

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

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended **October 31, 2022**

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: **001-40528**

**Sprinklr, Inc.**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**  
(State or other Jurisdiction of  
Incorporation or organization)  
**29 West 35<sup>th</sup> Street**  
**New York, NY**  
(Address of principal executive offices)

**47-4771485**  
(IRS Employer  
Identification No.)

**10001**  
(Zip Code)

**Registrant's telephone number, including area code: (917) 933-7800**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, par value \$0.00003 per share	CXM	New York Stock Exchange

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

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

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

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

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

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

As of November 30, 2022, the registrant had 116,694,347 shares of Class A common stock and 144,338,771 shares of Class B common stock, each with a par value of \$0.00003 per share, outstanding.

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### WHERE YOU CAN FIND MORE INFORMATION

Investors and others should note that we announce material financial information to our investors using our investor relations website, press releases, SEC filings and public conference calls and webcasts. We also use Sprinklr's blog and the following social media channels as a means of disclosing information about the company, our products, our planned financials and other announcements and attendance at upcoming investor and industry conferences, and other matters. This is in compliance with our disclosure obligations under Regulation FD:

- Sprinklr Company Blog (<http://sprinklr.com/blog>)
- Sprinklr LinkedIn Page (<http://www.linkedin.com/company/sprinklr>)
- Sprinklr Twitter Account (<https://twitter.com/sprinklr>)
- Sprinklr Facebook Page (<https://www.facebook.com/sprinklr/>)
- Sprinklr Instagram Page (<https://www.instagram.com/sprinklr>)

In addition, investors and others can view Sprinklr videos on YouTube (<https://www.YouTube.com/c/sprinklr>).

Information posted through these social media channels may be deemed material. Accordingly, in addition to reviewing our press releases, SEC filings, public conference calls and webcasts, investors should monitor Sprinklr's blog and its other social media channels. The information we post through these channels is not a part of this Quarterly Report on Form 10-Q. The channel list on how to connect with us may be updated from time to time and is available on <https://www.sprinklr.com> and our investor relations website.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this “Form 10-Q”) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements contained in this Form 10-Q other than statements of historical fact, including statements regarding our future operating results and financial position, our business strategy and plans and our objectives for future operations, are forward-looking statements. The words “believe,” “may,” “will,” “potentially,” “estimate,” “continue,” “anticipate,” “intend,” “could,” “would,” “project,” “plan,” “expect” and similar expressions that convey uncertainty of future events or outcomes are intended to identify forward-looking statements.

These forward-looking statements include, but are not limited to, statements concerning the following:

- our expectations regarding our revenue, expenses and other operating results;
- our ability to acquire new customers and successfully engage new and existing customers
- our ability to achieve and maintain our profitability;
- the effects on our business, financial condition and results of operations of current and future economic, business, market and regulatory conditions, including the current global inflation and other economic and market conditions, and their effects on our customers and their spending and ability to finance purchases of our products and technologies;
- future investments in our business, our anticipated capital expenditures and our estimates regarding our capital requirements
- the costs and success of our marketing efforts and our ability to promote our brand;
- our growth strategies for our Unified-CXM platform;
- the estimated addressable market opportunity for our Unified-CXM platform;
- our reliance on key personnel and our ability to identify, recruit and retain skilled personnel;
- our ability to effectively manage our growth, including any international expansion;
- our ability to obtain, maintain, protect, defend or enforce our intellectual property or other proprietary rights and any costs associated therewith;
- the effects of global events, such as the ongoing COVID-19 pandemic or other public health crises and the Russia-Ukraine war, on our business and the global economy
- our ability to compete effectively with existing competitors and new market entrants and
- the growth rates of the markets in which we compete.

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

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Form 10-Q. And, while we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

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

Unless the context otherwise requires, the terms “Sprinklr,” “the Company,” “we,” “our,” “us” or similar references in this Form 10-Q refer to Sprinklr, Inc. and its subsidiaries.

PART I-FINANCIAL INFORMATION

Item 1. Financial Statements

**SPRINKLR, INC.**  
**Condensed Consolidated Balance Sheets**  
*(in thousands, except share and per share data)*  
*(unaudited)*

	October 31, 2022	January 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 156,025	\$ 321,426
Marketable securities	388,089	210,983
Accounts receivable, net of allowance for doubtful accounts of \$3.9 million and \$2.7 million, respectively	132,932	163,681
Prepaid expenses and other current assets	80,557	109,167
Total current assets	757,603	805,257
Property and equipment, net	20,679	14,705
Goodwill and other intangible assets	50,489	50,706
Operating lease right-of-use assets	13,506	—
Other non-current assets	54,718	49,378
Total assets	\$ 896,995	\$ 920,046
Liabilities and stockholders' equity		
Liabilities		
Current liabilities:		
Accounts payable	\$ 15,776	\$ 15,802
Accrued expenses and other current liabilities	88,369	100,220
Operating lease liabilities, current	6,693	—
Deferred revenue	257,659	279,028
Total current liabilities	368,497	395,050
Deferred revenue less current portion	1,015	5,325
Deferred tax liability, long-term	1,089	1,101
Operating lease liabilities, long-term	7,601	—
Other liabilities, long-term	1,365	2,721
Total liabilities	379,567	404,197
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Class A common stock, \$0.00003 par value, 2,000,000,000 shares authorized; 114,302,956 and 105,929,885 shares issued and outstanding as of October 31, 2022 and January 31, 2022, respectively	3	3
Class B common stock, \$0.00003 par value, 310,000,000 shares authorized; 146,607,531 and 150,551,314 shares issued and outstanding as of October 31, 2022 and January 31, 2022, respectively	6	5
Treasury stock, at cost, 14,130,784 and 14,130,784 shares	(23,831)	(23,831)
Additional paid-in capital	1,045,399	982,122
Accumulated other comprehensive loss	(7,444)	(820)
Accumulated deficit	(496,705)	(441,630)
Total stockholders' equity	517,428	515,849
Total liabilities and stockholders' equity	\$ 896,995	\$ 920,046

See accompanying notes to the unaudited condensed consolidated financial statements

**SPRINKLR, INC.**  
**Condensed Consolidated Statements of Operations**  
*(in thousands, except per share data)*  
*(unaudited)*

