor of the Premises in excess of the load per square foot which such floor was designed to carry and which is allowed by law. Landlord reserves the right to prescribe, in Landlord's reasonable discretion, the weight and position of all safes, file cabinets and filing equipment in the Premises. Business machines and mechanical equipment shall be placed and maintained by Tenant, at Tenant's expense, and in settings reasonably approved by Landlord to control weight, vibration, noise and annoyance. Smoking or carrying lighted cigars, pipes or cigarettes in the elevators of the Building is prohibited.

4. Tenant shall not move any heavy or bulky materials into or out of the Building or make or receive large deliveries of goods, furnishings, equipment or other items except during such hours and in such manner as Landlord shall reasonably approve and in accordance with Landlord's reasonable rules and regulations pertaining thereto. If any material or equipment requires special handling, Tenant shall, to the extent required by Applicable Laws, employ only persons holding a Master Rigger's License to do such work, and all such work shall comply with all legal requirements. Landlord reserves the right to inspect all freight to be brought into the Building, and to exclude any freight which violates any rule, regulation or other provision of this Lease.

5. Except as otherwise provided in the Lease, no sign, advertisement, notice or thing shall be inscribed, painted or affixed on any part of the Building located outside of the Premises or inside of the Premises if visible from outside of the Premises, without the prior written consent of Landlord. Landlord may remove anything installed in violation of this provision, and Tenant shall pay the cost of such removal and any restoration costs. No advertising of any kind by Tenant shall refer to the name of the Building (but may set forth the address of the Building).

6. Except as otherwise permitted by this Lease, no article shall be fastened to, or holes drilled or nails or screws driven into, the ceilings, walls, doors or other portions of the

Premises, nor, except as otherwise permitted in this Lease, shall any part of the Premises be painted, papered or otherwise covered, or in any way marked or broken, without the prior written consent of Landlord (which shall be granted or withheld in accordance with Article 8 of the Lease).

7. No existing locks shall be changed, nor shall any additional locks or bolts of any kind be placed upon any door or window by Tenant, without the prior written consent of Landlord, which consent shall not be unreasonably withheld. Two (2) sets of keys to all exterior and interior locks shall be furnished to Landlord. At the termination of this Lease, Tenant shall deliver to Landlord all keys in Tenant's possession for any portion of the Premises or Building. Before leaving the Premises unoccupied at any time, Tenant shall close all windows and close and lock all doors.

8. No Tenant shall purchase or obtain for use in the Premises any spring water, ice, towels, food, bootblackening, barbering or other such service furnished by any company or person not approved by Landlord, with approval shall not be unreasonably withheld. Any necessary exterminating work in the Premises shall be done at Tenant's expense, at such times, in such manner and by such company as Landlord shall reasonably require. Landlord reserves the right to exclude from the Building, from 6:00 p.m. to 8:00 a.m., and at all hours on Sunday and legal holidays, all persons who do not present a pass to the Building signed by Landlord. Landlord will furnish passes to all persons reasonably designated by Tenant. Tenant shall be responsible for the acts of all persons to whom passes are issued at Tenant's request.

9. Intentionally omitted.

10. The use in the Premises of auxiliary heating devices, such as portable electric heaters, heat lamps or other devices whose principal function at the time of operation is to produce space heating, is prohibited.

11. Tenant shall keep all entrance doors on multi-tenant floors from the hallway to the Premises closed at all times except for use during ingress to and egress from the Premises. Tenant acknowledges that a violation of the terms of this paragraph may also constitute a violation of codes, rules or regulations of governmental authorities having or asserting jurisdiction over the Premises, and Tenant agrees to indemnify Landlord from any fines, penalties, claims, action or increase in fire insurance rates resulting from Tenant's violation of the terms of this paragraph.

12. Tenant shall be permitted to maintain an "in-house" messenger or delivery service within the Premises, provided that Tenant shall require that any messengers in its employ affix identification to the breast pocket of their outer garment, which shall bear the following information: name of Tenant, name of employee and photograph of the employee. Messengers in Tenant's employ shall display such identification at all time.

13. In case of any conflict or inconsistency between any provisions of this Lease and any of the rules and regulations as originally or as hereafter adopted, the provisions of this Lease shall control.

EXHIBIT H
HVAC SPECIFICATIONS

[**]

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EXHIBIT I
ELEVATOR SPECIFICATIONS

[***]

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EXHIBIT J
INTENTIONALLY OMITTED

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EXHIBIT K
FORM OF CONFIDENTIALITY AGREEMENT

One Vanderbilt Owner LLC
420 Lexington Avenue
New York, New York 10170
Attention: General Counsel – Real Estate

_____, 20__

[Tenant/Auditor
Attn: _____]

Re: Confidentiality Agreement – Review of Operating Expenses (the "**Review**") by [Tenant/Auditor] (the "**Reviewing Party**")

Dear [_____]:

Following your execution of this letter, you will be provided with certain confidential information from One Vanderbilt Owner LLC and/or one or more of its affiliates, representatives or advisors (collectively, "**Disclosing Party**") relating to the Review (collectively, the "**Evaluation Information**").

