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

# FORM 8-K

**CURRENT REPORT**
**Pursuant to Section 13 or 15(d)**
**of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): February 6, 2023**

# YELP INC.

(Exact name of registrant as specified in its charter)

| **Delaware** | **001-35444** | **20-1854266** |
|---|---|---|
| (State of incorporation) | (Commission File No.) | (IRS Employer Identification No.) |

**350 Mission Street, 10th Floor**
**San Francisco, California 94105**
**(Address of principal executive offices) (Zip Code)**

Registrant's telephone number, including area code: **(415) 908-3801**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

| **Title of Each Class** | **Trading Symbol(s)** | **Name of Each Exchange on Which Registered** |
|---|---|---|
| Common Stock, par value $0.000001 per share | YELP | New York Stock Exchange LLC |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

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. ☐

**Item 2.02. Results of Operations and Financial Condition.**

On February 9, 2023, Yelp Inc. (the "Company") announced its financial results for the fourth quarter and full year ended December 31, 2022 by issuing a Letter to Shareholders (the "Letter") and a press release. Copies of the press release and the Letter are furnished as Exhibits 99.1 and 99.2, respectively, to this Current Report on Form 8-K.

The information in this Item 2.02 and Exhibits 99.1 and 99.2 attached hereto are furnished to, but not "filed" with, the Securities and Exchange Commission ("SEC") and shall not be deemed to be incorporated by reference into any of the Company's filings with the SEC under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On February 6, 2023, the Compensation Committee (the "Committee") of the Board of Directors of the Company adopted the Yelp Inc. 2023 Inducement Award Plan (the "Inducement Plan"), pursuant to which the Company has reserved 1,400,000 shares of its common stock for issuance under the Inducement Plan to individuals who were not previously employees of the Company, or who are returning to employment following a bona fide period of non-employment with the Company, as an inducement material to such persons entering into employment with the Company, in accordance with NYSE Listed Company Manual Rule 303A.08. The Committee also adopted a form of restricted stock unit grant notice and restricted stock unit award agreement (the "Related Agreements") for use with the Inducement Plan.

The foregoing description of the Inducement Plan and Related Agreements is not complete and is qualified in its entirety by reference to the text of the Inducement Plan and Related Agreements, which are filed as Exhibits 10.1 and 10.2, respectively, to this Current Report on Form 8-K and are incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits.**

**(d) Exhibits.**

| Exhibit Number | Description |
|---|---|
| 10.1 | Yelp Inc. 2023 Inducement Award Plan. |
| 10.2 | Form of Restricted Stock Unit Grant Notice and Award Agreement under the Yelp Inc. 2023 Inducement Award Plan. |
| 99.1 | Press Release, dated February 9, 2023, entitled "Yelp's Product-Led Strategy Drove Strong 2022 Results." |
| 99.2 | Letter to Shareholders, dated February 9, 2023. |
| 104 | Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document. |

**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 hereunto duly authorized.

| | | | |
|---|---|---|---|
| Date: | February 9, 2023 | YELP INC. | |
| | | By: | /s/ David Schwarzbach |
| | | | David Schwarzbach |
| | | | Chief Financial Officer |

**YELP INC.**

**2023 INDUCEMENT AWARD PLAN**

**ADOPTED BY THE COMPENSATION COMMITTEE: FEBRUARY 6, 2023**
**EFFECTIVE DATE: MARCH 1, 2023**

**1. GENERAL.**

**(a) Eligible Award Recipients.** Awards may only be granted to Employees who satisfy the standards for inducement grants under NYSE Listed Company Manual Section 303A.08. A person who previously served as an Employee will not be eligible to receive Awards, other than following a bona fide period of interruption of employment.

**(b) Available Awards.** The Plan provides for the grant of the following Awards: (i) Nonstatutory Stock Options, (ii) Stock Appreciation Rights, (iii) Restricted Stock Awards, (iv) Restricted Stock Unit Awards, (v) Performance Stock Awards, (vi) Performance Cash Awards, and (vii) Other Stock Awards.

**(c) Purpose.** This Plan, through the granting of Awards, is intended to help the Company and any Affiliate secure and retain the services of eligible award recipients, provide an inducement material for such persons to enter into employment with the Company or an Affiliate within the meaning of NYSE Listed Company Manual Section 303A.08, provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate, and provide a means by which the eligible recipients may benefit from increases in value of the Common Stock.

**2. ADMINISTRATION.**

**(a) Administration by Board.** The Board will administer the Plan. The Board may delegate administration of the Plan to a Committee or Committees, as provided in Section 2(c). However, notwithstanding the foregoing or anything in the Plan to the contrary, the grant of Awards will be approved by the Company's independent compensation committee or a majority of the Company's independent directors (as determined under NYSE Listed Company Manual Section 303A.02) in order to comply with the exemption from the stockholder approval requirement for "inducement grants" provided under NYSE Listed Company Manual Section 303A.08.

**(b) Powers of Board.** The Board will have the power, subject to, and within the limitations of, the express provisions of the Plan:

**(i)** To determine: (A) who will be granted Awards; (B) when and how each Award will be granted; (C) what type of Award will be granted; (D) the provisions of each Award (which need not be identical), including when a person will be permitted to exercise or otherwise receive cash or Common Stock under the Award; (E) the number of shares of Common Stock subject to, or the cash value of, an Award; and (F) the Fair Market Value applicable to a Stock Award.

**(ii)** To construe and interpret the Plan and Awards granted under it, and to establish, amend and revoke rules and regulations for administration of the Plan and Awards. The Board, in the exercise of these powers, may correct any defect, omission or inconsistency in the Plan or in any Award Agreement or in the written terms of a Performance Cash Award, in a manner and to the extent it will deem necessary or expedient to make the Plan or Award fully effective.

**(iii)** To settle all controversies regarding the Plan and Awards granted under it.

**(iv)** To accelerate, in whole or in part, the time at which an Award may be exercised or vest (or at which cash or shares of Common Stock may be issued).

**(v)** To suspend or terminate the Plan at any time. Except as otherwise provided in the Plan or an Award Agreement, suspension or termination of the Plan will not materially impair a Participant's rights under his or her then-outstanding Award without his or her written consent.

**(vi)** To amend the Plan in any respect the Board deems necessary or advisable, including, without limitation, by adopting amendments relating to certain nonqualified deferred compensation under Section 409A of the Code and/or to bring the Plan or Awards granted under the Plan into compliance therewith, subject to the limitations, if any, of applicable law. If required by applicable law or listing requirements, and except as provided in Section 9(a) relating to Capitalization Adjustments, the Company will seek stockholder approval of any amendment of the Plan. Except as otherwise provided in the Plan or an Award Agreement, no amendment of the Plan will materially impair that Participant's rights under an outstanding Award without his or her written consent.

**(vii)** To submit any amendment to the Plan for stockholder approval, including, but not limited to, amendments to the Plan intended to satisfy the requirements of Rule 16b-3.

**(viii)** To approve forms of Award Agreements for use under the Plan and to amend the terms of any one or more outstanding Awards, subject to any applicable law or listing requirements. Except as otherwise provided in the Plan or an Award Agreement, no amendment of an outstanding Award will materially impair that Participant's rights under his or her outstanding Award without his or her written consent. To be clear, unless prohibited by applicable law or listing requirements, the Board may amend the terms of an Award without the affected Participant's consent if necessary (A) to clarify the manner of exemption from, or to bring the Award into compliance with, Section 409A of the Code or (B) to comply with other applicable laws.

**(ix)** Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan or Awards.

**(x)** To adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Employees who are foreign nationals or employed outside the United States.

**(c)** **Delegation to Committee.**

**(i)** **General.** The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee will have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board will thereafter be to the Committee or subcommittee). Any delegation of administrative powers will be reflected in resolutions, not inconsistent with the provisions of the Plan, adopted from time to time by the Board or Committee (as applicable). The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revest in the Board some or all of the powers previously delegated.

**(ii)** **Rule 16b-3 Compliance.** The Committee may consist solely of two or more Non-Employee Directors, in accordance with Rule 16b-3.

**(d)** **Effect of Board's Decision.** All determinations, interpretations and constructions made by the Board in good faith will not be subject to review by any person and will be final, binding and conclusive on all persons.

**(e)** **Repricing; Cancellation and Re-Grant of Awards.** Neither the Board nor any Committee will have the authority to (i) reduce the exercise or strike price of any outstanding Option or SAR or (ii) cancel any outstanding Option or SAR that has an exercise or strike price (per share) greater than the then-current Fair Market Value of the Common Stock in exchange for cash or other Awards under the Plan, unless the stockholders of the Company have approved such an action within 12 months prior to such an event.

## 3. SHARES SUBJECT TO THE PLAN.

**(a) Share Reserve.** Subject to Section 9(a) relating to Capitalization Adjustments, the aggregate number of shares of Common Stock that may be issued pursuant to Stock Awards will not exceed 1,400,000 (the "***Share Reserve***"). For clarity, the Share Reserve in this Section 3(a) is a limitation on the number of shares of Common Stock that may be issued pursuant to the Plan. Accordingly, this Section 3(a) does not limit the granting of Stock Awards except as provided in Section 7(a). Shares may be issued in connection with a merger or acquisition as permitted by NYSE Listed Company Manual Section 303A.08 or, if applicable, NASDAQ Listing Rule 5635(c), AMEX Company Guide Section 711 or other applicable rule, and such issuance will not reduce the number of shares available for issuance under the Plan.

**(b) Reversion of Shares to the Share Reserve.** If a Stock Award or any portion thereof (i) expires or otherwise terminates without all of the shares covered by such Stock Award having been issued or (ii) is settled in cash (*i.e.*, the Participant receives cash rather than stock), such expiration, termination or settlement will not reduce (or otherwise offset) the number of shares of Common Stock that may be available for issuance under the Plan. If any shares of Common Stock issued pursuant to a Stock Award are forfeited back to or repurchased by the Company because of the failure to meet a contingency or condition required to vest such shares in the Participant, then the shares that are forfeited or repurchased will revert to and again become available for issuance under the Plan. Any shares reacquired by the Company in satisfaction of tax withholding obligations on a Stock Award or as consideration for the exercise or purchase price of a Stock Award will again become available for issuance under the Plan.

**(c) Source of Shares.** The stock issuable under the Plan will be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market or otherwise.

## 4. ELIGIBILITY.

**(a) Eligibility for Awards.** Awards may only be granted to persons who are Employees described in Section 1(a), where the Award is an inducement material to the individual's entering into employment with the Company or an Affiliate within the meaning of NYSE Listed Company Manual Section 303A.08. For clarity, Awards may not be granted to (1) Consultants or Directors, for service in such capacities, or (2) any individual who was previously an Employee, other than following a bona fide period of interruption of employment. Notwithstanding the foregoing, Stock Awards may not be granted to Employees who are providing Continuous Service only to any "parent" of the Company, as such term is defined in Rule 405 of the Securities Act, unless (i) the stock underlying such Stock Awards is treated as "service recipient stock" under Section 409A of the Code (for example, because the Stock Awards are granted pursuant to a corporate transaction such as a spin off transaction), (ii) the Company, in connection with its legal counsel, has determined that such Stock Awards are otherwise exempt from Section 409A of the Code, or (iii) the Company, in connection with its legal counsel, has determined that such Stock Awards comply with the distribution requirements of Section 409A of the Code.

**(b) Approval Requirements.** All Awards must be granted either by a majority of the Company's independent directors or by the Company's compensation committee comprised of independent directors (as determined under NYSE Listed Company Manual Section 303A.02).

## 5. PROVISIONS RELATING TO OPTIONS AND STOCK APPRECIATION RIGHTS.

Each Option or SAR will be in such form and will contain such terms and conditions as the Board deems appropriate. All Options will be Nonstatutory Stock Options. The provisions of separate Options or SARs need not be identical; *provided, however*, that each Award Agreement will conform to (through incorporation of provisions hereof by reference in the applicable Award Agreement or otherwise) the substance of each of the following provisions:

**(a) Term.** No Option or SAR will be exercisable after the expiration of ten years from the date of its grant or such shorter period specified in the Award Agreement.

**(b) Exercise Price.** The exercise or strike price of each Option or SAR will be not less than 100% of the Fair Market Value of the Common Stock subject to the Option or SAR on the date the Award is granted. Notwithstanding the foregoing, an Option or SAR may be granted with an exercise or strike price lower than 100% of the Fair Market Value of the Common Stock subject to the Award if such Award is granted pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a Corporate Transaction and in a manner consistent with the provisions of Section 409A of the Code. Each SAR will be denominated in shares of Common Stock equivalents.

**(c) Purchase Price for Options.** The purchase price of Common Stock acquired pursuant to the exercise of an Option may be paid, to the extent permitted by applicable law and as determined by the Board in its sole discretion, by any combination of the methods of payment set forth below. The Board will have the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to use a particular method of payment. The permitted methods of payment are as follows:

**(i)** by cash, check, bank draft or money order payable to the Company;

**(ii)** pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of the stock subject to the Option, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds;

**(iii)** by delivery to the Company (either by actual delivery or attestation) of shares of Common Stock;

**(iv)** by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; *provided, however*, that the Company will accept a cash or other payment from the Participant to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued. Shares of Common Stock will no longer be subject to an Option and will not be exercisable thereafter to the extent that (A) shares issuable upon exercise are reduced to pay the exercise price pursuant to the "net exercise," (B) shares are delivered to the Participant as a result of such exercise, and (C) shares are withheld to satisfy tax withholding obligations; or

**(v)** in any other form of legal consideration that may be acceptable to the Board and specified in the applicable Award Agreement.

**(d) Exercise and Payment of a SAR.** To exercise any outstanding SAR, the Participant must provide written notice of exercise to the Company in compliance with the provisions of the Stock Appreciation Right Agreement evidencing such SAR. The appreciation distribution payable on the exercise of a SAR will be not greater than an amount equal to the excess of (A) the aggregate Fair Market Value (on the date of the exercise of the SAR) of a number of shares of Common Stock equal to the number of Common Stock equivalents in which the Participant is vested under such SAR, and with respect to which the Participant is exercising the SAR on such date, over (B) the strike price. The appreciation distribution may be paid in Common Stock, in cash, in any combination of the two or in any other form of consideration, as determined by the Board and contained in the Award Agreement evidencing such SAR.

**(e) Transferability of Options and SARs.** The Board may, in its sole discretion, impose such limitations on the transferability of Options and SARs as the Board will determine. In the absence of such a determination by the Board to the contrary, the following restrictions on the transferability of Options and SARs will apply:

**(i) Restrictions on Transfer.** An Option or SAR will not be transferable except by will or by the laws of descent and distribution (or pursuant to subsections (ii) and (iii) below), and will be exercisable during the lifetime of the Participant only by the Participant. The Board may permit transfer of the Option or SAR in a manner that is not prohibited by applicable tax and securities laws. Except as explicitly provided herein, neither an Option nor a SAR may be transferred for consideration.

**(ii) Domestic Relations Orders.** Subject to the approval of the Board or a duly authorized Officer, an Option or SAR may be transferred pursuant to the terms of a domestic relations order or official marital settlement agreement.

**(iii) Beneficiary Designation.** Subject to the approval of the Board or a duly authorized Officer, a Participant may, by delivering written notice to the Company, in a form approved by the Company (or the designated broker), designate a third party who, on the death of the Participant, will thereafter be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, the executor or administrator of the Participant's estate will be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. However, the Company may prohibit designation of a beneficiary at any time, including due to any conclusion by the Company that such designation would be inconsistent with the provisions of applicable laws.

**(f) Vesting Generally.** The total number of shares of Common Stock subject to an Option or SAR may vest and therefore become exercisable in periodic installments that may or may not be equal. The Option or SAR may be subject to such other terms and conditions on the time or times when it may or may not be exercised (which may be based on the satisfaction of Performance Goals or other criteria) as the Board may deem appropriate. The vesting provisions of individual Options or SARs may vary. The provisions of this Section 5(f) are subject to any Option or SAR provisions governing the minimum number of shares of Common Stock as to which an Option or SAR may be exercised.

**(g) Termination of Continuous Service.** Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates (other than for Cause and other than upon the Participant's death or Disability), the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Award as of the date of termination of Continuous Service) within the period of time ending on the earlier of (i) the date three months following the termination of the Participant's Continuous Service and (ii) the expiration of the term of the Option or SAR as set forth in the Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the applicable time frame, the Option or SAR will terminate.

**(h) Extension of Termination Date.** If the exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause and other than upon the Participant's death or Disability) would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act, then the Option or SAR will terminate on the earlier of (i) the expiration of a total period of three months (that need not be consecutive) after the termination of the Participant's Continuous Service during which the exercise of the Option or SAR would not be in violation of such registration requirements, and (ii) the expiration of the term of the Option or SAR as set forth in the applicable Award Agreement. In addition, unless otherwise provided in a Participant's Award Agreement, if the sale of any Common Stock received on exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause) would violate the Company's insider trading policy, then the Option or SAR will terminate on the earlier of (i) the expiration of a period of months (that need not be consecutive) equal to the applicable post-termination exercise period after the termination of the Participant's Continuous Service during which the sale of the Common Stock received upon exercise of the Option or SAR would not be in violation of the Company's insider trading policy, or (ii) the expiration of the term of the Option or SAR as set forth in the applicable Award Agreement.