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2022	2021	2022	2021
Revenue:				
Subscription	\$ 139,906	\$ 109,941	\$ 400,301	\$ 310,020
Professional services	17,345	17,115	52,558	46,708
Total revenue:	157,251	127,056	452,859	356,728
Costs of revenue:				
Costs of subscription	26,249	22,835	76,759	66,228
Costs of professional services	14,271	15,865	47,641	41,520
Total costs of revenue	40,520	38,700	124,400	107,748
Gross profit	116,731	88,356	328,459	248,980
Operating expenses:				
Research and development	19,208	16,591	56,531	44,717
Sales and marketing	79,538	74,698	253,418	204,573
General and administrative	22,588	21,833	67,916	63,364
Total operating expenses	121,334	113,122	377,865	312,654
Operating loss	(4,603)	(24,766)	(49,406)	(63,674)
Other income (expense), net	1,093	(1,119)	1,304	(4,744)
Loss before provision for income taxes	(3,510)	(25,885)	(48,102)	(68,418)
Provision for income taxes	2,350	1,823	6,973	6,132
Net loss	\$ (5,860)	\$ (27,708)	\$ (55,075)	\$ (74,550)
Net loss per share attributable to Class A and Class B common stockholders, basic	\$ (0.02)	\$ (0.11)	\$ (0.21)	\$ (0.43)
Weighted average shares used in computing net loss per share attributable to Class A and Class B common stockholders, basic	260,285	255,195	258,677	174,497

See accompanying notes to the unaudited condensed consolidated financial statements

**SPRINKLR, INC.**  
**Condensed Consolidated Statements of Comprehensive Loss**  
*(in thousands)*  
*(unaudited)*

	<b>Three Months Ended October 31,</b>		<b>Nine Months Ended October 31,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Net loss	\$ (5,860)	\$ (27,708)	\$ (55,075)	\$ (74,550)
Foreign currency translation adjustments	(1,831)	13	(4,873)	(770)
Unrealized losses on investments	(446)	(8)	(1,751)	(22)
Total comprehensive loss	\$ (8,137)	\$ (27,703)	\$ (61,699)	\$ (75,342)

See accompanying notes to the unaudited condensed consolidated financial statements

SPRINKLR, INC.

Condensed Consolidated Statements of Stockholders' Equity

(in thousands)

(unaudited)

	Class A and Class B Common Stock		Additional Paid-in Amount	Treasury Stock		Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount		Shares	Amount			
<b>Balance at July 31, 2022</b>	259,713	\$ 9	\$ 1,027,849	14,131	\$ (23,831)	\$ (5,167)	\$ (490,845)	\$ 508,015
Stock-based compensation - equity classified awards	—	—	11,982	—	—	—	—	11,982
Exercise of stock options and vesting of RSUs	1,197	—	5,568	—	—	—	—	5,568
Other comprehensive loss	—	—	—	—	—	(2,277)	—	(2,277)
Net loss	—	—	—	—	—	—	(5,860)	(5,860)
<b>Balance at October 31, 2022</b>	260,910	\$ 9	\$ 1,045,399	14,131	\$ (23,831)	\$ (7,444)	\$ (496,705)	\$ 517,428

	Class A and Class B Common Stock		Additional Paid-in Amount	Treasury Stock		Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount		Shares	Amount			
<b>Balance at January 31, 2022</b>	256,481	\$ 8	\$ 982,122	14,131	\$ (23,831)	\$ (820)	\$ (441,630)	\$ 515,849
Stock-based compensation - equity classified awards	—	—	41,068	—	—	—	—	41,068
Exercise of stock options and vesting of RSUs	3,712	—	15,997	—	—	—	—	15,997
Issuance of common shares upon ESPP purchases	717	1	6,212	—	—	—	—	6,213
Other comprehensive loss	—	—	—	—	—	(6,624)	—	(6,624)
Net loss	—	—	—	—	—	—	(55,075)	(55,075)
<b>Balance at October 31, 2022</b>	260,910	\$ 9	\$ 1,045,399	14,131	\$ (23,831)	\$ (7,444)	\$ (496,705)	\$ 517,428

See accompanying notes to the unaudited condensed consolidated financial statements

SPRINKLR, INC.

Condensed Consolidated Statements of Stockholders' Equity

(in thousands)

(unaudited)

	Convertible Preferred Stock		Class A and Class B Common Stock		Common Stock		Additional Paid-in Amount	Treasury Stock		Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Amount			
<b>Balance at July 31, 2021</b>	—	\$ —	269,029	\$ 8	—	—	\$ 947,041	(14,131)	\$ (23,831)	\$ (10)	\$ (377,002)	\$ 546,206
Issuance of common stock upon initial public offering, net of underwriting discounts and issuance costs	—	—	—	—	—	—	19	—	—	—	—	19
Stock-based compensation - equity classified awards	—	—	—	—	—	—	12,403	—	—	—	—	12,403
Exercise of stock options	—	—	486	—	—	—	1,234	—	—	—	—	1,234
Other comprehensive income	—	—	—	—	—	—	—	—	—	5	—	5
Net loss	—	—	—	—	—	—	—	—	—	—	(27,708)	(27,708)
<b>Balance at October 31, 2021</b>	—	\$ —	269,515	\$ 8	—	—	\$ 960,697	(14,131)	\$ (23,831)	\$ (5)	\$ (404,710)	\$ 532,159
	Convertible Preferred Stock		Class A and Class B Common Stock		Common Stock		Additional Paid-in Amount	Treasury Stock		Accumulated Other Comprehensive (Loss) Income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	Amount			
<b>Balance at January 31, 2021</b>	120,903	\$ 424,992	—	\$ —	109,587	\$ 4	\$ 122,061	(14,131)	\$ (23,831)	\$ 787	\$ (330,160)	\$ 193,853
Issuance of common stock upon initial public offering, net of underwriting discounts and issuance costs	—	—	18,288	—	—	—	275,973	—	—	—	—	275,973
Conversion of convertible preferred stock to common stock upon initial public offering	(120,903)	(424,992)	120,903	4	—	—	424,989	—	—	—	—	1
Conversion of Senior subordinated secured convertible notes	—	—	9,694	—	—	—	82,114	—	—	—	—	82,114
Stock-based compensation - equity classified awards	—	—	—	—	—	—	37,668	—	—	—	—	37,668
Reclassification of common stock to class A and class B common stock	—	—	117,176	4	(117,176)	(4)	—	—	—	—	—	—
Exercise of stock options	—	—	1,454	—	7,589	—	17,892	—	—	—	—	17,892
Net exercise of common stock warrants	—	—	230	—	—	—	—	—	—	—	—	—
Issuance of common stock under deferred stock compensation plan	—	—	1,770	—	—	—	—	—	—	—	—	—
Other comprehensive loss	—	—	—	—	—	—	—	—	—	(792)	—	(792)
Net loss	—	—	—	—	—	—	—	—	—	—	(74,550)	(74,550)
<b>Balance at October 31, 2021</b>	—	\$ —	269,515	\$ 8	—	—	\$ 960,697	(14,131)	\$ (23,831)	\$ (5)	\$ (404,710)	\$ 532,159