Subject to the terms hereof, you (a) shall not use any Evaluation Information other than in connection with the Review, (b) shall keep the Evaluation Information confidential, and (c) shall not disclose or reveal any Evaluation Information to any third party (i.e., other than you or your Representatives) in any manner whatsoever without Disclosing Party's prior written consent, except as may be required (i) by applicable law or by any rules or regulations of the United States Securities and Exchange Commission (or its equivalent in any foreign country), or by any government agency including the Office of the Comptroller of the Currency of the U.S. Department of the Treasury or any domestic or foreign public stock exchange or stock quotation system, that may be applicable to the Reviewing Party or any of its direct or indirect constituent owners or Affiliates, (ii) in connection with any litigation or arbitration involving the subject matter of this letter agreement in which the Disclosing Party is the opposing party, or (iii) by legal or judicial process or to the extent the same is or becomes available to the general public (it being agreed that your disclosure of the Evaluation Information to an arbitrator in an arbitration proceeding between the Reviewing Party, as tenant, and One Vanderbilt Owner LLC, as landlord, pursuant to the Agreement of Lease dated [___], 20__, shall not, in and of itself, be deemed to violate this letter agreement). Prior to disclosing any Evaluation Information to any Representative, except employees, officers and directors of Tenant (other than a third party auditor, who or which shall execute an agreement on the form hereof as a condition thereto), you shall deliver to us the letter attached hereto, executed by such Representative.

As used in this letter agreement, the term "**Representatives**" means, as to any person, such person's affiliates and its and their directors, officers, employees, managers, members, partners, subsidiaries, affiliates, agents, auditors, advisors (including, without limitation, attorneys,

accountants, consultants, bankers, appraisers and financial advisors), controlling persons, potential debt or equity financing sources or other representatives.¹

This letter agreement will be governed and construed in accordance with the laws of the State of New York without giving effect to choice of law doctrines.

Please sign and return to us one (1) copy of this letter agreement in the space provided below in order to evidence your agreement to be bound by the provisions set forth in this letter agreement. To facilitate the execution of this letter agreement, the parties have agreed to accept facsimile or electronic transmissions as original documents.

[DISCLOSING PARTY]

ACCEPTED AND AGREED TO:

[REVIEWING PARTY]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

[NAME/ADDRESS OF REPRESENTATIVE(S)]

as of _____, _____

One Vanderbilt Owner LLC
420 Lexington Avenue
New York, New York 10170
Attention: General Counsel – Real Estate

¹ If this agreement is being executed by a third party auditor, then the definition of Representatives shall exclude "auditors, advisors (including, without limitation, attorneys, accountants, consultants, bankers, appraisers and financial advisors), potential debt or equity financing sources or other representatives".

Re: Confidentiality Agreement – Review of Operating Expenses (the "**Review**") by [] (the "**Reviewing Party**")

_____:

We agree to comply with the terms and provisions of the letter agreement annexed as **Schedule 1** hereto with respect to the Evaluation Information (as defined therein) in our capacity as a Representative of Tenant. As applied to the undersigned, the definition of "Representatives" shall exclude auditors, advisors (including, without limitation, attorneys, accountants, consultants, bankers, appraisers and financial advisors), potential debt or equity financing sources or other representatives.

This letter agreement will be governed and construed in accordance with the laws of the State of New York without giving effect to choice of law doctrines.

Very truly yours,

[REPRESENTATIVE NAME]

By: _____
Name:
Title:

Schedule 1

Executed Letter Agreement

[See Attached]

20830889.20
232428-10018

K-4

EXHIBIT L

[***]

20830889.20
232428-10018

L-1

EXHIBIT M
INTENTIONALLY OMITTED

20830889.20
232428-10018

M-1

EXHIBIT N
FORM OF LETTER OF CREDIT

[**]

N-1

EXHIBIT O

[***]

20830889.20
232428-10018

O-1

EXHIBIT P
DELIVERY CONDITION WORK

[**]

20830889.20
232428-10018

P-1

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Daniel Dines, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of UiPath, 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)) 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) [paragraph omitted in accordance with Exchange Act Rule 13a-14(a)];
 - (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 (the registrant's fourth fiscal quarter in the case of an annual report) 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:
 - (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.

Date: December 9, 2021

By: /s/ Daniel Dines

Daniel Dines
Chief Executive Officer, Co-Founder, and Chairman

**CERTIFICATION PURSUANT TO
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ashim Gupta, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of UiPath, 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)) 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) [paragraph omitted in accordance with Exchange Act Rule 13a-14(a)];
 - (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 (the registrant's fourth fiscal quarter in the case of an annual report) 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:
 - (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.

Date: December 9, 2021

By: /s/ Ashim Gupta

Ashim Gupta
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of UiPath, Inc. (the "Company") on Form 10-Q for the quarter ended October 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report 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.

Date: December 9, 2021

By: /s/ Daniel Dines

Daniel Dines

Chief Executive Officer, Co-Founder, and Chairman

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of UiPath, Inc. (the "Company") on Form 10-Q for the quarter ended October 31, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report 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.

Date: December 9, 2021

By: /s/ Ashim Gupta

Ashim Gupta
Chief Financial Officer