**(i) Disability of Participant.** Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates as a result of the Participant's Disability, the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Option or SAR as of the date of termination of Continuous Service), but only within such period of time ending on the earlier of (i) the date 12 months following such termination of Continuous Service and (ii) the expiration of the term of the Option or SAR as set forth in the Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the applicable time frame, the Option or SAR (as applicable) will terminate.

**(j) Death of Participant.** Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company, if (i) a Participant's Continuous Service terminates as a result of the Participant's death, or (ii) the Participant dies within the period (if any) specified in the Award Agreement for exercisability after the termination of the Participant's Continuous Service for a reason other than death, then the Option or SAR may be exercised (to the extent the Participant was entitled to exercise such Option or SAR as of the date of death) by the Participant's estate, by a person who acquired the right to exercise the Option or SAR by bequest or inheritance or by a person designated to exercise the Option or SAR upon the Participant's death, but only within the period ending on the earlier of (i) the date 18 months following the date of death and (ii) the expiration of the term of such Option or SAR as set forth in the Award Agreement. If, after the Participant's death, the Option or SAR is not exercised within the applicable time frame, the Option or SAR will terminate.

**(k) Termination for Cause.** Except as explicitly provided otherwise in a Participant's Award Agreement, if a Participant's Continuous Service is terminated for Cause, the Option or SAR will terminate upon the date on which the event giving rise to the termination for Cause first occurred, and the Participant will be prohibited from exercising his or her Option or SAR from and after the date on which the event giving rise to the termination for Cause first occurred (or, if required by law, the date of termination of Continuous Service).

**(l) Non-Exempt Employees.** If an Option or SAR is granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, the Option or SAR will not be first exercisable for any shares of Common Stock until at least six (6) months following the date of grant of the Option or SAR (although the Award may vest prior to such date). Consistent with the provisions of the Worker Economic

Opportunity Act, (i) if such non-exempt Employee dies or suffers a Disability, (ii) upon a Corporate Transaction in which such Option or SAR is not assumed, continued, or substituted, (iii) upon a Change in Control, or (iv) upon the Participant's retirement (as such term may be defined in the Participant's Award Agreement in another agreement between the Participant and the Company, or, if no such definition, in accordance with the Company's then current employment policies and guidelines), the vested portion of any Options and SARs may be exercised earlier than six months following the date of grant. The foregoing provision is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or SAR will be exempt from his or her regular rate of pay. To the extent permitted and/or required for compliance with the Worker Economic Opportunity Act to ensure that any income derived by a non-exempt employee in connection with the exercise, vesting or issuance of any shares under any other Stock Award will be exempt from the employee's regular rate of pay, the provisions of this Section 5(l) will apply to all Stock Awards and are hereby incorporated by reference into such Stock Award Agreements.

**6. PROVISIONS OF STOCK AWARDS OTHER THAN OPTIONS AND SARS.**

**(a) Restricted Stock Awards.** Each Restricted Stock Award Agreement will be in such form and will contain such terms and conditions as the Board will deem appropriate. To the extent consistent with the Company's bylaws, at the Board's election, shares of Common Stock may be (x) held in book entry form subject to the Company's instructions until any restrictions relating to the Restricted Stock Award lapse; or (y) evidenced by a certificate, which certificate will be held in such form and manner as determined by the Board. The terms and conditions of Restricted Stock Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Award Agreements need not be identical. Each Restricted Stock Award Agreement will conform to (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

**(i) Consideration.** A Restricted Stock Award may be awarded in consideration for (A) cash, check, bank draft or money order payable to the Company, or (B) any other form of legal consideration (including future services) that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.

**(ii) Vesting.** Shares of Common Stock awarded under the Restricted Stock Award Agreement may be subject to forfeiture to the Company in accordance with a vesting schedule to be determined by the Board.

**(iii) Termination of Participant's Continuous Service.** If a Participant's Continuous Service terminates, the Company may receive through a forfeiture condition or a repurchase right any or all of the shares of Common Stock held by the Participant that have not vested as of the date of termination of Continuous Service under the terms of the Restricted Stock Award Agreement.

**(iv) Transferability.** Rights to acquire shares of Common Stock under the Restricted Stock Award Agreement will be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Award Agreement, as the Board will determine in its sole discretion, so long as Common Stock awarded under the Restricted Stock Award Agreement remains subject to the terms of the Restricted Stock Award Agreement.

**(v) Dividends.** A Restricted Stock Award Agreement may provide that any dividends paid on Restricted Stock will be subject to the same vesting and forfeiture restrictions as apply to the shares subject to the Restricted Stock Award to which they relate.

**(b) Restricted Stock Unit Awards.** Each Restricted Stock Unit Award Agreement will be in such form and will contain such terms and conditions as the Board will deem appropriate. The terms and conditions of Restricted Stock Unit Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Unit Award Agreements need not be identical. Each Restricted Stock Unit Award Agreement will conform to (through incorporation of the provisions hereof by reference in the Agreement or otherwise) the substance of each of the following provisions:

**(i) Consideration.** At the time of grant of a Restricted Stock Unit Award, the Board will determine the consideration, if any, to be paid by the Participant upon delivery of each share of Common Stock subject to the Restricted Stock Unit Award. The consideration to be paid (if any) by the Participant for each share of Common Stock subject to a Restricted Stock Unit Award may be paid in any form of legal consideration that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.

**(ii) Vesting.** At the time of the grant of a Restricted Stock Unit Award, the Board may impose such restrictions on or conditions to the vesting of the Restricted Stock Unit Award as it, in its sole discretion, deems appropriate.

**(iii) Payment.** A Restricted Stock Unit Award may be settled by the delivery of shares of Common Stock, their cash equivalent, any combination thereof or in any other form of consideration, as determined by the Board and contained in the Restricted Stock Unit Award Agreement.

**(iv) Additional Restrictions.** At the time of the grant of a Restricted Stock Unit Award, the Board, as it deems appropriate, may impose such restrictions or conditions that delay the delivery of the shares of Common Stock (or their cash equivalent) subject to a Restricted Stock Unit Award to a time after the vesting of such Restricted Stock Unit Award.

**(v) Dividend Equivalents.** Dividend equivalents may be credited in respect of shares of Common Stock covered by a Restricted Stock Unit Award, as determined by the Board and contained in the Restricted Stock Unit Award Agreement. At the sole discretion of the Board, such dividend equivalents may be converted into additional shares of Common Stock covered by the Restricted Stock Unit Award in such manner as determined by the Board. Any additional shares covered by the Restricted Stock Unit Award credited by reason of such dividend equivalents will be subject to all of the same terms and conditions of the underlying Restricted Stock Unit Award Agreement to which they relate.

**(vi) Termination of Participant's Continuous Service.** Except as otherwise provided in the applicable Restricted Stock Unit Award Agreement, such portion of the Restricted Stock Unit Award that has not vested will be forfeited upon the Participant's termination of Continuous Service.

**(c) Performance Awards.**

**(i) Performance Stock Awards.** A Performance Stock Award is a Stock Award that is payable (including that may be granted, vest or exercised) contingent upon the attainment during a Performance Period of certain Performance Goals. A Performance Stock Award may, but need not, require the completion of a specified period of Continuous Service. The length of any Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained will be conclusively determined by the Committee or the Board, in its sole discretion. In addition, to the extent permitted by applicable law and the applicable Award Agreement, the Board may determine that cash may be used in payment of Performance Stock Awards.

**(ii) Performance Cash Awards.** A Performance Cash Award is a cash award that is payable contingent upon the attainment during a Performance Period of certain Performance Goals. A Performance Cash Award may also require the completion of a specified period of Continuous Service. At the time of grant of a Performance Cash Award, the length of any Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained will be conclusively determined by the Committee or the Board, in its sole discretion. The Board may specify the form of payment of Performance Cash Awards, which may be cash or other property, or may provide for a Participant to have the option for his or her Performance Cash Award, or such portion thereof as the Board may specify, to be paid in whole or in part in cash or other property.

**(d) Other Stock Awards.** Other forms of Stock Awards valued in whole or in part by reference to, or otherwise based on, Common Stock, including the appreciation in value thereof (e.g., options or stock rights with an exercise price or strike price less than 100% of the Fair Market Value of the Common Stock at the time of grant) may be granted either alone or in addition to Stock Awards provided for under Section 5 and the preceding provisions of this Section 6. Subject to the provisions of the Plan, the Board will have sole and complete authority to determine the persons to whom and the time or times at which such Other Stock Awards will be granted, the number of shares of Common Stock (or the cash equivalent thereof) to be granted pursuant to such Other Stock Awards and all other terms and conditions of such Other Stock Awards.

**7. COVENANTS OF THE COMPANY.**

**(a) Availability of Shares.** The Company will keep available at all times the number of shares of Common Stock reasonably required to satisfy then-outstanding Awards.

**(b) Securities Law Compliance.** The Company will seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell shares of Common Stock upon exercise of the Stock Awards; *provided, however*, that this undertaking will not require the Company to register under the Securities Act the Plan, any Stock Award or any Common Stock issued or issuable pursuant to any such Stock Award. If, after reasonable efforts and at a reasonable cost, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company will be relieved from any liability for failure to issue and sell Common Stock upon exercise of such Stock Awards unless and until such authority is obtained. A Participant will not be eligible for the grant of an Award or the subsequent issuance of cash or Common Stock pursuant to the Award if such grant or issuance would be in violation of any applicable securities law.

**(c) No Obligation to Notify or Minimize Taxes.** The Company will have no duty or obligation to any Participant to advise such holder as to the time or manner of exercising such Stock Award. Furthermore, the Company will have no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of an Award or a possible period in which the Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of an Award to the holder of such Award.

**8. MISCELLANEOUS.**

**(a) Use of Proceeds from Sales of Common Stock.** Proceeds from the sale of shares of Common Stock pursuant to Awards will constitute general funds of the Company.

**(b) Corporate Action Constituting Grant of Stock Awards.** Corporate action constituting a grant by the Company of an Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Award is communicated to, or actually received or accepted by, the Participant. In the event that the corporate records (e.g., Board consents, resolutions or minutes) documenting the corporate action constituting the grant contain terms (e.g., exercise price, vesting schedule or number of shares) that are inconsistent with those in the Award Agreement as a result of a clerical error in the papering of the Award Agreement, the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Award Agreement.

**(c) Stockholder Rights.** No Participant will be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to an Award unless and until (i) such Participant has satisfied all requirements for exercise of, or the issuance of shares under, the Award pursuant to its terms, and (ii) the issuance of the Common Stock subject to such Award has been entered into the books and records of the Company.

**(d) No Employment or Other Service Rights.** Nothing in the Plan, any Award Agreement or any other instrument executed thereunder or in connection with any Award granted pursuant thereto will confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Award was granted or will affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

**(e) Change in Time Commitment.** In the event a Participant's regular level of time commitment in the performance of his or her services for the Company and any Affiliates is reduced (for example, and without limitation, if the Participant is an Employee of the Company and the Employee has a change in status from a full-time Employee to a part-time Employee or takes an extended leave of absence) after the date of grant of any Award to the Participant, the Board has the right in its sole discretion to (x) make a corresponding reduction in the number of shares or cash amount subject to any portion of such Award that is scheduled to vest or become payable after the date of such change in time commitment, and (y) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Award that is so reduced.

**(f) Investment Assurances.** The Company may require a Participant, as a condition of exercising or acquiring Common Stock under any Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Award; and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Common Stock subject to the Award for the Participant's own account and not with any present intention of selling or otherwise distributing the Common Stock. The foregoing requirements, and any assurances given pursuant to such requirements, will be inoperative if (A) the issuance of the shares upon the exercise or acquisition of Common Stock under the Award has been registered under a then currently effective registration statement under the Securities Act, or (B) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Common Stock.

**(g) Withholding Obligations.** Unless prohibited by the terms of an Award Agreement, the Company may, in its sole discretion, satisfy any federal, state or local tax withholding obligation relating to an Award by any of the following means or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to the Participant in connection with the Award; *provided, however*, that no shares of Common Stock are withheld with a value exceeding the maximum amount of tax required to be withheld by law (or such other amount as may be permitted while still avoiding classification of the Stock Award as a liability for financial accounting purposes); (iii) withholding cash from an Award settled in cash; (iv) withholding payment from any amounts otherwise payable to the Participant; or (v) by such other method as may be set forth in the Award Agreement.

**(h) Electronic Delivery.** Any reference herein to a "written" agreement or document will include any agreement or document delivered electronically, filed publicly at www.sec.gov (or any successor website thereto) or posted on the Company's intranet.

**(i) Deferrals.** To the extent permitted by applicable law, the Board, in its sole discretion, may determine that the delivery of Common Stock or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Award may be deferred and may establish programs and procedures for deferral elections to be made by Participants. Deferrals by Participants will be made in accordance with Section 409A of the Code. Consistent with Section 409A of the Code, the Board may provide for distributions while a Participant is still an employee or otherwise providing services to the Company. The Board is authorized to make deferrals of Awards and determine when, and in what annual percentages, Participants may receive payments, including lump sum payments, following the Participant's termination of Continuous Service, and implement such other terms and conditions consistent with the provisions of the Plan and in accordance with applicable law.

**(j) Compliance with Section 409A.** Unless otherwise expressly provided for in an Award Agreement, the Plan and Award Agreements will be interpreted to the greatest extent possible in a manner that makes the Plan and the Awards granted hereunder exempt from Section 409A of the Code, and, to the extent not so exempt, in compliance with Section 409A of the Code. If the Board determines that any Award granted hereunder is not exempt from and is therefore subject to Section 409A of the Code, the Award Agreement evidencing such Award will incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code, and to the extent an Award Agreement is silent on terms necessary for compliance, such terms are hereby incorporated by reference into the Award Agreement. Notwithstanding anything to the contrary in this Plan (and unless the Award Agreement specifically provides otherwise), if the shares of Common Stock are publicly traded, and if a Participant holding an Award that constitutes "deferred compensation" under Section 409A of the Code is a "specified employee" for purposes of Section 409A of the Code, no distribution or payment of any amount that is due because of a "separation from service" (as defined in Section 409A of the Code without regard to alternative definitions thereunder) will be issued or paid before the date that is six (6) months following the date of such Participant's "separation from service" or, if earlier, the date of the Participant's death, unless such distribution or payment can be made in a manner that complies with Section 409A of the Code, and any amounts so deferred will be paid in a lump sum on the day after such six (6) month period elapses, with the balance paid thereafter on the original schedule.

**(k) Clawback/Recovery.** All Awards granted under the Plan will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law. In addition, the Board may impose such other clawback, recovery or recoupment provisions in an Award Agreement as the Board determines necessary or appropriate, including but not limited to a reacquisition right in respect of previously acquired shares of Common Stock or other cash or property upon the occurrence of Cause. No recovery of compensation under such a clawback policy will be an event giving rise to a right to resign for "good reason" or "constructive termination" (or similar term) under any agreement with the Company.

**9. ADJUSTMENTS UPON CHANGES IN COMMON STOCK; OTHER CORPORATE EVENTS.**

**(a) Capitalization Adjustments.** In the event of a Capitalization Adjustment, the Board will appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a) and (ii) the class(es) and number of securities and price per share of stock subject to outstanding Stock Awards. The Board will make such adjustments, and its determination will be final, binding and conclusive.

**(b) Dissolution or Liquidation.** Except as otherwise provided in the Stock Award Agreement, in the event of a dissolution or liquidation of the Company, all outstanding Stock Awards (other than Stock Awards consisting of vested and outstanding shares of Common Stock not subject to a forfeiture condition or the Company's right of repurchase) will terminate immediately prior to the completion of such dissolution or liquidation, and the shares of Common Stock subject to the Company's repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Stock Award is providing Continuous Service; *provided, however*, that the Board may, in its sole discretion, cause some or all Stock Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Stock Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

**(c) Corporate Transaction.** The following provisions will apply to Stock Awards in the event of a Corporate Transaction unless otherwise provided in the instrument evidencing the Stock Award or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board at the time of grant of a Stock Award. In the event of a Corporate Transaction, then, notwithstanding any other provision of the Plan, the Board will take one or more of the following actions with respect to Stock Awards, contingent upon the closing or completion of the Corporate Transaction:

**(i)** arrange for the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company) to assume or continue the Stock Award or to substitute a similar stock award for the Stock Award (including, but not limited to, an award to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction);

**(ii)** arrange for the assignment of any reacquisition or repurchase rights held by the Company in respect of Common Stock issued pursuant to the Stock Award to the surviving corporation or acquiring corporation (or the surviving or acquiring corporation's parent company);

**(iii)** accelerate the vesting, in whole or in part, of the Stock Award (and, if applicable, the time at which the Stock Award may be exercised) to a date prior to the effective time of such Corporate Transaction as the Board will determine (or, if the Board will not determine such a date, to the date that is five days prior to the effective date of the Corporate Transaction), with such Stock Award terminating if not exercised (if applicable) at or prior to the effective time of the Corporate Transaction;

**(iv)** arrange for the lapse, in whole or in part, of any reacquisition or repurchase rights held by the Company with respect to the Stock Award;

**(v)** cancel or arrange for the cancellation of the Stock Award, to the extent not vested or not exercised prior to the effective time of the Corporate Transaction, in exchange for such cash consideration, if any, as the Board, in its sole discretion, may consider appropriate; and

**(vi)** cancel or arrange for the cancellation of the Stock Award, to the extent not vested or not exercised prior to the effective time of the Corporate Transaction, in exchange for a payment, in such form as may be determined by the Board equal to the excess, if any, of (A) the value of the property the Participant would have received upon the exercise of the Stock Award immediately prior to the effective time of the Corporate Transaction, over (B) any exercise price payable by such holder in connection with such exercise.