See accompanying notes to the unaudited condensed consolidated financial statements

**SPRINKLR, INC.**  
**Condensed Consolidated Statements of Cash Flows**  
*(in thousands)*  
*(unaudited)*

	<b>Nine Months Ended October 31,</b>	
	<b>2022</b>	<b>2021</b>
Cash flow from operating activities:		
Net loss	\$ (55,075)	\$ (74,550)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	8,727	5,638
Bad debt expense	1,161	47
Stock-based compensation expense, net of amounts capitalized	39,920	37,953
Non-cash interest paid in kind and discount amortization	—	3,266
Non-cash lease expense	4,759	—
Deferred income taxes	—	1
Other non-cash items, net	(549)	(1,187)
Changes in operating assets and liabilities:		
Accounts receivable	29,358	12,741
Prepaid expenses and other current assets	27,246	(2,395)
Other noncurrent assets	(5,782)	(3,151)
Accounts payable	(1,243)	(5,774)
Operating lease liabilities	(5,448)	—
Accrued expenses and other current liabilities	(625)	16,413
Litigation settlement	(12,000)	—
Deferred revenue	(24,578)	(7,132)
Other liabilities	(1,285)	197
Net cash provided by (used in) operating activities	<u>4,586</u>	<u>(17,933)</u>
Cash flow from investing activities:		
Purchases of marketable securities	(640,173)	(61,758)
Sales of marketable securities	2,838	56,652
Maturities of marketable securities	459,026	197,555
Purchases of property and equipment	(2,923)	(5,197)
Capitalized internal-use software	(7,733)	(4,150)
Acquisitions, net of cash acquired	—	(3,625)
Net cash (used in) provided by investing activities	<u>(188,965)</u>	<u>179,477</u>
Cash flow from financing activities:		
Proceeds from issuance of common stock upon initial public offering, net of underwriting discounts, commissions and other offering costs	—	275,973
Proceeds from issuance of common stock upon exercise of stock options	15,997	17,892
Proceeds from issuance of common stock upon ESPP purchases	6,213	—
Net cash provided by financing activities	<u>22,210</u>	<u>293,865</u>
Effect of exchange rate fluctuations on cash and cash equivalents	(3,232)	(1,060)
Net change in cash and cash equivalents	<u>(165,401)</u>	<u>454,349</u>
Cash and cash equivalents at beginning of period	321,426	68,037
Cash and cash equivalents at end of period	<u>\$ 156,025</u>	<u>\$ 522,386</u>

**SPRINKLR, INC.**  
**Condensed Consolidated Statements of Cash Flows**  
*(in thousands)*  
*(unaudited)*

	<b>Nine Months Ended October 31,</b>	
	<b>2022</b>	<b>2021</b>
Supplemental disclosure of cash flow information		
Cash paid for income taxes, net of refunds	\$ 5,137	\$ 2,525
Supplemental disclosure for non-cash investing and financing		
Net exercise of common stock warrants	—	18
Stock-based compensation expense capitalized in internal-use software	1,898	465
Accrued purchases of property and equipment	92	126
Right of use assets obtained in exchange for operating lease liabilities	5,222	—

See accompanying notes to the unaudited condensed consolidated financial statements

**1. Organization and Description of Business*****Description of Business***

Founded in 2009, Sprinklr, Inc. (the “Company”) provides enterprise cloud software products that enable organizations to do marketing, advertising, research, care, sales and engagement across modern channels including social, messaging, chat and text through its unified Customer Experience Management (“CXM”) software platform.

The Company was incorporated in Delaware in 2011 and is headquartered in New York, New York, USA with 18 operating subsidiaries globally.

**2. Basis of Presentation and Summary of Significant Accounting Policies*****Basis of Presentation and Principles of Consolidation***

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”), and applicable rules and regulations of the Securities and Exchange Commission, (the “SEC”), regarding interim financial reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by U.S. GAAP have been condensed or omitted, and accordingly the balance sheet as of January 31, 2022, and related disclosures, have been derived from the audited consolidated financial statements at that date but do not include all of the information required by U.S. GAAP for complete consolidated financial statements. These unaudited condensed consolidated financial statements have been prepared on the same basis as the Company’s annual consolidated financial statements and, in the opinion of management, reflect all adjustments (consisting only of normal recurring adjustments) that are necessary for the fair presentation of the Company’s condensed consolidated financial information. The results of operations for the three and nine months ended October 31, 2022 are not necessarily indicative of the results to be expected for the year ending January 31, 2023 or for any other interim period or for any other future year.

The accompanying interim unaudited condensed consolidated financial statements and related financial information should be read in conjunction with the audited consolidated financial statements and the related notes thereto for the year ended January 31, 2022 in the Company’s Annual Report on Form 10-K (the “2022 10-K”) filed with the SEC on April 11, 2022.

Other than the adoption of the lease accounting requirements of Accounting Standard Update (“ASU”) 2016-02 *Leases (Topic 842)*, there have been no material changes in the significant accounting policies as described in the Company’s consolidated financial statements for the fiscal year ended January 31, 2022 included in the 2022 10-K.

***Immaterial Corrections to Prior Periods***

In the fourth quarter of fiscal year 2022, the Company identified immaterial corrections to prior periods related to capitalized costs to obtain customer contracts in connection with the adoption of ASC 606, *Revenue from Contracts with Customers* (“ASC 606”), and the ongoing monitoring of costs to obtain customer contracts considered for capitalization. The Company has evaluated the effects of these corrections on the previously issued condensed consolidated financial statements, individually and in aggregate, in accordance with the guidance in ASC Topic 250, *Accounting Changes and Error Corrections*, ASC Topic 250-10-S99-1, *Assessing Materiality*, and ASC Topic 250-10-S99-2, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*. Although the Company has concluded such corrections to be immaterial to its previously issued financial statements, the cumulative effect would be material if corrected in the fourth quarter of fiscal year 2022. Accordingly, the Company has revised the condensed consolidated financial statements for the prior periods presented herein.

A summary of the effect of the corrections on the condensed consolidated statements of operations for the three and nine months ended October 31, 2021 were as follows (in thousands, except per share data):

SPRINKLR, INC.

Notes to Unaudited Condensed Consolidated Financial Statements

	Three Months Ended October 31, 2021			Nine Months Ended October 31, 2021		
	As reported	Corrections	As Adjusted	As reported	Corrections	As Adjusted
Operating expenses:						
Research and development	\$ 16,621	\$ (30)	\$ 16,591	\$ 44,836	\$ (119)	\$ 44,717
Sales and marketing	76,191	(1,493)	74,698	207,079	(2,506)	204,573
Total operating expenses	114,645	(1,523)	113,122	315,279	(2,625)	312,654
Operating loss	(26,289)	1,523	(24,766)	(66,299)	2,625	(63,674)
Loss before provision for income taxes	(27,408)	1,523	(25,885)	(71,043)	2,625	(68,418)
Net loss	(29,231)	1,523	(27,708)	(77,175)	2,625	(74,550)
Net loss per share attributable to Class A and Class B stockholders, basic and diluted	\$ (0.11)	\$ —	\$ (0.11)	\$ (0.44)	\$ 0.01	\$ (0.43)

A summary of the effect of the corrections on the condensed consolidated statements of cash flows for the nine months ended October 31, 2021 were as follows (in thousands):

	Nine Months Ended October 31, 2021		
	As reported	Corrections	As Adjusted
Net loss	(77,175)	2,625	(74,550)
Changes in operating assets and liabilities			
Prepaid expenses and other current assets	(1,104)	(1,291)	(2,395)
Other non-current assets	(1,817)	(1,334)	(3,151)

For all periods in which the Company corrected net loss, the Company made corresponding corrections to net loss and comprehensive loss, in the condensed consolidated statements of comprehensive loss and to net loss, accumulated deficit and total stockholders' equity in the condensed consolidated statements of stockholders' equity.

*Use of Estimates*

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Significant estimates and assumptions made in the accompanying consolidated financial statements include, but are not limited to, common stock valuations and stock-based compensation expense, software costs eligible for capitalization, recoverability of long-lived and intangible assets and the allowance for doubtful accounts. The Company evaluates its estimates and assumptions on an ongoing basis using historical experience and on assumptions that it believes are reasonable and adjusts those estimates and assumptions when facts and circumstances dictate. Actual results could differ materially from those estimates and assumptions.

**Segments**

The Company operates in one operating segment because the Company's offerings operate on its single Customer Experience Management Platform, the Company's products are deployed in a similar way, and the Company's chief operating decision maker evaluates the Company's financial information and assesses the performance of the Company on a consolidated basis. Because the Company operates in one operating segment, all required financial segment information can be found in the consolidated financial statements.

**Leases**

On February 1, 2022, the Company adopted the lease accounting requirements of Accounting Standard Update ("ASU") 2016-02, *Leases (Topic 842)*. Under Topic 842, the Company determines if an arrangement is a lease at inception, and leases are classified at commencement as either operating or finance leases. As of October 31, 2022, the Company did not have any finance leases.

Right-of-use ("ROU") assets and lease liabilities are recognized at commencement based on the present value of the minimum lease payments over the lease term. The Company utilizes certain practical expedients and policy elections available under Topic 842. Leases with an initial term of 12 months or less are not recognized on the balance sheet. Additionally, the Company has elected not to separate lease components from non-lease components for all asset classes. Non-lease components that are not fixed are expensed as incurred as variable lease costs. The Company uses the incremental borrowing rate based on information available at the commencement date in determining the present value of future lease payments. The rate is an estimate of the collateralized borrowing rate the Company would incur on future lease payments over a similar term.

The Company leases facilities under non-cancelable operating lease agreements. Certain of the operating lease agreements contain rent concessions and rent escalations that are included in the present value calculation of minimum lease payments. Topic 842 requires that operating leases recognize expense on a straight-line basis over the lease term. The lease term begins on the date the Company has the right to use the leased property. Lease terms may include options to extend or terminate the lease. These options are included in the ROU asset and lease liability when it is reasonably certain that the option will be exercised. The Company's lease agreements do not contain residual value guarantees or covenants.

Prior to the February 1, 2022 adoption of Topic 842, ROU asset and lease liabilities were not recognized for operating leases. Rent concessions and rent escalation provisions were considered in determining the straight-line rent expense to be recovered over the lease term.

**Concentration of Risk and Significant Customers**

The Company has no significant off-balance sheet risks related to foreign currency exchange contracts, option contracts or other foreign currency hedging arrangements. The Company's financial instruments that are potentially subject to credit risk consist primarily of cash and cash equivalents and accounts receivable. Although the Company deposits its cash with multiple financial institutions, its deposits generally exceed federally insured limits. The Company's accounts receivable are derived from invoiced customers located primarily in North America and Europe. The Company performs periodic credit evaluations of its customers and generally does not require collateral.

No single customer accounted for more than 10% of total revenue in the three or nine months ended October 31, 2022 and 2021.

In addition, the Company relies upon third-party hosted infrastructure partners globally to serve customers and operate certain aspects of its services, such as environments for development testing, training, sales demonstrations, and production usage. Given this, any disruption of or interference at the Company's hosted infrastructure partners would impact the Company's operations and could adversely impact its business.

**Revenue Recognition**

The Company accounts for revenue in accordance with ASC 606. For further discussion of the Company's accounting policies related to revenue, see Note 3, Revenue Recognition.

**Stock-Based Compensation**

The Company accounts for stock-based compensation as an expense in the statements of operations based on the awards' grant date fair values.

## Notes to Unaudited Condensed Consolidated Financial Statements

The Company estimates the fair value of service-based options granted using the Black-Scholes option pricing model. Stock options that include service, performance and market conditions are valued using the Monte-Carlo simulation model. The Black-Scholes option pricing model requires inputs based on certain assumptions, including (a) the fair value per share of the Company's common stock (b) the expected stock price volatility, (c) the calculation of expected term of the award, (d) the risk-free interest rate and (e) expected dividends. A Monte-Carlo simulation is an analytical method used to estimate value by performing a large number of simulations or trial runs and determining a value based on the possible outcomes from these trial runs.

The fair value of stock-based payments is recognized as compensation expense, net of expected forfeitures, over the requisite service period, which is generally the vesting period, with the exception of the fair value of stock-based payments for awards that include service, performance and market conditions which is recognized as compensation expense over the requisite service period as achievement of the performance objective becomes probable.