The Board need not take the same action or actions with respect to all Stock Awards or portions thereof or with respect to all Participants.

**(d) Change in Control.** A Stock Award may be subject to additional acceleration of vesting and exercisability upon or after a Change in Control as may be provided in the Stock Award Agreement for such Stock Award or as may be provided in any other written agreement between the Company or any Affiliate and the Participant, but in the absence of such provision, no such acceleration will occur.

**10. TERMINATION OR SUSPENSION OF THE PLAN.**

The Board may suspend or terminate the Plan at any time. No Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

## 11. EFFECTIVE DATE OF PLAN.

This Plan will become effective on the Effective Date.

## 12. CHOICE OF LAW.

The law of the State of California will govern all questions concerning the construction, validity and interpretation of this Plan, without regard to that state's conflict of laws rules.

**13. DEFINITIONS.** As used in the Plan, the following definitions will apply to the capitalized terms indicated below:

**(a)** "***Adoption Date***" means the date the Plan is adopted by the Compensation Committee of the Board.

**(b)** "***Affiliate***" means, at the time of determination, any "parent" or "subsidiary" of the Company as such terms are defined in Rule 405 of the Securities Act. The Board will have the authority to determine the time or times at which "parent" or "subsidiary" status is determined within the foregoing definition.

**(c)** "***Award***" means a Stock Award or a Performance Cash Award.

**(d)** "***Award Agreement***" means a written agreement between the Company and a Participant evidencing the terms and conditions of an Award.

**(e)** "***Board***" means the Board of Directors of the Company.

**(f)** "***Capitalization Adjustment***" means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Stock Award after the Adoption Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or any similar equity restructuring transaction, as that term is used in Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto). Notwithstanding the foregoing, the conversion of any convertible securities of the Company will not be treated as a Capitalization Adjustment.

**(g)** "***Cause***" means the Participant's termination because of: (A) the Participant's engaging in any act of dishonesty or misrepresentation or willful commission of fraud; (B) the Participant's violation of any federal, state or foreign law or regulation applicable to the Company's business; (C) the Participant's violation of the Company's Code of Conduct, confidential information and/or inventions assignment agreement, or any similar obligations under contract or applicable law; (D) the Participant's conviction of, or entering a plea of *nolo contendere* to, any felony; or (E) any other misconduct that is materially injurious to the financial condition or business reputation of, or is otherwise materially injurious to, the Company, which conduct, if capable of cure or remedy, is not cured or remedied within two weeks after written notice from the Company describing such conduct.

**(h)** "***Change in Control***" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

**(i)** any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control will not be deemed to occur (A) on account of the acquisition of securities of the Company directly from the Company, (B) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company's securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities, (C) on account of the acquisition of securities of the Company by any individual who is, on the IPO Date, either an executive officer or a Director (either, an "***IPO Investor***") and/or any entity in which an IPO Investor has a direct or indirect interest (whether in the form of voting rights or participation in profits or capital contributions) of more than 50% (collectively, the "***IPO Entities***" ) or on account of the IPO Entities continuing to hold shares that come to represent more than 50% of the combined voting power of the Company's then outstanding securities as a result of the conversion of any class of the Company's securities into another class of the Company's securities having a different number of votes per share pursuant to the conversion provisions set forth in the Company's Amended and

Restated Certificate of Incorporation; or (D) solely because the level of Ownership held by any Exchange Act Person (the "***Subject Person***") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control will be deemed to occur;

**(ii)** there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction; *provided, however*, that a merger, consolidation or similar transaction will not constitute a Change in Control under this prong of the definition if the outstanding voting securities representing more than 50% of the combined voting power of the surviving Entity or its parent are owned by the IPO Entities;

**(iii)** there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; *provided, however*, that a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries will not constitute a Change in Control under this prong of the definition if the outstanding voting securities representing more than 50% of the combined voting power of the acquiring Entity or its parent are owned by the IPO Entities; or

**(iv)** individuals who, on the Adoption Date, are members of the Board (the "***Incumbent Board***") cease for any reason to constitute at least a majority of the members of the Board; *provided, however*, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member will, for purposes of this Plan, be considered as a member of the Incumbent Board.

For purposes of determining voting power under the term Change in Control, voting power shall be calculated by assuming the conversion of all equity securities convertible (immediately or at some future time) into shares entitled to vote, but not assuming the exercise of any warrant or right to subscribe to or purchase those shares. In addition, (A) the term Change in Control will not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company, (B) the term Change in Control will not include a change in the voting power of any one or more stockholders as a result of the conversion of any class of the Company's securities into another class of the Company's securities having a different number of votes per share pursuant to the conversion provisions set forth in the Company's Amended and Restated Certificate of Incorporation, and (C) the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant will supersede the foregoing definition with respect to Awards subject to such agreement; *provided, however*, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition will apply. If required for compliance with Section 409A of the Code, in no event will a Change in Control be deemed to have occurred if such transaction is not also a "change in the ownership or effective control of" the Company or "a change in the ownership of a substantial portion of the assets of" the Company as determined under Treasury Regulation Section 1.409A-3(i)(5) (without regard to any alternative definition thereunder). The Board may, in its sole discretion and without a Participant's consent, amend the definition of "Change in Control" to conform to the definition of "Change in Control" under Section 409A of the Code, and the regulations thereunder.

**(i)** "***Code***" means the Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

**(j)** "***Committee***" means a committee of two or more Directors to whom authority has been delegated by the Board in accordance with Section 2(c).

**(k)** "***Common Stock***" means, as of 5:00 p.m. Eastern time on September 22, 2016, the common stock of the Company, having 1 vote per share.

**(l)** "***Company***" means Yelp Inc., a Delaware corporation.

**(m)** "***Consultant***" means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, will not cause a Director to be considered a "Consultant" for purposes of the Plan. Notwithstanding the foregoing, a person is treated as a Consultant under this Plan only if a Form S-8 Registration Statement under the Securities Act is available to register either the offer or the sale of the Company's securities to such person. Consultants are not eligible to receive Awards with respect to their service in such capacity.

**(n)** "***Continuous Service***" means that the Participant's service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant's service with the Company or an Affiliate, will not terminate a Participant's Continuous Service; *provided, however*, that if the Entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Board, in its sole discretion, such Participant's Continuous Service will be considered to have terminated on the date such Entity ceases to qualify as an Affiliate. To the extent permitted by law, the Board or the chief executive officer of the Company, in that party's sole discretion, may determine whether Continuous Service will be considered interrupted in the case of (i) any leave of absence approved by the Board or chief executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding the foregoing, a leave of absence will be treated as Continuous Service for purposes of vesting in an Award only to such extent as may be provided in the Company's leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by law. In addition, to the extent required for exemption from or compliance with Section 409A of the Code, the determination of whether there has been a termination of Continuous Service will be made, and such term will be construed, in a manner that is consistent with the definition of "separation from service" as defined under Treasury Regulation Section 1.409A-1(h) (without regard to any alternative definition thereunder).

**(o)** "***Corporate Transaction***" means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

**(i)** the consummation of a sale or other disposition of all or substantially all, as determined by the Board, in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;

**(ii)** the consummation of a sale or other disposition of at least 50% of the outstanding securities of the Company;

**(iii)** the consummation of a merger, consolidation or similar transaction following which the Company is not the surviving corporation; or

**(iv)** the consummation of a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

To the extent required for compliance with Section 409A of the Code, in no event will an event be deemed a Corporate Transaction if such transaction is not also a "change in the ownership or effective control of" the Company or "a change in the ownership of a substantial portion of the assets of" the Company as determined under Treasury Regulation Section 1.409A-3(i)(5) (without regard to any alternative definition thereunder).

**(p)** "***Director***" means a member of the Board. Directors are not eligible to receive Awards with respect to their service in such capacity.

**(q)** "***Disability***" means, with respect to a Participant, the inability of such Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months, as provided in Sections 22(e)(3) and 409A(a)(2)(c)(i) of the Code, and will be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

**(r)** “***Effective Date***” means March 1, 2023.

**(s)** “***Employee***” means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, will not cause a Director to be considered an “Employee” for purposes of the Plan.

**(t)** “***Entity***” means a corporation, partnership, limited liability company or other entity.

**(u)** “***Exchange Act***” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

**(v)** “***Exchange Act Person***” means any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that “Exchange Act Person” will not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to a registered public offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date, is the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company’s then outstanding securities.

**(w)** “***Fair Market Value***” means, as of any date, the value of the Common Stock determined as follows:

**(i)** If the Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value of a share of Common Stock will be, unless otherwise determined by the Board, **<u>the closing sales price</u>** for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) **<u>on the date of determination</u>**, as reported in a source the Board deems reliable.

**(ii)** Unless otherwise provided by the Board, if there is no closing sales price for the Common Stock on the date of determination, then the Fair Market Value will be the closing selling price on the last preceding date for which such quotation exists.

**(iii)** In the absence of such markets for the Common Stock, the Fair Market Value will be determined by the Board in good faith and in a manner that complies with Section 409A of the Code.

**(x)** “***IPO Date***” means the date of the underwriting agreement between the Company and the underwriter(s) managing the initial public offering of the Common Stock, pursuant to which the Common Stock is priced for the initial public offering.

**(y)** “***Non-Employee Director***” means a Director who either (i) is not a current employee or officer of the Company or an Affiliate, does not receive compensation, either directly or indirectly, from the Company or an Affiliate for services rendered as a consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act (“***Regulation S-K***”)), does not possess an interest in any other transaction for which disclosure would be required under Item 404(a) of Regulation S-K, and is not engaged in a business relationship for which disclosure would be required pursuant to Item 404(b) of Regulation S-K; or (ii) is otherwise considered a “non-employee director” for purposes of Rule 16b-3.

**(z)** “***Nonstatutory Stock Option***” means any option granted pursuant to Section 5 of the Plan that does not qualify as an “incentive stock option” within the meaning of Section 422 of the Code.

**(aa)** “***Officer***” means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act.

**(ab)** “***Option***” means a Nonstatutory Stock Option to purchase shares of Common Stock granted pursuant to the Plan.

**(ac)** "***Option Agreement***" means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an Option grant. Each Option Agreement will be subject to the terms and conditions of the Plan.

**(ad)** "***Optionholder***" means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

**(ae)** "***Other Stock Award***" means an award based in whole or in part by reference to the Common Stock which is granted pursuant to the terms and conditions of Section 6(d).

**(af)** "***Other Stock Award Agreement***" means a written agreement between the Company and a holder of an Other Stock Award evidencing the terms and conditions of an Other Stock Award grant. Each Other Stock Award Agreement will be subject to the terms and conditions of the Plan.

**(ag)** "***Own,***" "***Owned,***" "***Owner,***" "***Ownership***" means a person or Entity will be deemed to "Own," to have "Owned," to be the "Owner" of, or to have acquired "Ownership" of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

**(ah)** "***Participant***" means a person to whom an Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.

**(ai)** "***Performance Cash Award***" means an award of cash granted pursuant to the terms and conditions of Section 6(c)(ii).

**(aj)** "***Performance Criteria***" means the one or more criteria that the Board will select for purposes of establishing the Performance Goals for a Performance Period. The Performance Criteria that will be used to establish such Performance Goals may be based on any one of, or combination of, the following as determined by the Board: (i) earnings (including earnings per share and net earnings); (ii) earnings before interest, taxes and depreciation; (iii) earnings before interest, taxes, depreciation and amortization; (iv) earnings before interest, taxes, depreciation, amortization and legal settlements; (v) earnings before interest, taxes, depreciation, amortization, legal settlements and other income (expense); (vi) earnings before interest, taxes, depreciation, amortization, legal settlements, other income (expense) and stock-based compensation; (vii) earnings before interest, taxes, depreciation, amortization, legal settlements, other income (expense), stock-based compensation and changes in deferred revenue; (viii) total stockholder return; (ix) return on equity or average stockholder's equity; (x) return on assets, investment, or capital employed; (xi) stock price; (xii) margin (including gross margin); (xiii) income (before or after taxes); (xiv) operating income; (xv) operating income after taxes; (xvi) pre-tax profit; (xvii) operating cash flow; (xviii) sales or revenue targets; (xix) increases in revenue or product revenue; (xx) expenses and cost reduction goals; (xxi) improvement in or attainment of working capital levels; (xxii) economic value added (or an equivalent metric); (xxiii) market share; (xxiv) cash flow; (xxv) cash flow per share; (xxvi) share price performance; (xxvii) debt reduction; (xxviii) implementation or completion of projects or processes; (xxix) user satisfaction; (xxx) stockholders' equity; (xxxi) capital expenditures; (xxxii) debt levels; (xxxiii) operating profit or net operating profit; (xxxiv) workforce diversity; (xxxv) growth of net income or operating income; (xxxvi) billings; (xxxvii) bookings; (xxxviii) the number of users, including but not limited to unique users; (xxxix) employee retention; and (xxxx) other measures of performance selected by the Board.

**(ak)** "***Performance Goals***" means, for a Performance Period, the one or more goals established by the Board for the Performance Period based upon the Performance Criteria. Performance Goals may be based on a Company-wide basis, with respect to one or more business units, divisions, Affiliates, or business segments, and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise by the Board (i) in the Award Agreement at the time the Award is granted or (ii) in such other document setting forth the Performance Goals at the time the Performance Goals are established, the Board will appropriately make adjustments in the method of calculating the attainment of Performance Goals for a Performance Period as follows: (1) to exclude restructuring and/or other nonrecurring charges; (2) to exclude exchange rate effects; (3) to exclude the effects of changes to generally accepted accounting principles; (4) to exclude the effects of any statutory adjustments to corporate tax rates; (5) to exclude the effects of any "extraordinary items" as determined under generally accepted accounting principles; (6) to exclude the dilutive effects of acquisitions or joint ventures; (7) to assume that any business divested by the Company achieved performance objectives at targeted levels during the balance of a Performance Period following such divestiture; (8) to exclude the effect of any change in the outstanding shares of common stock of the Company by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to common stockholders other than regular cash dividends; (9) to exclude the effects of stock based compensation and the award of bonuses under the Company's bonus plans; (10) to exclude costs incurred in connection with potential acquisitions or divestitures that are required to be expensed under generally accepted accounting principles; (11) to exclude the goodwill and intangible asset impairment charges that are required to be recorded under generally accepted accounting principles; and (12) to exclude the effect of any other unusual, non-recurring gain or loss or other extraordinary item. In addition, the Board retains the discretion to reduce or eliminate the compensation or economic benefit due upon attainment of Performance Goals and to define the manner of calculating the Performance Criteria it selects to use for such Performance Period. Partial achievement of the specified criteria may result in the payment or vesting corresponding to the degree of achievement as specified in the Stock Award Agreement or the written terms of a Performance Cash Award.

**(al)** "***Performance Period***" means the period of time selected by the Board over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant's right to and the payment of a Stock Award or a Performance Cash Award. Performance Periods may be of varying and overlapping duration, at the sole discretion of the Board.

**(am)** "***Performance Stock Award***" means a Stock Award granted under the terms and conditions of Section 6(c)(i).

**(an)** "***Plan***" means this Yelp Inc. 2023 Inducement Award Plan.

**(ao)** "***Restricted Stock Award***" means an award of shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(a).

**(ap)** "***Restricted Stock Award Agreement***" means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award grant. Each Restricted Stock Award Agreement will be subject to the terms and conditions of the Plan.

**(aq)** "***Restricted Stock Unit Award***" means a right to receive shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(b).

**(ar)** "***Restricted Stock Unit Award Agreement***" means a written agreement between the Company and a holder of a Restricted Stock Unit Award evidencing the terms and conditions of a Restricted Stock Unit Award grant. Each Restricted Stock Unit Award Agreement will be subject to the terms and conditions of the Plan.

**(as)** "***Rule 16b-3***" means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

**(at)** "***Securities Act***" means the Securities Act of 1933, as amended.

**(au)** "***Stock Appreciation Right***" or "***SAR***" means a right to receive the appreciation on Common Stock that is granted pursuant to the terms and conditions of Section 5.

**(av)** "***Stock Appreciation Right Agreement***" means a written agreement between the Company and a holder of a Stock Appreciation Right evidencing the terms and conditions of a Stock Appreciation Right grant. Each Stock Appreciation Right Agreement will be subject to the terms and conditions of the Plan.

**(aw)** "***Stock Award***" means any right to receive Common Stock granted under the Plan, including a Nonstatutory Stock Option, a Restricted Stock Award, a Restricted Stock Unit Award, a Stock Appreciation Right, a Performance Stock Award or any Other Stock Award.