The Company issued certain performance stock units ("PSUs") that vest upon the satisfaction of time-based service, performance-based and market conditions in prior years. The Company estimates compensation cost based on the grant date fair value and recognize the expense on a graded vesting basis over the vesting period of the award. As the PSUs are subject to a market condition (stock price), the grant date fair value is measured using a Monte Carlo simulation approach, which estimates the fair value of awards based on randomly generated simulated stock-price paths through a lattice-type structure. The performance-based vesting condition was satisfied upon the occurrence of a qualifying event, which was generally defined as a change in control transaction or the effective date of a registration statement of the Company filed under the Securities Act for the sale of the Company's common stock. Upon the effectiveness of the Registration Statement on June 22, 2021, the performance-based vesting condition was satisfied, and therefore, the Company commenced recognition of compensation expense using the accelerated attribution method over the requisite service period.

The Company estimates fair value of its restricted stock units ("RSU") based on the fair value of the underlying common stock, net of estimated forfeitures. Subsequent to the Company's initial public offering ("IPO") in June 2021, the Company determines the fair value using the closing price of its Class A common stock on the date of grant.

**Recently Adopted Accounting Pronouncements**

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, *Leases (Topic 842)*, and additional changes, modifications, clarifications or interpretations related to this guidance thereafter ("ASU 2016-02"). ASU 2016-02 requires a reporting entity to recognize ROU assets and lease liabilities on the balance sheet for operating leases to increase transparency and comparability. Effective February 1, 2022, the Company adopted the standard and elected the package of transition practical expedients that allowed the Company to carry forward prior conclusions related to: (i) whether any expired or existing contracts are or contain leases; (ii) the classification for any expired or existing leases; and (iii) initial direct costs for existing leases. Additionally, the Company elected the practical expedient to not separate lease components from non-lease components for all asset classes. The Company also made an accounting policy election not to record ROU assets or lease liabilities for leases with an initial term of 12 months or less and will recognize payments for such leases in its consolidated statement of operation on a straight-line basis over the lease term. The Company recorded lease liabilities and corresponding ROU assets of approximately \$14 million upon adoption of this standard.

**Recently Issued Accounting Pronouncements Not Yet Adopted**

In June 2016, the FASB issued ASU 2016-13, with subsequent amendments, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). ASU 2016-13 requires immediate recognition of management's estimates of current expected credit losses. ASU 2016-13 is effective for annual reporting periods beginning after December 15, 2022, and interim periods within that fiscal year, with early adoption permitted. The Company expects to adopt this guidance on January 31, 2023 effective February 1, 2022 as the Company will cease to qualify as an "emerging growth company" as of January 31, 2023. There is no material impact to the consolidated financial statements.

**3. Revenue Recognition**

The Company derives its revenues primarily from (i) subscription revenue, which consists of subscription fees from customers accessing the Company's cloud-based software platform and applications, as well as related customer support services; and (ii) professional services revenue, which consists of fees associated with providing services that educate and assist the Company's customers with the configuration and optimization of the Company's software platform and applications. Professional services revenue also includes managed services fees where the Company's consultants work as part of its customers' teams to help leverage the subscription service to execute on their customer experience management goals.

***Contracts with Multiple Performance Obligations***

The Company executes arrangements that include multiple performance obligations (consisting of subscription and professional services). Additionally, the Company is often party to multiple concurrent contracts or contracts pursuant to which a client may purchase a combination of services. These situations require judgment to determine whether the multiple promises are separate performance obligations. Once the Company has determined the performance obligations, the Company determines the transaction price. The Company allocates the transaction price to each performance obligation on a relative standalone selling price (“SSP”) basis. The SSP is the price at which the Company would sell promised subscription or professional services separately to a customer. The determination of SSP for each distinct performance obligation requires judgement. The Company determines SSP based on its overall pricing objective, taking into consideration contractually stated prices, size of the arrangement, market conditions, costs, renewal contracts, list prices, internal discounting tables and other observable and unobservable inputs.

***Costs to Obtain Customer Contracts***

Sales commissions and related expenses are considered incremental and recoverable costs of acquiring customer contracts. These costs are capitalized and amortized on a straight-line basis over the anticipated period of benefit. The Company determines the period of benefit by taking into consideration the length of its customer contracts, customer relationship period, technology lifecycle, and other factors. The Company has historically estimated such period of benefit to be three years. During the first quarter of fiscal 2023, the Company updated the period of benefit, noting that recent customer relationship periods extended to an average period of five years. Accordingly, the Company noted a change in estimate of the amortization period of these costs and will prospectively amortize over a period of benefit of five years. The change in amortization period resulted in an immaterial impact to sales and marketing expense for the three and nine months ended October 31, 2022. Sales commissions paid for renewals are not commensurate with commissions paid on the initial contract given the substantive difference in commission rates in proportion to their respective contract values. Amortization expense is recorded in sales and marketing expense within the Company’s condensed consolidated statement of operations.

Capitalized costs to obtain customer contracts as of October 31, 2022 were \$88.7 million, of which \$40.0 million is included in prepaid expenses and other current assets and \$48.7 million within other non-current assets.

Capitalized costs to obtain customer contracts as of January 31, 2022 were \$83.0 million, of which \$40.7 million is included in prepaid expenses and other current assets and \$42.3 million within other non-current assets.

During the three months ended October 31, 2022 and 2021, the Company amortized \$11.3 million and \$9.0 million, respectively, of costs to obtain customer contracts, included in sales and marketing expense. During the nine months ended October 31, 2022 and 2021, the Company amortized \$33.5 million and \$25.7 million, respectively, of costs to obtain customer contracts, included in sales and marketing expense.

The prior period amounts reflect immaterial corrections related to capitalized costs to obtain customer contracts. Refer to Note 2, Basis of Presentation and Summary of Significant Accounting Policies, for more information regarding immaterial corrections to prior periods.

***Deferred Revenue***

Deferred revenue consists primarily of customer billings made in advance of performance obligations being satisfied and revenue being recognized. The Company recognized revenue of \$131.0 million and \$250.6 million for the three and nine months ended October 31, 2022, respectively, and \$104.4 million and \$194.0 million for the three and nine months ended October 31, 2021, respectively, that was included in the deferred revenue balances at the beginning of the respective periods.