**(ax)** "***Stock Award Agreement***" means a written agreement between the Company and a Participant evidencing the terms and conditions of a Stock Award grant. Each Stock Award Agreement will be subject to the terms and conditions of the Plan.

**(ay)** "***Subsidiary***" means, with respect to the Company, (i) any corporation of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation will have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than 50%.

# Yelp Inc.
# Restricted Stock Unit Grant Notice
# 2023 Inducement Award Plan

Yelp Inc. (the "***Company***") hereby awards to Participant the number of restricted stock units ("***RSUs***") set forth below (the "***Award***"). The Award is subject to all of the terms and conditions as set forth in this Notice, the 2023 Inducement Award Plan (the "***Plan***") and the Restricted Stock Unit Agreement (the "***Award Agreement***"), both of which are attached hereto and incorporated herein in their entirety. Capitalized terms not explicitly defined herein but defined in the Plan or the Award Agreement will have the same definitions as in the Plan or the Award Agreement. In the event of any conflict between the terms of the Award and the Plan, the terms of the Plan will control.

Participant: __
Date of Grant: __
Vesting Commencement Date: __
Number of RSUs: __

**Vesting Schedule:** ______________________

**Issuance Schedule:** Subject to any change on a Capitalization Adjustment, one share of Common Stock will be issued for each RSU which vests at the time set forth in Section 6 of the Award Agreement.

**Additional Terms/Acknowledgements:** Participant acknowledges receipt of, and understands and agrees to, this Restricted Stock Unit Grant Notice, the Award Agreement, the Plan and the stock plan prospectus for this Plan. As of the Date of Grant, this Restricted Stock Unit Grant Notice, the Award Agreement and the Plan set forth the entire understanding between Participant and the Company regarding the Award and supersede all prior oral and written agreements on the terms of the Award, with the exception, if applicable, of (i) the written employment agreement or offer letter agreement entered into between the Company and Participant specifying the terms that should govern this Award, (ii) the Company's Executive Severance Benefit Plan, and (iii) any compensation recovery policy that is adopted by the Company or is otherwise required by applicable law. By accepting this Award, you consent to receive Plan documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

**Yelp Inc.** **Participant:**

By: __ __
Signature Signature

Title: __ Date: __

Date:__

**Attachments**: Award Agreement, 2023 Inducement Award Plan

**Yelp Inc.**
**2023 Inducement Award Plan**

**Restricted Stock Unit Agreement**

Pursuant to the Restricted Stock Unit Grant Notice (the "***Grant Notice***") and this Restricted Stock Unit Agreement (the "***Agreement***") and in consideration of your future services, Yelp Inc. (the "***Company***") has awarded you a Restricted Stock Unit award (the "***Award***") under its 2023 Inducement Award Plan (the "***Plan***") for the number of Restricted Stock Units indicated in the Grant Notice. Capitalized terms not explicitly defined in this Agreement or in the Grant Notice but defined in the Plan will have the same definitions as in the Plan. In the event of any conflict between the terms in this Agreement and the Plan, the terms of the Plan will control.

The details of your Award, in addition to those set forth in the Grant Notice and the Plan, are as follows.

**1. Grant of the Award.** This Award represents your right to be issued on a future date one share of the Company's Common Stock for each Restricted Stock Unit that vests.

**2. Vesting.** Your Restricted Stock Units will vest as provided in the Grant Notice. Vesting will cease upon the termination of your Continuous Service. Any Restricted Stock Units that have not yet vested will be forfeited on the termination of your Continuous Service.

**3. Number of Restricted Stock Units & Shares of Common Stock.**

**(a)** The Restricted Stock Units subject to your Award will be adjusted for Capitalization Adjustments, as provided in the Plan.

**(b)** Any additional Restricted Stock Units and any shares, cash or other property that become subject to the Award pursuant to this Section 3 will be subject, in a manner determined by the Board, to the same forfeiture restrictions, restrictions on transferability, and time and manner of delivery as applicable to the other Restricted Stock Units and shares covered by your Award.

**(c)** No fractional shares or rights for fractional shares of Common Stock will be created pursuant to this Section 3. Any fraction of a share will be rounded down to the nearest whole share.

**4. Securities Law Compliance.** You will not be issued any Common Stock underlying the Restricted Stock Units or other shares with respect to your Restricted Stock Units unless either (i) the shares are registered under the Securities Act, or (ii) the Company has determined that such issuance would be exempt from the registration requirements of the Securities Act. Your Award also must comply with other applicable laws and regulations governing the Award, and you will not receive shares underlying your Restricted Stock Units if the Company determines that such receipt would not be in material compliance with such laws and regulations.

**5. Transferability.** Prior to the time that shares of Common Stock have been delivered to you, you may not transfer, pledge, sell or otherwise dispose of any portion of the Restricted Stock Units or the shares in respect of your Restricted Stock Units. For example, you may not use shares that may be issued in respect of your Restricted Stock Units as security for a loan, nor may you transfer, pledge, sell or otherwise dispose of such shares. This restriction on transfer will lapse upon delivery to you of shares in respect of your vested Restricted Stock Units.

**(a) Death.** Your Restricted Stock Units are not transferable other than by will and by the laws of descent and distribution. Upon receiving written permission from the Board or its duly authorized designee, you may, by delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company and any broker designated by the Company to effect transactions under the Plan, designate a third party who, in the event of your death, will thereafter be entitled to receive any distribution of Common Stock or other consideration to which you were entitled at the time of your death pursuant to this Agreement. In the absence of such a designation, your executor or administrator of your estate will be entitled to receive, on behalf of your estate, such Common Stock or other consideration.

**(b) Domestic Relations Orders.** Upon receiving written permission from the Board or its duly authorized designee, and provided that you and the designated transferee enter into transfer and other agreements required by the Company, you may transfer your right to receive the distribution of Common Stock or other consideration under your Restricted Stock Units, pursuant to the terms of a domestic relations order or official marital settlement agreement that contains the information required by the Company to effectuate the transfer. You are encouraged to discuss with the Company's General Counsel the proposed terms of any such transfer prior to finalizing the domestic relations order or marital settlement agreement to help ensure the required information is contained within the domestic relations order or marital settlement agreement. The Company is not obligated to allow you to transfer your Award in connection with your domestic relations order or marital settlement agreement.

**6. Date of Issuance.**

**(a)** The issuance of shares in respect of the Restricted Stock Units is intended to comply with Treasury Regulation Section 1.409A-1(b)(4) and will be construed and administered in such a manner.

**(b)** Subject to the satisfaction of the withholding obligations set forth in Section 10 of this Agreement, in the event one or more Restricted Stock Units vests, the Company will issue to you, on the applicable vesting date, one share of Common Stock for each Restricted Stock Unit that vests and such issuance date is referred to as the "***Original Issuance Date***." If the Original Issuance Date falls on a date that is not a business day, delivery will instead occur on the next following business day.

**(c)** However, if (i) the Original Issuance Date does not occur (1) during an "open window period" applicable to you, as determined by the Company in accordance with the Company's then-effective policy on trading in Company securities, or (2) on a date when you are otherwise permitted to sell shares of Common Stock on an established stock exchange or stock market (including but not limited to under a previously established Company-approved 10b5-1 trading plan), *and* (ii) the Company elects, prior to the Original Issuance Date, (1) not to satisfy the Withholding Taxes described in Section 10 by withholding shares of Common Stock from the shares otherwise due, on the Original Issuance Date, to you under this Award, (2) not to permit you to enter into a "same day sale" commitment with a broker-dealer pursuant to Section 10 of this Agreement (including but not limited to a commitment under a previously established Company-approved 10b5-1 trading plan), and (3) not to permit you to pay your Withholding Taxes in cash, then the shares that would otherwise be issued to you on the Original Issuance Date will not be delivered on such Original Issuance Date and will instead be delivered on the first business day when you are not prohibited from selling shares of the Company's Common Stock in the open public market, but in no event later than December 31 of the calendar year in which the Original Issuance Date occurs (that is, the last day of your taxable year in which the

Original Issuance Date occurs), or, if and only if permitted in a manner that complies with Treasury Regulation Section 1.409A-1(b)(4), no later than the date that is the 15th day of the third calendar month of the year following the year in which the shares of Common Stock under this Award are no longer subject to a "substantial risk of forfeiture" within the meaning of Treasury Regulation Section 1.409A-1(d).

**7. Dividends.** You will receive no benefit or adjustment to your Restricted Stock Units with respect to any cash dividend, stock dividend or other distribution except as provided in the Plan with respect to a Capitalization Adjustment.

**8. Restrictive Legends.** The Common Stock issued with respect to your Restricted Stock Units will be endorsed with appropriate legends determined by the Company.

**9. Award not a Service Contract.** Your Continuous Service is not for any specified term and may be terminated by you or by the Company or an Affiliate at any time, for any reason, with or without cause and with or without notice. Nothing in this Agreement (including, but not limited to, the vesting of your Restricted Stock Units or the issuance of the shares subject to your Restricted Stock Units), the Plan or any covenant of good faith and fair dealing that may be found implicit in this Agreement or the Plan shall: (i) confer upon you any right to continue in the employ or service of, or affiliation with, the Company or an Affiliate; (ii) constitute any promise or commitment by the Company or an Affiliate regarding the fact or nature of future positions, future work assignments, future compensation or any other term or condition of employment or affiliation; (iii) confer any right or benefit under this Agreement or the Plan unless such right or benefit has specifically accrued under the terms of this Agreement or Plan; or (iv) deprive the Company of the right to terminate you at will and without regard to any future vesting opportunity that you may have.

**10. Withholding Obligations.**

**(a)** On each vesting date, and on or before the time you receive a distribution of the shares underlying your Restricted Stock Units, and at any other time as reasonably requested by the Company in accordance with applicable tax laws, you agree to make adequate provision for any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company or any Affiliate that arise in connection with your Award (the "***Withholding Taxes***"). Specifically, the Company or an Affiliate may, in its sole discretion, satisfy all or any portion of the Withholding Taxes relating to your Award by any of the following means or by a combination of such means: (i) withholding from any compensation otherwise payable to you by the Company or an Affiliate; (ii) causing you to tender a cash payment; (iii) permitting or requiring you to enter into a "same day sale" commitment with a broker-dealer that is a member of the Financial Industry Regulatory Authority (a "***FINRA Dealer***") whereby you irrevocably elect to sell a portion of the shares to be delivered in connection with your Restricted Stock Units to satisfy the Withholding Taxes and whereby the FINRA Dealer irrevocably commits to forward the proceeds necessary to satisfy the Withholding Taxes directly to the Company and/or its Affiliates; or (iv) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to you in connection with your Restricted Stock Units with a Fair Market Value (measured as of the date shares of Common Stock are issued to you) equal to the amount of such Withholding Taxes; *provided, however*, that the number of such shares of Common Stock so withheld will not exceed the amount necessary to satisfy the Company's required tax withholding obligations using the maximum statutory withholding rates for federal, state, local and foreign tax purposes, including payroll taxes, that are applicable to supplemental taxable income (or such other amount as may be permitted while still avoiding classification of your Award as a liability for financial accounting purposes).

**(b)** Unless the Withholding Taxes of the Company and/or any Affiliate are satisfied, the Company will have no obligation to deliver to you any Common Stock.

**(c)** In the event the Company's obligation to withhold arises prior to the delivery to you of Common Stock or it is determined after the delivery of Common Stock to you that the amount of the Company's withholding obligation was greater than the amount withheld by the Company, you agree to indemnify and hold the Company harmless from any failure by the Company to withhold the proper amount.

**11. Unsecured Obligation.** Your Award is unfunded, and as a holder of vested Restricted Stock Units, you will be considered an unsecured creditor of the Company with respect to the Company's obligation, if any, to issue shares or other property pursuant to this Agreement. You will not have voting or any other rights as a stockholder of the Company with respect to the shares to be issued pursuant to this Agreement until such shares are issued to you. Upon such issuance, you will obtain full voting and other rights as a stockholder of the Company. Nothing contained in this Agreement, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind or a fiduciary relationship between you and the Company or any other person.

**12. Other Documents**. You hereby acknowledge receipt of and the right to receive a document providing the information required by Rule 428(b)(1) promulgated under the Securities Act, which includes the Plan prospectus. In addition, you acknowledge receipt of the Company's policy permitting certain individuals to sell shares only during certain "window" periods and the Company's insider trading policy, in effect from time to time.

**13. Notices.** Any notices provided for in this Agreement or the Plan will be given in writing (including electronically) and will be deemed effectively given upon receipt or, in the case of notices delivered by the Company to you, five days after deposit in the United States mail, postage prepaid, addressed to you at the last address you provided to the Company. The Company may, in its sole discretion, decide to deliver any documents related to participation in the Plan and this Award by electronic means or to request your consent to participate in the Plan by electronic means. By accepting this Award, you consent to receive such documents by electronic delivery and to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

**14. Miscellaneous.**

**(a)** The rights and obligations of the Company under your Award will be transferable to any one or more persons or entities, and all covenants and agreements hereunder will inure to the benefit of, and be enforceable by the Company's successors and assigns.

**(b)** You agree upon request to execute any further documents or instruments necessary or desirable in the sole determination of the Company to carry out the purposes or intent of your Award.

**(c)** You acknowledge and agree that you have reviewed your Award in its entirety, have had an opportunity to obtain the advice of counsel prior to executing and accepting your Award, and fully understand all provisions of your Award.

**(d)** This Agreement will be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

**(e)** All obligations of the Company under the Plan and this Agreement will be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

**15. Governing Plan Document.** Your Award is subject to all the provisions of the Plan, the provisions of which are hereby made a part of your Award, and is further subject to all interpretations, amendments, rules and regulations which may from time to time be promulgated and adopted pursuant to the Plan. Except as expressly provided in this Agreement, in the event of any conflict between the provisions of your Award and those of the Plan, the provisions of the Plan will control.

**16. Severability.** If all or any part of this Agreement or the Plan is declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity will not invalidate any portion of this Agreement or the Plan not declared to be unlawful or invalid. Any Section of this Agreement (or part of such a Section) so declared to be unlawful or invalid shall, if possible, be construed in a manner which will give effect to the terms of such Section or part of a Section to the fullest extent possible while remaining lawful and valid.

**17. Effect on Other Employee Benefit Plans.** The value of the Award subject to this Agreement will not be included as compensation, earnings, salaries, or other similar terms used when calculating the Employee's benefits under any employee benefit plan sponsored by the Company or any Affiliate, except as such plan otherwise expressly provides. The Company expressly reserves its rights to amend, modify, or terminate any of the Company's or any Affiliate's employee benefit plans.

**18. Amendment.** Any amendment to this Agreement must be in writing, signed by a duly authorized representative of the Company. The Board reserves the right to amend this Agreement in any way it may deem necessary or advisable to carry out the purpose of the grant as a result of any change in applicable laws or regulations or any future law, regulation, interpretation, ruling, or judicial decision.

**19. Compliance with Section 409A of the Code**. This Award is intended to comply with the "short-term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4). However, if this Award fails to satisfy the requirements of the short-term deferral rule and is otherwise not exempt from, and therefore deemed to be deferred compensation subject to, Section 409A of the Code, and if you are a "Specified Employee" (within the meaning set forth Section 409A(a)(2)(B)(i) of the Code) as of the date of your separation from service (within the meaning of Treasury Regulation Section 1.409A-1(h)), then the issuance of any shares that would otherwise be made upon the date of the separation from service or within the first six months thereafter will not be made on the originally scheduled dates and will instead be issued in a lump sum on the date that is six months and one day after the date of the separation from service, with the balance of the shares issued thereafter in accordance with the original vesting and issuance schedule set forth above, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of taxation on you in respect of the shares under Section 409A of the Code. Each installment of shares that vests is a "separate payment" for purposes of Treasury Regulation Section 1.409A-2(b)(2).

**20. No Obligation to Minimize Taxes.** The Company has no duty or obligation to minimize the tax consequences to you of this Award and will not be liable to you for any adverse tax consequences to you arising in connection with this Award. You are hereby advised to consult with your own personal tax, financial and/or legal advisors regarding the tax consequences of this Award and by signing the Grant Notice, you have agreed that you have done so or knowingly and voluntarily declined to do so.

*    *    *

This Restricted Stock Unit Agreement will be deemed to be signed by you upon the signing by you of the Restricted Stock Unit Grant Notice to which it is attached.

**EXHIBIT 99.1**

# Yelp's Product-Led Strategy Drove Strong 2022 Results

*2022 Net Revenue reached a new high of $1.2 billion*

*2022 Net Income a positive $36 million*

*2022 Adjusted EBITDA increased to a record $270 million*

*Expects 2023 Net Revenue in the range of $1.29 billion to $1.31 billion and Adjusted EBITDA[1] in the range of $290 million to $310 million*

SAN FRANCISCO--(BUSINESS WIRE)--Feb. 9, 2023--Yelp Inc. (NYSE: YELP), the company that connects people with great local businesses, today posted its financial results for the fourth quarter and full year ended Dec. 31, 2022 in the Q4 and Full Year 2022 Shareholder Letter available on its Investor Relations website at yelp-ir.com.