The Company receives payments from customers based on billing schedules as established in its contracts. Contract assets represent amounts for which the Company has recognized revenue in excess of billings pursuant to the revenue recognition guidance. At October 31, 2022 and January 31, 2022, contract assets were \$3.7 million and \$3.2 million, respectively, and were included in prepaid expenses and other current assets.

***Remaining Performance Obligation***

Remaining Performance Obligation (“RPO”) represents contracted revenues that had not yet been recognized and includes deferred revenues and amounts that will be invoiced and recognized in future periods. As of October 31, 2022, the Company’s RPO was \$586.1 million, approximately \$420.2 million of which the Company expects to recognize as revenue over the next 12 months and the remaining balance will be recognized thereafter.

SPRINKLR, INC.

Notes to Unaudited Condensed Consolidated Financial Statements

*Disaggregation of Revenues*

The Company disaggregates its revenue from contracts with customers by geographic location and market, as it believes it best depicts how the nature, amount, timing, and uncertainty of its revenues and cash flows are affected by economic factors. Refer to Note 13, Geographic Information, for revenue by geographic location.

**4. Marketable Securities**

The following is a summary of available-for-sale marketable securities, excluding those securities classified within cash and cash equivalents on the condensed consolidated balance sheets (in thousands):

	<b>October 31, 2022</b>			
	<b>Amortized Cost</b>	<b>Unrealized Gain</b>	<b>Unrealized Losses</b>	<b>Fair value</b>
Corporate bonds	\$ 103,088	\$ —	\$ (490)	\$ 102,598
U.S. government and agency securities	131,327	—	(610)	130,717
Commercial paper	110,482	—	(518)	109,964
Certificate of deposits	45,142	1	(333)	44,810
Marketable securities	<u>\$ 390,039</u>	<u>\$ 1</u>	<u>\$ (1,951)</u>	<u>\$ 388,089</u>

	<b>January 31, 2022</b>			
	<b>Amortized Cost</b>	<b>Unrealized Gain</b>	<b>Unrealized Losses</b>	<b>Fair value</b>
Corporate bonds	\$ 124,639	\$ 1	\$ (163)	\$ 124,477
U.S. government and agency securities	37,725	—	(35)	37,690
Commercial paper	48,818	—	(2)	48,816
Marketable securities	<u>\$ 211,182</u>	<u>\$ 1</u>	<u>\$ (200)</u>	<u>\$ 210,983</u>

As of October 31, 2022 and January 31, 2022, the maturities of available-for-sale marketable securities did not exceed 12 months.

SPRINKLR, INC.

Notes to Unaudited Condensed Consolidated Financial Statements

5. Fair Value Measurements

The following tables present information about the Company's financial assets and liabilities that have been measured at fair value on a recurring basis as of October 31, 2022 and January 31, 2022, and indicate the fair value hierarchy of the valuation inputs utilized to determine such fair value (in thousands):

	October 31, 2022				January 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
<b>Financial Assets:</b>								
Cash Equivalents:								
Money market funds	\$ 70,921	\$ —	\$ —	\$ 70,921	\$ 281,091	\$ —	\$ —	\$ 281,091
Marketable Securities:								
Corporate bonds	—	102,598	—	102,598	—	124,477	—	124,477
U.S. government and agency securities	—	130,717	—	130,717	—	37,690	—	37,690
Commercial paper	—	109,964	—	109,964	—	48,816	—	48,816
Certificate of deposits	—	44,810	—	44,810	—	—	—	—
Total financial assets	\$ 70,921	\$ 388,089	\$ —	\$ 459,010	\$ 281,091	\$ 210,983	\$ —	\$ 492,074

The Company classifies its highly liquid money market funds within Level 1 of the fair value hierarchy because they are valued based on quoted market prices in active markets. The Company classifies its commercial paper, corporate debt securities, U.S. government agencies, certificates of deposit, and U.S. government treasury securities within Level 2 because they are valued using inputs other than quoted prices that are directly or indirectly observable in the market, including readily available pricing sources for the identical underlying security which may not be actively traded.

The Company's primary objective when investing excess cash is preservation of capital, hence the Company's marketable securities consist primarily of U.S. Treasury securities, high credit quality corporate debt securities and commercial paper. The Company has classified and accounted for its marketable securities as available-for-sale securities as it may sell these securities at any time for use in the Company's current operations or for other purposes, even prior to maturity.

The Company regularly reviews the changes to the rating of its debt securities by rating agencies as well as reasonably monitors the surrounding economic conditions to assess the risk of expected credit losses. As of October 31, 2022 and January 31, 2022, there were no securities that were in an unrealized loss position for more than 12 months. The Company has not recorded any impairments, as it believes that any such losses would be immaterial based on the high-grade credit rating for each of its marketable securities as of the end of each period.

6. Balance Sheet Components

*Prepaid Expenses and Other Current Assets*

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

	October 31, 2022	January 31, 2022
Prepaid hosting and data costs	\$ 16,923	\$ 46,513
Prepaid software costs	6,304	5,765
Capitalized commissions costs, current portion	39,996	40,695
Prepaid insurance	2,828	2,118
Contract assets	3,723	3,161
Other	10,783	10,915
Prepaid expenses and other current assets	\$ 80,557	\$ 109,167

**SPRINKLR, INC.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

***Property and Equipment, Net***

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

	<b>October 31, 2022</b>	<b>January 31, 2022</b>
Computer equipment	\$ 15,787	\$ 13,544
Office furniture and other	1,951	1,256
Leasehold improvements	4,146	3,930
Less accumulated depreciation and amortization	(15,162)	(12,433)
Total fixed assets, net	6,722	6,297
Capitalized internal-use software	32,696	23,065
Less accumulated amortization	(18,739)	(14,657)
Total capitalized internal-use software	13,957	8,408
Property and equipment, net	<u>\$ 20,679</u>	<u>\$ 14,705</u>

Depreciation and amortization expense consisted of the following (in thousands):

	<b>Three Months Ended October 31,</b>		<b>Nine Months Ended October 31,</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Depreciation and amortization expense	1,634	1,198	4,646	2,994
Amortization expense for capitalized internal-use software	1,591	876	4,081	2,367

The Company capitalized internal-use software costs, including stock-based compensation, of \$3.7 million and \$1.9 million in the three months ended October 31, 2022 and 2021, respectively, and \$9.6 million and \$4.6 million in the nine months ended October 31, 2022 and 2021, respectively.

**SPRINKLR, INC.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

*Accrued Expenses and Other Current Liabilities*

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

	<b>October 31, 2022</b>	<b>January 31, 2022</b>
Bonuses	\$ 16,686	\$ 22,622
Commissions	14,886	16,496
Employee liabilities <sup>(1)</sup>	21,548	21,668
Accrued litigation settlement <sup>(2)</sup>	—	12,000
Purchased media costs <sup>(3)</sup>	3,181	3,227
Accrued sales and use tax liability	6,324	6,935
Accrued income taxes	5,003	2,559
Professional services	1,270	1,062
Other	19,471	13,651
	<u>\$ 88,369</u>	<u>\$ 100,220</u>

<sup>(1)</sup>Includes \$3.8 million and \$2.3 million of accrued employee contributions under the Company's 2021 Employee Stock Purchase Plan ("ESPP") at October 31, 2022 and January 31, 2022, respectively.

<sup>(2)</sup>On February 25, 2022, the Company and Opal Labs Inc. ("Opal") agreed to settle all outstanding claims with respect to Opal's complaints alleging breach of contract and violation of Oregon's Uniform Trade Secrets Acts, among other claims.

<sup>(3)</sup>Purchased media costs consist of amounts owed to the Company's vendors for the purchase of advertising space on behalf of its customers.

**SPRINKLR, INC.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**7. Leases**

The Company has operating leases for corporate offices under non-cancelable operating leases with various expiration dates. There are no finance leases.

The components of lease expense were as follows (in thousands):

	<b>Three Months Ended October 31, 2022</b>	<b>Nine Months Ended October 31, 2022</b>
Operating lease cost	\$ 2,047	\$ 5,777
Variable lease cost	6	18
Short-term lease cost	168	534
Total lease cost	<u>\$ 2,221</u>	<u>\$ 6,329</u>

The weighted average remaining lease term and discount rate were as follows:

	<b>October 31, 2022</b>
Weighted average remaining lease term	2.6 years
Weighted average discount rate	11.7 %

The maturities of lease liabilities under non-cancelable operating leases, net of lease incentives, was as follows (in thousands):

	<b>October 31, 2022</b>
Remainder of 2023	\$ 1,716
2024	7,805
2025	3,511
2026	2,429
2027	1,208
Thereafter	—
Total minimum lease payments	<u>16,669</u>
Less: imputed interest	<u>(2,375)</u>
Total	<u>\$ 14,294</u>

Rent expense for operating leases for the three and nine months ended October 31, 2021, which were accounted for under ASC 840, *Leases* (“ASC 840”), was \$2.2 million and \$5.5 million, respectively.

As previously disclosed in the Company's consolidated financial statements as of and for the year ended January 31, 2022 and under the previous lease accounting standard, future minimum lease payments under non-cancelable operating leases were as follows (in thousands):

<b>Fiscal year ended January 31,</b>	
2023	\$ 9,676
2024	8,036
2025	3,165
2026	2,034
2027 and thereafter	1,726
Total	<u>\$ 24,637</u>

**8. Credit Agreement**

The Company maintains a credit agreement with Silicon Valley Bank (as amended from time to time, the “SVB Credit Facility”). Under the terms of the SVB Credit Facility, the Company can borrow up to \$50.0 million on its revolving credit loan facility on its revolving credit loan facility at the higher of prime interest rate plus 0.25% or federal funds effective rate plus 0.50% plus 0.25%. The SVB Credit Facility, which expires on December 19, 2022, requires the Company to maintain certain monthly adjusted quick ratio and quarterly minimum consolidated adjusted earnings before income taxes, depreciation and amortization. As of October 31, 2022 and January 31, 2022, the Company had no amounts outstanding under the SVB Credit Facility.

**9. Commitments and Contingencies***Letters of Credit*

As of October 31, 2022 and January 31, 2022, the Company had an aggregate availability of \$1.3 million and \$0.7 million, respectively, under letters of credit primarily related to one of its leases. These letters of credit have not been drawn down as of October 31, 2022.

*Legal Matters*

From time to time, the Company, various subsidiaries, and certain current and former officers may be named as defendants in various lawsuits, claims, investigations and proceedings arising from the normal course of business. The Company also may become involved with contract issues and disputes with customers. With respect to litigation in general, based on the Company’s experience, management believes that the amount of damages claimed in a case are not a meaningful indicator of the potential liability. Claims, suits, investigations and proceedings are inherently uncertain and it is not possible to predict the ultimate outcome of cases. The Company believes that it has valid defenses with respect to the legal matters pending against the Company and intends to vigorously contest each of them.

The Company makes a provision for a liability relating to legal matters when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These provisions are reviewed at least quarterly and adjusted to reflect the impacts of negotiations, estimated settlements, legal rulings, advice of legal counsel and other information and events pertaining to a particular matter. In management’s opinion, resolution of all current matters is not expected to have a material adverse impact on the Company’s condensed consolidated results of operations, cash flows or financial position. However, if an unfavorable ruling were to occur in any specific period, there exists the possibility of a material adverse impact on the results of operations for that period. At October 31, 2022, the Company had no provision for liability under existing litigation.

**SPRINKLR, INC.**  
**Notes to Unaudited Condensed Consolidated Financial Statements**

**10. Stock-Based Compensation**

*Summary of Stock Option Activity*

A summary of the Company's stock option activity for the Plan for the three and nine months ended October 31, 2022 is as follows:

	Number of stock options	Weighted average exercise price	Weighted average remaining contractual life
	(in thousands)		(in years)
Outstanding as of January 31, 2022	44,355	6.23	7.8
Exercised	(3,429)	4.66	
Cancelled/forfeited	(4,881)	8.27	
Expired	(12)	4.24	
Outstanding as of October 31, 2022	36,033	6.10	6.9
Exercisable as of October 31, 2022	24,609	\$ 5.39	6.5
Vested and expected to vest as of October 31, 2022	33,439	\$ 5.87	6.8

*Restricted Stock Units*

A summary of the Company's RSU award activity was as follows:

	Number of restricted shares	Weighted Average Grant Date Fair Value
	(in thousands)	
Outstanding as of January 31, 2022	1,730	\$ 14.67
Granted	8,770	12.47
Released	(296)	14.04
Cancelled/forfeited	(1,002)	13.94
Outstanding as of October 31, 2022	9,202	\$ 12.69

*Stock-Based Compensation Expense*

Stock-based compensation expense included in operating results was allocated as follows (in thousands):

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2022	2021	2022	2021
Costs of subscription	\$ 282	\$ 589	\$ 1,079	\$ 1,411
Costs of professional services	368	889	1,770	1,911
Research and development	2,204	2,186	7,700	4,915
Sales and marketing	5,071	4,997	18,736	13,963
General and administrative	3,284	3,760	10,635	15,753
Stock-based compensation, net of amounts capitalized	11,209	12,421	39,920	37,953
Capitalized stock-based compensation	1,023	232	1,898	465
Total stock-based compensation	\$ 12,232	\$ 12,653	\$ 41,818	\$ 38,418

SPRINKLR, INC.