"We delivered a number of record financial results in 2022 thanks to the strong execution of our teams on our product-led strategy," said Jeremy Stoppelman, Yelp's co-founder and chief executive officer. "Record net revenue, driven by record advertising revenue from services businesses as well as in our most efficient sales channels, reflected strong advertiser demand across categories. We also reached record levels in the number of business locations that advertise on Yelp and the average amount each location spends, signaling that our product investments are paying off. Looking ahead, we're confident in our plan to drive profitable growth over the long term as we deliver on our mission to connect consumers with local businesses."

"Yelp's strong performance in 2022 led to 16% year over year net revenue growth, reaching a record $1.2 billion," said David Schwarzbach, Yelp's chief financial officer. "These results demonstrate the strength of our broad-based local advertising platform and the momentum across our strategic initiatives. In 2023, we plan to continue our disciplined investments to drive shareholder value over the long term."

[1] Yelp has not reconciled its Adjusted EBITDA outlook to GAAP Net income (loss) because it does not provide an outlook for GAAP Net income (loss) due to the uncertainty and potential variability of Other income, net and Provision for (benefit from) income taxes, which are reconciling items between Adjusted EBITDA and GAAP Net income (loss). Because Yelp cannot reasonably predict such items, a reconciliation of the non-GAAP financial measure outlook to the corresponding GAAP measure is not available without unreasonable effort. We caution, however, that such items could have a significant impact on the calculation of GAAP Net income (loss). For more information regarding the non-GAAP financial measures discussed in this release, please see "Non-GAAP Financial Measures" below.

<u>2022 Key Business Highlights</u>

Yelp's product-led business model drove a number of record results in 2022, even as macro challenges persisted:

- Net revenue increased by 16% year over year to a record $1.2 billion, near the high end of Yelp's outlook range provided in November 2022 and $14 million above the high end of the company's initial outlook range provided in February 2022.
- Net income decreased by approximately $3 million year over year to positive $36 million.
- Adjusted EBITDA grew 10% year over year to a record $270 million, at the midpoint of Yelp's outlook ranges provided in February and November 2022, representing a 23% adjusted EBITDA margin.
- Strong advertiser demand drove this record revenue performance across categories and channels. Total advertising revenue increased by 15% year over year to a record $1.1 billion, reflecting balanced growth in paying advertising locations and average revenue per location. Paying advertising locations for the year increased by 7% compared to 2021.
- In Services, Yelp demonstrated consistent year-over-year growth throughout 2022, resulting in a record $694 million of advertising revenue from Services businesses for the year. The company

reported the 10th consecutive quarter of growth in average revenue per location in these categories. Advertiser demand was particularly robust in the Home Services category, where annual revenue increased by approximately 20% year over year and at a compound annual growth rate of nearly 20% from 2019.

- Advertising revenue from Restaurants, Retail & Other businesses increased by 17% year over year to $441 million, primarily driven by growth in paying advertising locations.
- Advertising revenue from each of Yelp's most efficient channels, Self-serve and Multi-location, grew by approximately 25% year over year in 2022.
- Ad clicks for the year decreased by 8% from 2021, a year that benefited from reopening tailwinds and elevated consumer spending. Average CPC for the year increased by 27% as advertiser demand for Yelp's valuable, high-intent clicks was robust, demonstrated by records in both paying advertising locations and average revenue per location for the year.
- On the consumer side of Yelp's business, demand remained below pre-pandemic levels as consumers visited many types of businesses less frequently. In 2022, app unique devices were flat compared to 2021. The company also reported an increase in average review submission frequency among users, who contributed 21 million new reviews in 2022, up 3% from the prior year. This resulted in more than 265 million cumulative reviews as of December 31, up 9% year over year.

Outlook

The company expects 2023 Net revenue will be in the range of $1.29 billion to $1.31 billion as it continues executing on its strategic initiatives. The company also expects Adjusted EBITDA will be in the range of $290 million to $310 million.

Quarterly Conference Call

Yelp will host a live Q&A session today at 2:00 p.m. Pacific Time to discuss the fourth quarter and full year 2022 financial results and outlook for the first quarter and full year 2023. The webcast of the Q&A can be accessed on the Yelp Investor Relations website at yelp-ir.com. A replay of the webcast will be available at the same website.

About Yelp

Yelp Inc. (yelp.com) is a community-driven platform that connects people with great local businesses. Millions of people rely on Yelp for useful and trusted local business information, reviews and photos to help inform their spending decisions. As a one-stop local platform, Yelp helps consumers easily discover, connect and transact with businesses across a broad range of categories by making it easy to request a quote for a service, book a table at a restaurant, and more. Yelp was founded in San Francisco in 2004.

Yelp intends to make future announcements of material financial and other information through its Investor Relations website. Yelp will also, from time to time, disclose this information through press releases, filings with the Securities and Exchange Commission, conference calls, or webcasts, as required by applicable law.

Forward Looking Statements

This press release contains forward-looking statements relating to, among other things, Yelp's future performance and its investment plans, including the ability of its investments and initiatives to drive profitable long-term growth and shareholder value, that are based on its current expectations, forecasts, and assumptions that involve risks and uncertainties.

Yelp's actual results could differ materially from those predicted or implied and reported results should not be considered as an indication of future performance. Factors that could cause or contribute to such differences include, but are not limited to:

- macroeconomic uncertainty — including related to inflation, rising interest rates, supply chain issues, and the ongoing impact of the COVID-19 pandemic and efforts to contain it — and its effect on consumer behavior, user activity and advertiser spending;
- the impact of fears or actual outbreaks of disease, including COVID-19 and any variants thereof, and any resulting changes in consumer behavior, economic conditions or governmental actions;
- Yelp's ability to maintain and expand its base of advertisers, particularly if the modest increase in churn in the second half of 2022 substantially worsens and/or consumer demand significantly degrades;
- Yelp's ability to continue to operate effectively with a primarily remote work force and attract and retain key talent;
- Yelp's limited operating history in an evolving industry; and
- Yelp's ability to generate and maintain sufficient high-quality content from its users.

Factors that could cause or contribute to such differences also include, but are not limited to, those factors that could affect Yelp's business, operating results and stock price included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Yelp's most recent Annual Report on Form 10-K or Quarterly Report on Form 10-Q at yelp-ir.com or the SEC's website at sec.gov.

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**YELP INC.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(In thousands)**
(Unaudited)

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 306,379 | $ 479,783 |
| Short-term marketable securities | 94,244 | — |
| Accounts receivable, net | 131,902 | 107,358 |
| Prepaid expenses and other current assets | 63,467 | 57,536 |
| Total current assets | 595,992 | 644,677 |
| Property, equipment and software, net | 77,224 | 83,857 |
| Operating lease right-of-use assets | 97,392 | 140,785 |
| Goodwill | 102,328 | 105,128 |
| Intangibles, net | 8,997 | 10,673 |
| Other non-current assets | 133,989 | 65,408 |
| Total assets | $ 1,015,922 | $ 1,050,528 |
| **Liabilities and Stockholders' Equity** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 137,950 | $ 119,620 |
| Operating lease liabilities — current | 39,674 | 40,237 |
| Deferred revenue | 5,200 | 4,156 |
| Total current liabilities | 182,824 | 164,013 |
| Operating lease liabilities — long-term | 86,661 | 127,979 |
| Other long-term liabilities | 36,113 | 7,218 |
| Total liabilities | 305,598 | 299,210 |
| Stockholders' equity: | | |
| Common stock | — | — |
| Additional paid-in capital | 1,649,692 | 1,522,572 |
| Accumulated other comprehensive loss | (15,545) | (11,090) |
| Accumulated deficit | (923,823) | (760,164) |
| Total stockholders' equity | 710,324 | 751,318 |
| Total liabilities and stockholders' equity | $ 1,015,922 | $ 1,050,528 |

**YELP INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**
**(In thousands, except per share data)**
(Unaudited)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| Net revenue | $ 309,103 | $ 273,400 | $ 1,193,506 | $ 1,031,839 |
| Costs and expenses: | | | | |
| Cost of revenue[1] | 28,483 | 24,045 | 105,705 | 78,097 |
| Sales and marketing[1] | 126,357 | 113,379 | 514,927 | 454,224 |
| Product development[1] | 72,225 | 70,384 | 305,561 | 276,473 |
| General and administrative[1] | 37,967 | 28,859 | 164,108 | 135,816 |
| Depreciation and amortization | 10,687 | 17,140 | 44,852 | 55,683 |
| Restructuring | — | — | — | 32 |
| Total costs and expenses | 275,719 | 253,807 | 1,135,153 | 1,000,325 |
| Income from operations | 33,384 | 19,593 | 58,353 | 31,514 |
| Other income, net | 3,478 | 626 | 8,425 | 2,204 |
| Income before income taxes | 36,862 | 20,219 | 66,778 | 33,718 |
| Provision for (benefit from) income taxes | 16,717 | (2,971) | 30,431 | (5,953) |
| Net income attributable to common stockholders | $ 20,145 | $ 23,190 | $ 36,347 | $ 39,671 |
| Net income per share attributable to common stockholders | | | | |
| Basic | $ 0.29 | $ 0.32 | $ 0.51 | $ 0.53 |
| Diluted | $ 0.28 | $ 0.30 | $ 0.50 | $ 0.50 |
| Weighted-average shares used to compute net income per share attributable to common stockholders | | | | |
| Basic | 70,001 | 72,955 | 70,867 | 74,221 |
| Diluted | 71,607 | 76,054 | 73,402 | 78,616 |

[1] Includes stock-based compensation expense as follows:

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| Cost of revenue | $ 1,060 | $ 1,029 | $ 4,761 | $ 4,302 |
| Sales and marketing | 8,160 | 7,703 | 33,621 | 32,335 |
| Product development | 20,090 | 19,817 | 86,871 | 81,624 |
| General and administrative | 7,027 | 6,584 | 30,837 | 33,418 |
| Total stock-based compensation | $ 36,337 | $ 35,133 | $ 156,090 | $ 151,679 |

**YELP INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(In thousands)**
(Unaudited)

| | Year Ended December 31, | |
|---|---|---|
| | **2022** | **2021** |
| **Operating Activities** | | |
| Net income | $ 36,347 | $ 39,671 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 44,852 | 55,683 |
| Provision for doubtful accounts | 25,006 | 14,574 |
| Stock-based compensation | 156,090 | 151,679 |
| Noncash lease cost | 32,810 | 39,339 |
| Deferred income taxes | (56,621) | (9,190) |
| Amortization of deferred contract cost | 18,827 | 14,613 |
| Asset impairment | 10,464 | 11,164 |
| Noncash gain on lease termination | — | (11,485) |
| Other adjustments, net | 1,036 | 392 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (49,555) | (33,535) |
| Prepaid expenses and other assets | (36,032) | (49,246) |
| Operating lease liabilities | (40,057) | (41,008) |
| Accounts payable, accrued liabilities and other liabilities | 49,142 | 30,004 |
| Net cash provided by operating activities | 192,309 | 212,655 |
| **Investing Activities** | | |
| Purchases of marketable securities — available-for-sale | (127,080) | — |
| Sales and maturities of marketable securities — available-for-sale | 32,821 | — |
| Purchases of property, equipment and software | (31,979) | (28,282) |
| Other investing activities | 94 | 632 |
| Net cash used in investing activities | (126,144) | (27,650) |
| **Financing Activities** | | |
| Proceeds from issuance of common stock for employee stock-based plans | 23,497 | 24,984 |
| Taxes paid related to the net share settlement of equity awards | (61,023) | (62,545) |
| Repurchases of common stock | (200,006) | (262,928) |
| Net cash used in financing activities | (237,532) | (300,489) |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (2,136) | (415) |
| Change in cash, cash equivalents and restricted cash | (173,503) | (115,899) |
| Cash, cash equivalents and restricted cash — Beginning of period | 480,641 | 596,540 |
| Cash, cash equivalents and restricted cash — End of period | $ 307,138 | $ 480,641 |

**Non-GAAP Financial Measures**

This press release and statements made during the above referenced webcast may include information relating to Adjusted EBITDA and Adjusted EBITDA margin, each of which the Securities and Exchange Commission has defined as a "non-GAAP financial measure."

We define Adjusted EBITDA as net income (loss), adjusted to exclude: provision for (benefit from) income taxes; other income, net; depreciation and amortization; stock-based compensation expense; and, in certain periods, certain other income and expense items, such as restructuring costs, impairment charges and net gain on lease termination. We define Adjusted EBITDA margin as Adjusted EBITDA divided by net revenue.

Adjusted EBITDA, which is not prepared under any comprehensive set of accounting rules or principles, has limitations as an analytical tool and you should not consider it in isolation or as a substitute for analysis of Yelp’s financial results as reported in accordance with generally accepted accounting principles in the United States (“GAAP”). In particular, Adjusted EBITDA should not be viewed as a substitute for, or superior to, net income (loss) prepared in accordance with GAAP as a measure of profitability or liquidity. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect all cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, Yelp's working capital needs;
- Adjusted EBITDA does not reflect the impact of the recording or release of valuation allowances or tax payments that may represent a reduction in cash available to Yelp;
- Adjusted EBITDA does not consider the potentially dilutive impact of equity-based compensation;
- Adjusted EBITDA does not take into account any income or costs that management determines are not indicative of ongoing operating performance, such as restructuring costs, impairment charges and net gain on lease termination; and
- other companies, including those in Yelp’s industry, may calculate Adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

Because of these limitations, you should consider Adjusted EBITDA and Adjusted EBITDA margin alongside other financial performance measures, net income (loss) and Yelp’s other GAAP results.

The following is a reconciliation of net income to Adjusted EBITDA, as well as the calculation of net income margin and Adjusted EBITDA margin, for each of the periods indicated (in thousands, except percentages; unaudited):

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| **Reconciliation of Net Income to Adjusted EBITDA:** | | | | |
| Net income | $ 20,145 | $ 23,190 | $ 36,347 | $ 39,671 |
| Provision for (benefit from) income taxes | 16,717 | (2,971) | 30,431 | (5,953) |
| Other income, net | (3,478) | (626) | (8,425) | (2,204) |
| Depreciation and amortization | 10,687 | 17,140 | 44,852 | 55,683 |
| Stock-based compensation | 36,337 | 35,133 | 156,090 | 151,679 |
| Restructuring | — | — | — | 32 |
| Asset impairment[1] | — | — | 10,464 | 11,164 |
| Gain on lease termination, net[1] | — | (3,748) | — | (3,748) |
| Adjusted EBITDA | $ 80,408 | $ 68,118 | $ 269,759 | $ 246,324 |
| | | | | |
| Net revenue | $ 309,103 | $ 273,400 | $ 1,193,506 | $ 1,031,839 |
| Net income margin | 7 % | 8 % | 3 % | 4 % |
| Adjusted EBITDA margin | 26 % | 25 % | 23 % | 24 % |

[1] Recorded within general and administrative expenses on our condensed consolidated statements of operations.

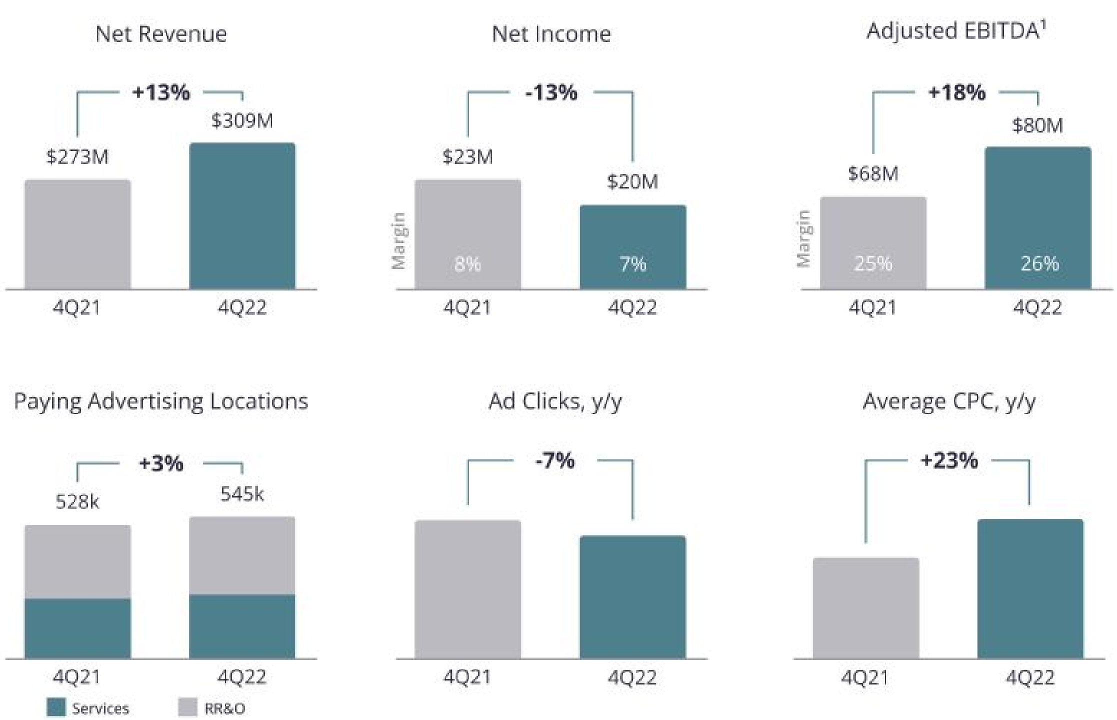
EXHIBIT 99.2

# Q4 and Full Year 2022 Letter to Shareholders

February 9, 2023 | yelp-ir.com

# Fourth Quarter 2022
## Financial Highlights

- **Net revenue was $309 million, up 13%** from the fourth quarter of 2021 and near the high end of our outlook range, driven primarily by growth in advertising revenue as we executed against our strategic initiatives.
- **Net income was $20 million, or $0.28 per diluted share,** compared to $23 million, or $0.30 per diluted share, in the fourth quarter of 2021.
- **Adjusted EBITDA[1] was $80 million,** an increase of $12 million, or 18%, compared to the fourth quarter of 2021 and at the midpoint of our outlook range. Adjusted EBITDA margin[1] increased one percentage point from the fourth quarter of 2021 to 26%.
- **Cash provided by operating activities was $44 million during the fourth quarter,** and we ended the quarter with cash, cash equivalents and marketable securities of $401 million.
- **In the fourth quarter we repurchased approximately 1.6 million shares** at an aggregate cost of $50 million, returning a total of $200 million to shareholders during the full year 2022.
- **We believe our fourth quarter and full year 2022 results position us well to drive long-term profitable growth.** In 2023, we expect net revenue will be in the range of $1.29 billion to $1.31 billion and adjusted EBITDA in the range of $290 million to $310 million.




**Note:** Reported figures are rounded; the year-over-year percentage changes are calculated based on reported financial statements and metrics

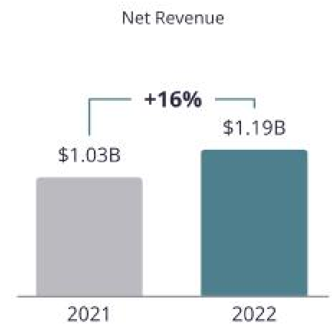
[1] Refer to the accompanying financial tables for further details and a reconciliation of the non-GAAP measures presented to the most directly comparable GAAP measures.

# Dear fellow shareholders,

**In 2022, the continued execution of our strategic plan enabled us to exceed the top-line business outlook range we provided at the beginning of the year and achieve a mid-teens revenue growth rate.** Our performance ad products and high-intent audience generated robust advertiser demand across a broad range of categories, and our users added to our highly trusted and unique content. Against the backdrop of softer advertiser demand experienced by many of our peers, our teams consistently delivered value to businesses through our product-led initiatives, resulting in record annual levels of both paying advertising locations and average revenue per location.

We also drove record advertising revenue from Services businesses as well as from our most efficient sales channels, Self-serve and Multi-location. While the macro environment remains uncertain, we continue to see significant opportunities in both the long term and the year ahead. **Our deep portfolio of initiatives and our proven ability to execute against it give us confidence that we will be able to drive profitable growth in 2023.**

We achieved a mid-teens revenue growth rate



## 2022 Results

**Yelp's product-led strategy drove a number of record results in 2022. Net revenue increased by 16% year over year to a record $1.19 billion,** near the high end of the outlook range we provided in November 2022 and $14 million above the high end of the initial outlook range we provided in February 2022. Net income decreased by 8% year over year to positive $36 million. Adjusted EBITDA grew 10% year over year to a record $270 million, at the midpoint of the outlook ranges we provided in both February and November, representing a 23% adjusted EBITDA margin.

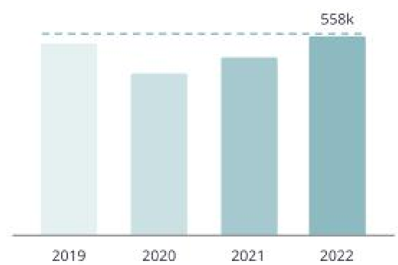
Strong advertiser demand across categories and channels drove this record revenue performance. Total advertising revenue increased by 15% year over year to a record $1.13 billion, reflecting balanced growth in paying advertising locations and average revenue per location. **Paying advertising locations for the year increased by 7% compared to 2021.**

In Services, we believe Yelp gained market share as our multi-year efforts in driving value for service pros continued to bear fruit. **We demonstrated consistent year-over-year revenue growth throughout 2022, resulting in a record $694 million of advertising revenue from Services businesses for the year.** Despite softer consumer demand for Services categories in 2022 than the prior year, we believe our monetization and lead quality improvement efforts contributed to consistent growth in average revenue per location in these categories, which has increased for 10 consecutive quarters. **Advertiser demand was particularly robust in the Home Services category,** where annual revenue increased by approximately 20% year over year and at a compound annual growth rate of nearly 20% from 2019.

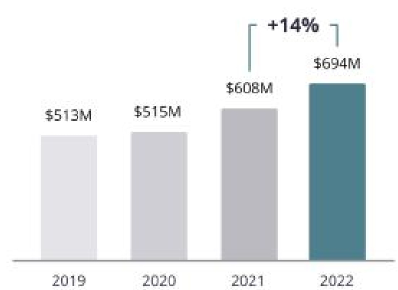
**Yelp's product-led strategy drove a number of record results in 2022**

Net Revenue


Annual Paying Advertising Locations




Services Advertising Revenue




Home Services Revenue

**Advertising revenue from Restaurants, Retail & Other ("RR&O") businesses increased by 17% year over year to $441 million,** primarily driven by growth in paying advertising locations. At the same time, the macro environment remained challenging for these businesses in 2022. As anticipated in our fourth quarter business outlook, advertiser demand in our RR&O categories was more muted in the 2022 holiday season than in prior years. As a result, RR&O paying advertising locations decreased sequentially from the third quarter to the fourth quarter. However, **average revenue per location in these categories increased sequentially to match our record from the fourth quarter of 2019,** giving us confidence in our ability to grow RR&O revenue over the long term.

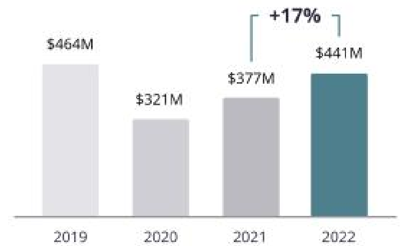
**Advertising revenue from each of our most efficient sales channels, Self-serve and Multi-location, grew by approximately 25% year over year in 2022.** This includes year-over-year growth of approximately 25% for Self-serve and approximately 20% for Multi-location in the fourth quarter.

On the consumer side of our business, demand remained below pre-pandemic levels as consumers visited many types of businesses less frequently. **In 2022, app unique devices were flat compared to 2021.** Despite this backdrop, we saw some early wins in the consumer-focused initiative we announced at the beginning of 2022. For example, by reducing friction in the review writing process, **we increased average submission frequency among our users,** who contributed 21 million new reviews in 2022, a 3% increase from the prior year. This resulted in **more than 265 million cumulative reviews as of December 31, 2022, up 9% year over year.**

Our ad system was able to respond dynamically to these demand trends, efficiently matching consumers with advertisers to continue delivering valuable clicks in 2022. Though **ad clicks for the year decreased by 8% from 2021** — a year that benefited from reopening tailwinds and elevated consumer spending — we made progress in delivering valuable clicks to our advertisers as we executed against our roadmap of ad system improvements. **Average cost per click ("CPC") increased by 27% year over year** as advertiser demand for Yelp's valuable, high-intent clicks was robust, demonstrated by records in both paying advertising locations and average revenue per location for the year.

**RR&O advertising revenue increased by 17% y/y**

RR&O Advertising Revenue




**We expanded our trusted content in 2022**

Cumulative Reviews

## Initiatives to drive long-term, profitable growth

Our strategic initiatives have led our business to new highs in recent years. By expanding and differentiating our product portfolio, enhancing our ad technology, increasing monetization and improving sales efficiency, **we have built a broad-based local ad platform fueled by first-party data and a high-intent audience.** Looking ahead, we believe these initiatives continue to provide opportunities for growth as we further enhance our capabilities and deliver value to consumers and advertisers through our differentiated offerings. As a result, **in 2023 we plan to expand upon each of our initiatives to drive long-term profitable growth by continuing to invest in:**

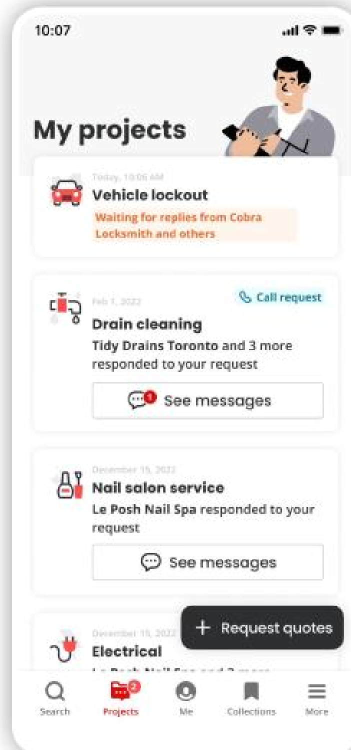
- Growing quality leads and monetization in Services
- Driving sales through the most efficient channels
- Delivering more value to advertisers
- Enhancing the consumer experience

### Grow quality leads and monetization in Services

**Services categories represent a substantial share of local advertising budgets, which we believe Yelp is uniquely positioned to capture with our large, high-intent audience and broad-based local ad platform.** After significantly increasing the percentage of monetized leads in Services in recent years to approximately 25%, in 2022 we shifted our primary focus to improving lead quality and the project experience while preserving our lead monetization gains. We continued to improve the Request-a-Quote flow and underlying matching technology to create an even more seamless experience. We also launched Request-a-Call, expanded our project-specific search filters, redesigned the Yelp for Business inbox, and introduced a **new Projects experience in the Yelp app to help consumers more easily view and manage all of their services projects.** Although total project submissions decreased year over year, reflecting softer consumer demand, **these improvements together yielded a mid-single-digit percentage lift in project submissions** following their roll out.

> Over the last nine years, Yelp has helped me transform my business and grow revenue from $500k in my first year to over $20 million in 2022. My formula to success is simple: Focus on the lifetime value of customers. Yelp is unique in that it provides me with customers who are loyal and drive strong long-term return. Beyond utilizing the platform to gauge our performance via reviews, I find tremendous value in Yelp's local ads and Request-a-Quote feature, which I rely on for a steady inbound pipeline of leads.
>
> **- Josh Campbell, Owner, Rescue Air and Plumbing, Richardson, TX**

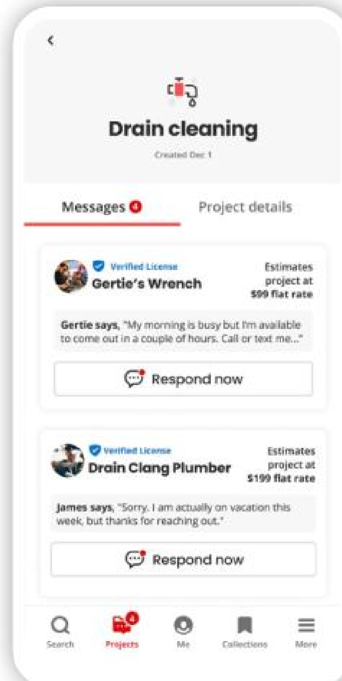
New Projects experience helps consumers more easily manage their projects on Yelp



**Looking ahead, we believe we can continue to differentiate our Services experience as the most convenient and trusted way to connect consumers and service pros throughout the hiring journey.** We see further opportunities to reduce friction and make it easier for consumers and businesses to manage their Services projects. We are also investing in new ways for service pros to build trust with consumers, complementing products like Verified License. For example, we are experimenting with a product that leverages Yelp's trusted reputation to help differentiate new or unreviewed businesses while providing consumers with added confidence when making hiring decisions.

With greater levels of platform monetization, **we see an emerging opportunity to gain more market share by utilizing performance marketing to acquire new users looking for Services categories off of Yelp.** By building new product functionalities as well as leveraging many elements of our existing products — from the detailed Request-a-Quote flow and its sophisticated matching technology to our subscription Nearby Jobs product — **we believe we will be able to cost-effectively monetize the connections between these consumers and our high-quality pros.** In addition, by delighting these new visitors with a great first-time user experience and relevant trusted content, we believe we can convert many of them into ongoing users who would help drive budget increases from our existing advertisers and attract new pros to our Services platform in turn. While we do not expect this opportunity to contribute meaningfully in 2023, **we believe it could be a significant factor in accelerating our revenue growth over the long term** by helping to increase our penetration in many geographies and Services categories.

Reducing friction throughout the hiring journey



## Drive sales through the most efficient channels

We have shifted the composition of our go-to-market function significantly in recent years by prioritizing investments in our most efficient sales channels — Self-serve and Multi-location. **In 2022, these channels together comprised 48% of advertising revenue, a four percentage point increase from the prior year.**

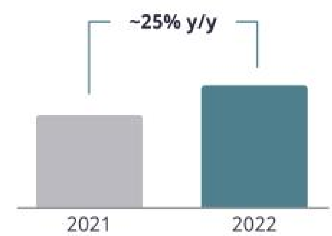
Our Self-serve channel and Local sales team acquired small to medium-sized business ("SMB") customers more efficiently in 2022 compared to the prior year. **Our product and marketing efforts drove record Self-serve customer acquisition, which contributed to annual revenue growth of approximately 25% year over year in this fully digital channel.** At the same time, our Local sales team demonstrated solid productivity gains, with fourth quarter new customer acquisition its best performance of the past two years.

**As we look ahead, we see a number of opportunities to drive efficient SMB growth.** Our performance marketing and ongoing improvements to the claim and ads purchase flows have clearly resonated with self-serve advertisers and we believe there is substantial room for further growth in this area. We plan to continue improving the business owner platform, including by building tools that help educate business owners on how to get the most out of their ad campaigns on Yelp, such as the targeted budget recommendations feature that we rolled out in 2022. For existing customers, we see opportunities to drive gains through post-sales, both digitally and rep-assisted.

**Most efficient channels accounted for 48% of ad revenue in 2022**

Ad Revenue by Channel, % of Total

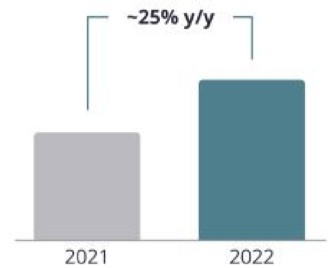

**Self-serve Channel Revenue**




[1] 2022 figures do not add up to 48% due to rounding.

With significant opportunities to both win new customers as well as capture a larger share of existing customers' budgets and locations, we see a long runway in multi-location advertising. **In 2022, Multi-location channel revenue increased by approximately 25% year over year** as our sales team leveraged our portfolio of ad products and attribution solutions, both on and off Yelp, to make inroads with these larger advertisers. At the same time, we continued to expand our offerings, including new iterations of themed and spotlight ad formats to meet our clients' needs at every stage of the consumer funnel. We also enhanced our measurement capabilities through improvements to our first-party attribution solution, Yelp Store Visits. **Off Yelp, we saw strong demand for our Yelp Audiences product as advertisers looked to connect with our high-intent audience across the web.** As planned, this offering has been largely incremental, with approximately half of its revenue coming from non-location-based advertisers in 2022.

Multi-location Channel Revenue




**In 2023, we plan to further enhance our suite of full-funnel ad products tailored to multi-location advertisers.** Complementing our down-funnel CPC ads, we see additional opportunities to build products that drive awareness, like our Spotlight Ads product. We also plan to enhance our attribution and reporting capabilities, enabling advertisers to optimize for even more campaign objectives. In addition, we've seen strong traction for our Yelp Audiences product from brand and non-location-based advertisers, and we are exploring ways to make it an even more comprehensive advertising solution for traditional location-based clients looking to drive performance both on and off Yelp.

Spotlight Ads enable brands to reach consumers on the Yelp homescreen

### Deliver more value to advertisers

Since transitioning to flexible non-term contracts, we have been able to increase our pace of product innovation and better align our business with our advertisers. Through our sophisticated ad system, we are able to optimize for value by matching supply with demand in real time. **Despite the substantial macro volatility of recent years, we have been able to deliver value to our advertisers in the form of higher performing clicks by optimizing our ad system to better match consumers with the right advertisers at the right time.** For example, we improved the lead-through rate, an important quality indicator, converting a greater percentage of ad clicks to leads on average in 2022 compared to 2021. While we did see a modest increase in churn in the second half of the year, our retention rate of non-term advertisers' budgets for 2022 was a record.

**As we look ahead, we have a deep product roadmap designed to deliver value to advertisers and increase platform monetization.** We have a number of ad system optimizations planned to increase the quality of our ad clicks through improved relevancy and matching. On the front end, we plan to improve the UX of our ads and expand our library of ad formats that cater to each stage of the consumer journey from discovery to purchase. We also see longer-term opportunities to expand our off-platform capabilities developed through Yelp Audiences to drive more ad clicks for businesses of all sizes across publishing partners.

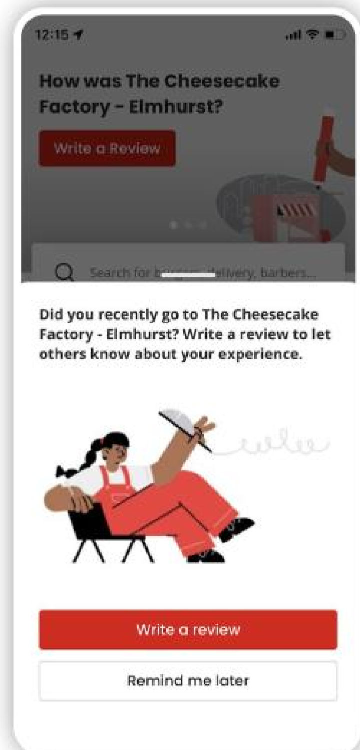
Percentage Change in Ad Clicks and Average CPC, Y/Y

### Enhance the consumer experience

**With more than 265 million cumulative reviews by the end of 2022, consumers continued to turn to Yelp's trusted content when choosing local businesses.** After several years of substantial monetization progress, we were able to allocate more resources towards enhancing the consumer experience in 2022 and made early progress over the course of the year. **We reduced friction in the review-writing flow and leveraged smart notifications to prompt review contributions,** which together accounted for a low-double-digit percentage lift in new reviews following their roll out. **We also rolled out a more visual, vertical home feed and updated the map view search experience for our Android app,** which had lagged iOS in feature parity. Together, our efforts in this area contributed to improved new user retention and an 18% increase in the click-through rate of Android ads.

**In 2023, we expect to build on our progress in this area to support long-term audience and engagement growth.** We plan to continue reducing friction in the review writing process to increase submissions from both new and existing contributors. In addition to our trusted reviews, Yelp has a wealth of rich photo content and **we have a number of projects focused on creating a more visual user experience** to drive increased engagement. While we believe growing our trusted content will drive audience growth over the long term, we also plan to prudently invest in performance marketing to drive app installs at attractive rates in 2023 and continue experimenting with ways to convert new users into recurring users. In addition, **our early work with large language models suggest there are a number of near-term applications** that we can leverage to enhance the consumer experience on Yelp.

We leveraged smart notifications to boost review contributions



## Delivering profitable growth

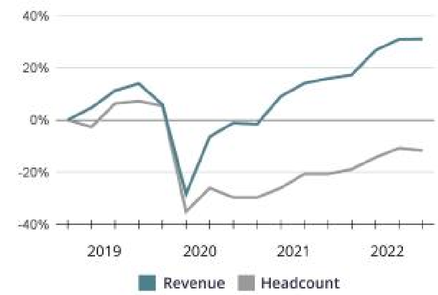
After significantly decreasing our headcount in 2020, we have made disciplined investments in our product-led strategy to drive profitable growth over the long term. As such, we have increased the size of our product development and Multi-location sales organizations, while holding Local sales headcount relatively flat. **We ended the year with a total headcount of approximately 4,900, representing an increase of 11% year over year but a decrease of 18% from approximately 5,950 in 2019, while full year net revenue increased by 16% and 18% over the same periods.**

As we turn to 2023, **we are pleased with the progress we've made to expand our product development organization over the past two years and currently plan to maintain approximately the same total headcount in the year ahead.** We will continue to be disciplined in our allocation of resources going forward within this constraint and believe our sales channel mix shift and product-driven growth strategy will be sources of leverage and margin improvement over the long term. Our focus remains on attractive ROI opportunities to grow through select marketing channels and off Yelp. In addition, **we expect the office space reductions we have completed to date will contribute an aggregate of approximately $25 million to $27 million of annual GAAP expense savings** in 2023 and 2024, resulting in an annual benefit to adjusted EBITDA of approximately $23 million to $25 million over the same period. In 2022, we realized approximately $21 million of GAAP savings as a result of these office space reductions. We also continue to explore additional ways to reduce our real estate footprint.

In addition to driving leverage from our growth strategy and remote work, we are committed to reducing stock-based compensation as a percentage of revenue. In 2022, we decreased this percentage by approximately two percentage points and expect to drive an additional one percentage point decrease in 2023. **Looking ahead, we believe we can lower stock-based compensation to less than 8% of revenue by the end of 2025,** driven by revenue growth and by continuing to optimize our location and compensation mix, particularly within product development.

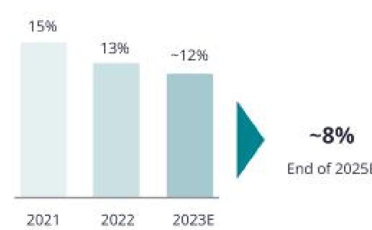
**Disciplined investments in headcount to drive long-term leverage**

Percentage change from 1Q19



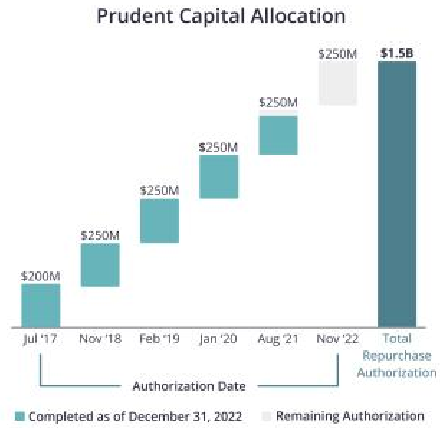

**Committed to reducing SBC as a percentage of revenue**

Stock-based Compensation
% of Revenue



## Prudent capital allocation

Our capital allocation strategy consists of three main elements: 1) maintaining a healthy cash balance to fund our operations; 2) retaining capacity for potential tuck-in acquisitions; and 3) returning excess capital to shareholders through share repurchases. **In 2022, we repurchased $200 million worth of shares at an average purchase price of $32.28 per share,** including $50 million worth of shares repurchased in the fourth quarter. As of December 31, 2022, we had $282 million remaining under our existing repurchase authorization. We plan to continue repurchasing shares in 2023, subject to market and economic conditions.



## In summary,

**Over the last year, Yelp delivered one of the strongest revenue growth rates among our advertising and marketplace peers.** These results reflect our focus on our long-term strategic initiatives, which aim to continually increase the value we deliver to consumers and advertisers. Our broad-based local ad platform, fueled by a high-intent audience and first-party data, has demonstrated its durability and we believe it has never been better positioned to meet growing advertiser demand on and off Yelp. At the same time, our team has repeatedly proven its ability to execute under difficult conditions and deliver excellent results. **While the macro environment remains uncertain in 2023, we are confident in Yelp's path to delivering profitable growth and shareholder value over the long term.**

Sincerely,

Jeremy Stoppelman

David Schwarzbach

# Fourth Quarter and Full Year 2022
# Financial Review

### Revenue

**Net revenue was $309 million** in the fourth quarter of 2022, a 13% increase from the fourth quarter of 2021. Net revenue was $1.19 billion in the full year 2022, a 16% increase from the full year 2021. Net revenue was near the high end of our fourth quarter and full year outlook ranges.


**Advertising revenue was $294 million** in the fourth quarter of 2022, up 12% from the fourth quarter of 2021, and $1.13 billion in the full year 2022, up 15% from the full year 2021, driven by higher aggregate customer spend and an increase in paying advertising locations.

**Transactions revenue was $3 million** in the fourth quarter of 2022, up 15% from the fourth quarter of 2021, and $14 million in the full year 2022, up 7% from the full year 2021. The increases were driven by an increase in the per-order transaction fee that we receive from Grubhub following the renewal of our partnership in March 2022. These increases were partially offset by a lower volume of food takeout and delivery orders compared to the prior-year periods.

**Other revenue was $12 million** in the fourth quarter of 2022, up 30% from the fourth quarter of 2021, and $45 million in the full year 2022, up 35% from the full year 2021. The increases in both periods primarily reflected higher revenue from the continued growth of our Yelp Fusion program, as well as lower COVID-19 relief incentives, mainly in the form of waived subscription fees, for our subscription product customers in the current year periods.

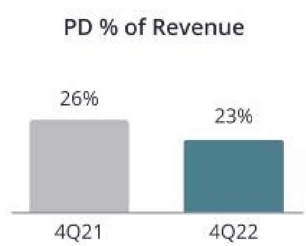
| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| **Net revenue by product:** | | | | |
| Advertising revenue by category: | | | | |
| Services | $ 178,292 | $ 157,242 | $ 693,810 | $ 607,770 |
| Restaurants, Retail & Other | 115,692 | 104,205 | 440,593 | 377,455 |
| Advertising | 293,984 | 261,447 | 1,134,403 | 985,225 |
| Transactions | 3,291 | 2,866 | 14,063 | 13,196 |
| Other | 11,828 | 9,087 | 45,040 | 33,418 |
| **Total net revenue** | **$ 309,103** | **$ 273,400** | **$ 1,193,506** | **$ 1,031,839** |

### Operating expenses, net income & adjusted EBITDA

**Cost of revenue (exclusive of depreciation and amortization) was $28 million** in the fourth quarter of 2022, up 18% from the fourth quarter of 2021, and $106 million in the full year 2022, up 35% from the full year 2021. The increases in both periods were primarily driven by higher website infrastructure expenses resulting from investments in maintaining and improving our infrastructure, higher advertising fulfillment costs largely attributable to the expansion of Yelp Audiences, and higher merchant credit card processing fees primarily associated with the increase in advertising revenue.


**Sales and marketing expenses were $126 million** in the fourth quarter of 2022, up 11% from the fourth quarter of 2021, and $515 million in the full year 2022, up 13% from the full year 2021. The increases in both periods were primarily driven by higher employee costs, including commissions and bonuses, due to higher average sales headcount, partially offset by a decrease in workplace operating costs from reductions in our leased office space as a result of our primarily remote workforce. Additionally, marketing and advertising costs increased in the full year 2022 but decreased in the fourth quarter of 2022, reflecting the timing of our investment in business owner and consumer marketing.


**Product development expenses were $72 million** in the fourth quarter of 2022, up 3% from the fourth quarter of 2021, and $306 million in the full year 2022, up 11% from the full year 2021. The increases in both periods were primarily driven by an increase in employee costs, including bonuses and stock-based compensation, as a result of higher average headcount compared to the prior-year periods.

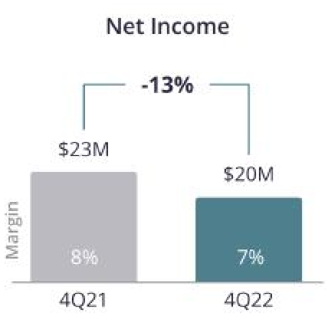



**General and administrative expenses were $38 million** in the fourth quarter of 2022, up 32% from the fourth quarter of 2021, and $164 million in the full year 2022, up 21% from the full year 2021. The increases in both periods were primarily driven by an increase in employee costs due to higher average headcount. There were also increases in the provision for doubtful accounts in both periods due to the higher advertising revenue in the current-year periods, as well as the release of COVID-19-related bad debt reserves in 2021. In addition, the increase in general and administrative expenses in both periods reflected a net gain recognized in the fourth quarter of 2021 as a result of the lease termination of one of our office spaces, which did not recur in 2022.

**Total costs and expenses were $276 million** in the fourth quarter of 2022, up 9% from $254 million in the fourth quarter of 2021, and $1.14 billion for the full year 2022, up 13% from $1.00 billion for the full year 2021.

**Provision for income taxes was $17 million** in the fourth quarter of 2022 and $30 million in the full year 2022, compared to a benefit of $3 million in the fourth quarter of 2021 and $6 million in the full year 2021. The increase in the provision for income taxes in 2022 was primarily due to an increase in profit before tax and a significant increase in the effective tax rate. A large driver of this increase in the effective tax rate was the impact of the new requirement under the 2017 U.S. Tax Cuts and Jobs Act to capitalize and amortize certain research and development expenses.

**Net income was $20 million** in the fourth quarter of 2022 compared to $23 million in the fourth quarter of 2021. Net income in the full year 2022 was $36 million compared to $40 million in the full year 2021.




**Diluted net income per share was $0.28** in the fourth quarter of 2022, down from $0.30 in the fourth quarter of 2021, reflecting the decrease in net income. Diluted net income per share was $0.50 in the full year 2022, flat with the full year 2021, reflecting a reduction of 5 million shares on a diluted basis compared to 2021.

**Adjusted EBITDA was $80 million** in the fourth quarter of 2022, an 18% increase from $68 million in the fourth quarter of 2021. Adjusted EBITDA margin increased to 26% in the fourth quarter of 2022 from 25% in the fourth quarter of 2021. Adjusted EBITDA was $270 million in the full year 2022, a 10% increase from $246 million in the full year 2021. Adjusted EBITDA margin decreased to 23% in the full year 2022 from 24% in the full year 2021.


### Balance sheet and cash flow

At the end of December 2022, **we held $401 million in cash, cash equivalents and marketable securities on our condensed consolidated balance sheet, with no debt.**

## Business Outlook

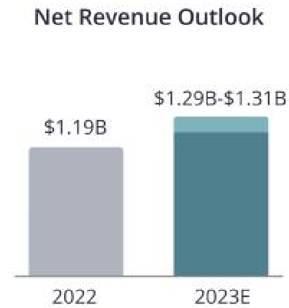
**Yelp's robust 2022 performance demonstrates the strength and resilience of our broad-based local advertising platform.** As we enter 2023, we continue to believe in the significant long-term opportunities ahead and our team's ability to capture them. At the same time, the macro environment remains uncertain. We expect net revenue will be in the range of $300 million to $310 million for the first quarter, reflecting typical seasonality. **For the full year, we expect net revenue will be in the range of $1.29 billion to $1.31 billion** as our initiatives continue to drive growth against the backdrop of ongoing macro uncertainties.

We expect expenses to increase from the fourth quarter of 2022 to the first quarter of 2023, reflecting our hiring efforts in 2022 as well as a seasonal increase in expense, primarily driven by payroll taxes. As a result, we anticipate first quarter adjusted EBITDA to be in the range of $40 million to $50 million. For the full year, we expect expenses to increase modestly year over year as we maintain approximately the same total headcount we had at the end of 2022. As such, **we anticipate adjusted EBITDA to be in the range of $290 million to $310 million for the full year.** At the same time, we remain committed to reducing stock-based compensation as a percentage of revenue and expect it to decrease to approximately 12% in 2023.

We currently estimate that our effective GAAP tax rate for 2023 will be in the range of 32% to 38%, largely due to the impact of the requirement to capitalize and amortize certain research and development expenses under the 2017 U.S. Tax Cuts and Jobs Act. However, our GAAP tax rate is impacted by a number of factors that are not in our direct control and that are subject to quarterly variability, which limits our visibility into the applicable rate for future fiscal periods. We do not plan to provide regular updates to the above range given the uncertainty inherent in it as a result of these factors.

| | First Quarter 2023 | Full Year 2023 |
|---|---|---|
| Net revenue | $300M to $310M | $1.29B to $1.31B |
| Adjusted EBITDA* | $40M to $50M | $290M to $310M |
| Stock-based compensation expense as a % of Net revenue | ~14% | ~12% |
| Depreciation and amortization as a % of Net revenue | ~4% | ~4% |

*Yelp has not reconciled its Adjusted EBITDA outlook to GAAP Net income (loss) because it does not provide an outlook for GAAP Net income (loss) due to the uncertainty and potential variability of Other income, net and Provision for (benefit from) income taxes, which are reconciling items between Adjusted EBITDA and GAAP Net income (loss). Because Yelp cannot reasonably predict such items, a reconciliation of the non-GAAP financial measure outlook to the corresponding GAAP measure is not available without unreasonable effort. We caution, however, that such items could have a significant impact on the calculation of GAAP Net income (loss). For more information regarding the non-GAAP financial measures discussed in this release, please see "Non-GAAP Financial Measures" and "Reconciliation of GAAP to Non-GAAP Financial Measures" below.




## Quarterly Earnings Webcast

**Yelp will host a live webcast today at 2:00 p.m. PST to discuss the fourth quarter and full year 2022 financial results and outlook for the first quarter of and full year 2023.** The webcast can be accessed on the Yelp Investor Relations website at yelp-ir.com. A replay of the webcast will be available at the same website.

## About Yelp

Yelp Inc. (yelp.com) is a community-driven platform that connects people with great local businesses. Millions of people rely on Yelp for useful and trusted local business information, reviews and photos to help inform their spending decisions. As a one-stop local platform, Yelp helps consumers easily discover, connect and transact with businesses across a broad range of categories by making it easy to request a quote for a service, book a table at a restaurant, and more. Yelp was founded in San Francisco in 2004.

# Condensed Consolidated Balance Sheets

(In thousands; unaudited)

| | December 31, 2022 | December 31, 2021 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 306,379 | $ 479,783 |
| Short-term marketable securities | 94,244 | — |
| Accounts receivable, net | 131,902 | 107,358 |
| Prepaid expenses and other current assets | 63,467 | 57,536 |
| Total current assets | 595,992 | 644,677 |
| Property, equipment and software, net | 77,224 | 83,857 |
| Operating lease right-of-use assets | 97,392 | 140,785 |
| Goodwill | 102,328 | 105,128 |
| Intangibles, net | 8,997 | 10,673 |
| Other non-current assets | 133,989 | 65,408 |
| Total assets | **$ 1,015,922** | **$ 1,050,528** |
| **Liabilities and Stockholders' Equity** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | $ 137,950 | $ 119,620 |
| Operating lease liabilities — current | 39,674 | 40,237 |
| Deferred revenue | 5,200 | 4,156 |
| Total current liabilities | 182,824 | 164,013 |
| Operating lease liabilities — long-term | 86,661 | 127,979 |
| Other long-term liabilities | 36,113 | 7,218 |
| Total liabilities | 305,598 | 299,210 |
| Stockholders' equity: | | |
| Common stock | — | — |
| Additional paid-in capital | 1,649,692 | 1,522,572 |
| Accumulated other comprehensive loss | (15,545) | (11,090) |
| Accumulated deficit | (923,823) | (760,164) |
| Total stockholders' equity | 710,324 | 751,318 |
| Total liabilities and stockholders' equity | **$ 1,015,922** | **$ 1,050,528** |

# Condensed Consolidated Statements of Operations (In thousands, except per share data; unaudited)

| | Three Months Ended December 31, 2022 | Three Months Ended December 31, 2021 | Year Ended December 31, 2022 | Year Ended December 31, 2021 |
|---|---|---|---|---|
| Net revenue | $ 309,103 | $ 273,400 | $ 1,193,506 | $ 1,031,839 |
| **Costs and expenses:** | | | | |
| Cost of revenue[1] | 28,483 | 24,045 | 105,705 | 78,097 |
| Sales and marketing[1] | 126,357 | 113,379 | 514,927 | 454,224 |
| Product development[1] | 72,225 | 70,384 | 305,561 | 276,473 |
| General and administrative[1] | 37,967 | 28,859 | 164,108 | 135,816 |
| Depreciation and amortization | 10,687 | 17,140 | 44,852 | 55,683 |
| Restructuring | — | — | — | 32 |
| Total costs and expenses | 275,719 | 253,807 | 1,135,153 | 1,000,325 |
| Income from operations | 33,384 | 19,593 | 58,353 | 31,514 |
| Other income, net | 3,478 | 626 | 8,425 | 2,204 |
| Income before income taxes | 36,862 | 20,219 | 66,778 | 33,718 |
| Provision for (benefit from) income taxes | 16,717 | (2,971) | 30,431 | (5,953) |
| Net income attributable to common stockholders | **$ 20,145** | **$ 23,190** | **$ 36,347** | **$ 39,671** |
| **Net income per share attributable to common stockholders:** | | | | |
| Basic | **$ 0.29** | **$ 0.32** | **$ 0.51** | **$ 0.53** |
| Diluted | **$ 0.28** | **$ 0.30** | **$ 0.50** | **$ 0.50** |
| **Weighted-average shares used to compute net income per share attributable to common stockholders:** | | | | |
| Basic | **70,001** | **72,955** | **70,867** | **74,221** |
| Diluted | **71,607** | **76,054** | **73,402** | **78,616** |

[1]Includes stock-based compensation expense as follows:

| | Three Months Ended December 31, 2022 | Three Months Ended December 31, 2021 | Year Ended December 31, 2022 | Year Ended December 31, 2021 |
|---|---|---|---|---|
| Cost of revenue | $ 1,060 | $ 1,029 | $ 4,761 | $ 4,302 |
| Sales and marketing | 8,160 | 7,703 | 33,621 | 32,335 |
| Product development | 20,090 | 19,817 | 86,871 | 81,624 |
| General and administrative | 7,027 | 6,584 | 30,837 | 33,418 |
| Total stock-based compensation | **$ 36,337** | **$ 35,133** | **$ 156,090** | **$ 151,679** |

# Condensed Consolidated Statements of Cash Flows (In thousands; unaudited)

| | Year Ended December 31, | |
|---|---|---|
| | 2022 | 2021 |
| **Operating Activities** | | |
| Net income | $ 36,347 | $ 39,671 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 44,852 | 55,683 |
| Provision for doubtful accounts | 25,006 | 14,574 |
| Stock-based compensation | 156,090 | 151,679 |
| Noncash lease cost | 32,810 | 39,339 |
| Deferred income taxes | (56,621) | (9,190) |
| Amortization of deferred contract cost | 18,827 | 14,613 |
| Asset impairment | 10,464 | 11,164 |
| Noncash gain on lease termination | — | (11,485) |
| Other adjustments, net | 1,036 | 392 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (49,555) | (33,535) |
| Prepaid expenses and other assets | (36,032) | (49,246) |
| Operating lease liabilities | (40,057) | (41,008) |
| Accounts payable, accrued liabilities and other liabilities | 49,142 | 30,004 |
| Net cash provided by operating activities | 192,309 | 212,655 |
| **Investing Activities** | | |
| Purchases of marketable securities — available-for-sale | (127,080) | — |
| Sales and maturities of marketable securities — available-for-sale | 32,821 | — |
| Purchases of property, equipment and software | (31,979) | (28,282) |
| Other investing activities | 94 | 632 |
| Net cash used in investing activities | (126,144) | (27,650) |
| **Financing Activities** | | |
| Proceeds from issuance of common stock for employee stock-based plans | 23,497 | 24,984 |
| Taxes paid related to the net share settlement of equity awards | (61,023) | (62,545) |
| Repurchases of common stock | (200,006) | (262,928) |
| Net cash used in financing activities | (237,532) | (300,489) |
| Effect of exchange rate changes on cash, cash equivalents and restricted cash | (2,136) | (415) |
| Change in cash, cash equivalents and restricted cash | (173,503) | (115,899) |
| Cash, cash equivalents and restricted cash — Beginning of period | 480,641 | 596,540 |
| Cash, cash equivalents and restricted cash — End of period | **$ 307,138** | **$ 480,641** |

# Reconciliation of GAAP to Non-GAAP Financial Measures (In thousands, except percentages; unaudited)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| **Reconciliation of Net Income to Adjusted EBITDA:** | | | | |
| Net income | $ 20,145 | $ 23,190 | $ 36,347 | $ 39,671 |
| Provision for (benefit from) income taxes | 16,717 | (2,971) | 30,431 | (5,953) |
| Other income, net | (3,478) | (626) | (8,425) | (2,204) |
| Depreciation and amortization | 10,687 | 17,140 | 44,852 | 55,683 |
| Stock-based compensation | 36,337 | 35,133 | 156,090 | 151,679 |
| Restructuring | — | — | — | 32 |
| Asset impairment[1] | — | — | 10,464 | 11,164 |
| Gain on lease termination, net[1] | — | (3,748) | — | (3,748) |
| Adjusted EBITDA | **$ 80,408** | **$ 68,118** | **$ 269,759** | **$ 246,324** |
| Net revenue | $ 309,103 | $ 273,400 | $ 1,193,506 | $ 1,031,839 |
| Net income margin | 7 % | 8 % | 3 % | 4 % |
| Adjusted EBITDA margin | 26 % | 25 % | 23 % | 24 % |

[1] Recorded within general and administrative expenses on our Condensed Consolidated Statements of Operations.

# Key Financial and Operational Metrics (In thousands, except for percentages; unaudited)

| | 4Q19 | 1Q20 | 2Q20 | 3Q20 | 4Q20 | 1Q21 | 2Q21 | 3Q21 | 4Q21 | 1Q22 | 2Q22 | 3Q22 | 4Q22 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Advertising Revenue by Category[1]** | | | | | | | | | | | | | |
| Services[2] | $137,501 | $133,082 | $109,583 | $133,467 | $138,887 | $140,687 | $152,522 | $157,319 | $157,242 | $160,263 | $174,298 | $180,957 | $178,292 |
| Restaurants, Retail & Other[3] | $121,451 | $107,011 | $52,650 | $77,700 | $83,735 | $81,300 | $92,439 | $99,511 | $104,205 | $102,974 | $109,220 | $112,707 | $115,692 |
| Total Advertising Revenue | $258,952 | $240,093 | $162,233 | $211,167 | $222,622 | $221,987 | $244,961 | $256,830 | $261,447 | $263,237 | $283,518 | $293,664 | $293,984 |
| **Paying Advertising Locations by Category[4]** | | | | | | | | | | | | | |
| Services[2] | 235 | 232 | 204 | 218 | 224 | 224 | 234 | 231 | 219 | 223 | 232 | 238 | 231 |
| Restaurants, Retail & Other[3] | 330 | 330 | 174 | 289 | 296 | 279 | 294 | 304 | 309 | 323 | 337 | 334 | 314 |
| Total Paying Advertising Locations | 565 | 562 | 378 | 507 | 520 | 503 | 528 | 535 | 528 | 546 | 569 | 572 | 545 |
| **Year-over-Year Percentage Change in Ad Clicks & Average CPC** | | | | | | | | | | | | | |
| Ad Clicks[5] | 33% | 3% | -51% | -25% | -22% | -8% | 87% | 28% | 14% | 4% | -11% | -15% | -7% |
| Average CPC[6] | -16% | 3% | 35% | 5% | 4% | -3% | -20% | -1% | 7% | 17% | 32% | 36% | 23% |

| **Annual Metrics** | 2020 | 2021 | 2022 |
|---|---|---|---|
| App Unique Devices | 31,132 | 33,085 | 33,026 |
| Desktop Unique Visitors | 43,685 | 45,990 | 38,046 |
| Mobile Web Unique Visitors | 52,794 | 56,668 | 59,172 |
| Cumulative Reviews | 224,162 | 244,435 | 265,288 |
| Active Claimed Local Business Locations | 5,357 | 5,794 | 6,321 |

[1] Since 2021, advertising revenue by category reflects an updated method of disaggregation. Prior-year amounts have not been updated as it is impracticable to do so, given certain historical information was not available. See our most recent Annual Report on Form 10-K for more information.

[2] Includes Home, Local, Auto, Professional, Pets, Real Estate, Financial and Event Services categories

[3] Includes Restaurants, Shopping, Beauty & Fitness, Health and Other categories

[4] On a monthly average basis

[5] Ad clicks represent user interactions with our pay-for-performance advertising products, including clicks on advertisements on our website and mobile app, clicks on syndicated advertisements on third-party platforms, and Request-a-Quote submissions. Ad clicks do not include user interactions with ads sold through our advertising partnerships.

[6] We define Average CPC as revenue from our performance-based ad products — excluding revenue from our advertising partnerships as well as certain revenue adjustments that do not impact the outcome of an auction for an individual ad click, such as refunds — divided by the total number of ad clicks for a given period.

More information about the Company, including the Company's Key Operational and Financial Metrics definitions can be found in the Company's most recent Quarterly or Annual Report filed with the SEC, available at www.yelp-ir.com or the SEC's website at www.sec.gov.

### Non-GAAP Financial Measures

This letter and statements made during the above referenced webcast may include information relating to Adjusted EBITDA and Adjusted EBITDA margin, each of which is a "non-GAAP financial measure."

We define Adjusted EBITDA as net income (loss), adjusted to exclude: provision for (benefit from) income taxes; other income, net; depreciation and amortization; stock-based compensation expense; and, in certain periods, certain other income and expense items, such as restructuring costs, impairment charges and net gain on lease termination. We define Adjusted EBITDA margin as Adjusted EBITDA divided by net revenue.

Adjusted EBITDA, which is not prepared under any comprehensive set of accounting rules or principles, has limitations as an analytical tool and you should not consider it in isolation or as a substitute for analysis of Yelp's financial results as reported in accordance with generally accepted accounting principles in the United States ("GAAP"). In particular, Adjusted EBITDA should not be viewed as a substitute for, or superior to, net income (loss) prepared in accordance with GAAP as a measure of profitability or liquidity. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Adjusted EBITDA does not reflect all cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, Yelp's working capital needs;
- Adjusted EBITDA does not reflect the impact of the recording or release of valuation allowances or tax payments that may represent a reduction in cash available to Yelp;
- Adjusted EBITDA does not consider the potentially dilutive impact of equity-based compensation;
- Adjusted EBITDA does not take into account any income or costs that management determines are not indicative of ongoing operating performance, such as restructuring costs, impairment charges and net gain on lease termination; and
- other companies, including those in Yelp's industry, may calculate Adjusted EBITDA differently, which reduces its usefulness as a comparative measure.

Because of these limitations, you should consider Adjusted EBITDA and Adjusted EBITDA margin alongside other financial performance measures, net income (loss) and Yelp's other GAAP results.

### Forward-Looking Statements

This letter contains, and statements made during the above-referenced webcast will contain, forward-looking statements relating to, among other things, the future performance of Yelp and its consolidated subsidiaries that are based on Yelp's current expectations, forecasts and assumptions and involve risks and uncertainties. These statements include, but are not limited to, statements regarding:

- Yelp's expected financial results for the first quarter and full year 2023;
- Yelp's belief that its 2022 results position it well to drive long-term profitable growth;
- Yelp's assessment of opportunities in both the long term and year ahead;
- Yelp's ability to execute against its initiatives and drive profitable growth in 2023;
- Yelp's ability to grow RR&O revenue over the long term;
- Yelp's belief that its strategic initiatives continue to provide opportunities for growth;
- Yelp's strategic initiatives for 2023 and its planned investments in such initiatives;
- Yelp's belief that it is uniquely positioned to capture the substantial share of local advertising budgets represented by Services categories;
- Yelp's belief that it can continue to differentiate its Services experience as the most convenient and trusted way to connect consumers and service pros throughout the hiring journey;
- Yelp's assessment of opportunities to reduce friction and make it easier for consumers and businesses to manage their Service projects;
- Yelp's assessment of an emerging opportunity to gain more market share by utilizing performance marketing to acquire new users looking for Services categories off of Yelp, including its ability to cost-effectively monetize the connection between these consumers and its high-quality pros, its ability to convert many of them into ongoing users and the benefits thereof, and the potential impact on revenue of such opportunity;

- Yelp's assessment of opportunities to drive efficient SMB growth, its plans to continue improving the business owner platform and drive gains through post-sales for existing customers;
- Yelp's belief in a long runway in multi-location advertising and its plans to enhance its suite of full-funnel ad products tailored to multi-location advertisers as well as its attribution and reporting capabilities in 2023;
- Yelp's planned ad system optimizations and their anticipated impact;
- Yelp's view of longer-term opportunities to expand its off-platform capabilities;
- Yelp's plans to support long-term audience and engagement growth in 2023 through its consumer-focused initiative, including planned investments in performance marketing;
- Yelp's headcount plans for 2023;
- Yelp's expectations regarding the financial impact of its reduced office footprint;
- Yelp's expectations regarding its reduction of stock-based compensation as a percentage of revenue over time;
- Yelp's plans to continue share repurchases under its stock repurchase program;
- Yelp's belief that its ad system has never been better positioned to meet growing advertiser demand on and off Yelp;
- Yelp's belief in its path to deliver profitable growth and shareholder value over the long term;
- Yelp's belief in the significant long-term opportunities ahead and its team's ability to capture them; and
- Yelp's assessment of opportunities to build on the progress of the Android app experience to support long-term audience and engagement growth.

Yelp's actual results could differ materially from those predicted or implied by such forward-looking statements and reported results should not be considered as an indication of future performance. Factors that could cause or contribute to such differences include, but are not limited to:

- macroeconomic uncertainty — including related to inflation, rising interest rates, supply chain issues, and the ongoing impact of the COVID-19 pandemic and efforts to contain it — and its effect on consumer behavior, user activity and advertiser spending;
- the impact of fears or actual outbreaks of disease, including COVID-19 and any variants thereof, and any resulting changes in consumer behavior, economic conditions or governmental actions;
- maintaining and expanding Yelp's base of advertisers, particularly if the modest increase in churn in the second half of 2022 substantially worsens and/or consumer demand significantly degrades;
- the default by any subtenants on their rental payment obligations under the subleases entered into in connection with Yelp's reduction of its office space;
- Yelp's ability to continue to effectively operate with a primarily remote work force and attract and retain key talent;
- Yelp's limited operating history in an evolving industry;
- Yelp's ability to generate and maintain sufficient high-quality content from its users;
- potential strategic opportunities and Yelp's ability to successfully manage the acquisition and integration of new businesses, solutions or technologies, as well as its ability to monetize such acquired products, solutions or technologies;
- Yelp's reliance on traffic to its website from search engines like Google and Bing and the quality and reliability of such traffic;
- maintaining a strong brand and managing negative publicity that may arise; and
- Yelp's ability to timely upgrade and develop its systems, infrastructure and customer service capabilities.

Factors that could cause or contribute to such differences also include, but are not limited to, those factors that could affect Yelp's business, operating results and stock price included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Yelp's most recent Annual Report on Form 10-K or Quarterly Report on Form 10-Q at www.yelp-ir.com or the SEC's website at www.sec.gov.

Undue reliance should not be placed on the forward-looking statements in this letter or the above-referenced webcast, which are based on information available to Yelp on the date hereof. Such forward-looking statements do not include the potential impact of any acquisitions or divestitures that may be announced and/or completed after the date hereof. Yelp assumes no obligation to update such statements.