Notes to Unaudited Condensed Consolidated Financial Statements

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2022	2021	2022	2021
Equity classified awards	\$ 11,982	\$ 12,403	\$ 41,068	\$ 37,668
Other awards <sup>(1)</sup>	250	250	750	750
	\$ 12,232	\$ 12,653	\$ 41,818	\$ 38,418

<sup>(1)</sup> Nonemployee grant recorded over five years, representing the same period and in the same manner as if the grantor had paid cash for the services instead of paying with or using the share-based payment award.

**Employee Stock Purchase Plan**

During the second quarter of fiscal year 2023, the fair market value of the Company's stock on the purchase date, June 15, 2022, was lower than the fair market value of the Company's stock on the offering date. As a result, the offering period was reset and the new lower price became the new offering price for a new 12 months offering period. This reset was treated as a modification resulting in incremental charges totaling \$3.7 million, which will be recognized over the remaining requisite service period.

As of October 31, 2022, total unrecognized compensation cost related to unvested awards not yet recognized under all equity compensation plans, adjusted for estimated forfeitures, was as follows:

	October 31, 2022	
	Unrecognized expense (in thousands)	Weighted average expense recognition period (in years)
Stock options	\$ 24,174	2.2
Performance share units	1,526	2.3
Restricted stock units	54,660	3.4
ESPP	2,417	0.7

**11. Net Loss Per Share**

Prior to the Company's IPO in June 2021, the Company computed net loss per share using the two-class method required for participating securities. The two-class method required income available to ordinary stockholders for the period to be allocated between ordinary shares and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed. The Company considered its convertible preferred shares to be participating securities, as the holders of the convertible preferred shares were entitled to dividends that would be distributed to the holders of ordinary shares on a pro-rata basis assuming conversion of all convertible preferred shares into ordinary shares. These participating securities did not contractually require the holders of such shares to participate in the Company's losses. As such, net loss was not allocated to the Company's participating securities.

Basic loss per share is computed by dividing net loss attributable to common stockholders (the numerator) by the weighted-average number of common shares outstanding (the denominator) for the period. In periods when the Company had income, the Company calculated basic earnings per share using the two-class method, if required, pursuant to ASC 260, *Earnings Per Share*. The two-class method was required effective with the issuance of convertible preferred stock in the past because this class of stock qualified as a participating security, giving the holder the right to receive dividends should dividends be declared on common stock. Under the two-class method, earnings for a period were allocated on a pro rata basis to the common stockholders and to the holders of convertible preferred stock based on the weighted average number of common shares outstanding and number of shares that could be issued upon conversion. In periods of losses, diluted loss per share is computed on the same basis as basic loss per share as the inclusion of any other potential shares outstanding would be anti-dilutive.

Following the Company's IPO in June 2021, the Company has two classes of common stock: Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting, conversion and transfer rights. All shares of the Company's capital stock outstanding immediately prior to the Company's IPO, including all shares held by executive officers, directors and their respective affiliates, and all shares issuable

SPRINKLR, INC.

Notes to Unaudited Condensed Consolidated Financial Statements

on the conversion of outstanding convertible preferred stock, were converted into shares of the Company's Class B common stock immediately prior to the completion of the offering. As the liquidation and dividend rights are identical, the undistributed earnings are allocated on a proportionate basis to each class of common stock and the resulting basic and diluted net loss per share attributable to common stockholders are, therefore, the same for both Class A and Class B common stock on both an individual and combined basis.

The following table sets forth the computation of basic and diluted net loss per share (in thousands, except per share amounts):

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2022	2021	2022	2021
<b>Net loss per share - basic and diluted:</b>				
Numerator:				
Net loss attributable to Sprinklr for basic net loss per share	\$ (5,860)	\$ (27,708)	\$ (55,075)	\$ (74,550)
Denominator:				
Weighted-average shares outstanding used in computing net loss per share attributable to Class A and Class B common stockholders - basic and diluted	260,285	255,195	258,677	174,497
<b>Net loss per common share attributable to Class A and Class B common stockholders - basic and diluted</b>	<b>\$ (0.02)</b>	<b>\$ (0.11)</b>	<b>\$ (0.21)</b>	<b>\$ (0.43)</b>

Potentially dilutive securities that were not included in the diluted per share calculations because they would be anti-dilutive were as follows (in thousands):

	2022	2021
Options to purchase common stock	36,033	45,767
Performance share units	2,295	3,175
Restricted stock units	9,202	765
ESPP	409	293
Warrants to purchase common stock	2,500	2,500
Total shares excluded from net loss per share	<u>50,439</u>	<u>52,500</u>

## 12. Income Taxes

The Company computes its year-to-date provision for income taxes by applying the estimated annual effective tax rate to year-to-date pretax income or loss and adjusts the provision for discrete tax items recorded in the period. During the three months ended October 31, 2022 and 2021, the Company recorded an income tax expense of \$2.4 million and \$1.8 million, respectively, and income tax expense of \$7.0 million and \$6.1 million for the nine months ended October 31, 2022 and 2021, respectively.

The Company's effective tax rate generally differs from the U.S. federal statutory tax rate primarily due to a full valuation allowance related to the Company's U.S. deferred tax assets, partially offset by state taxes and the foreign tax rate differential on non-U.S. income.

The Company regularly evaluates the realizability of its deferred tax assets and establishes a valuation allowance if it is more likely than not that some or all the deferred tax assets will not be realized. In making such a determination, the Company considers all available positive and negative evidence. As of October 31, 2022, the Company continues to maintain a full valuation allowance against the deferred tax assets for the U.S. and certain international entities.

During the three and nine months ended October 31, 2022, the Company recorded a \$0.1 million and \$0.3 million reserve, respectively, related to unrecognized tax benefits.

The Inflation Reduction Act of 2022 ("IRA") was signed into law on August 16, 2022. The bill was meant to address the high inflation rate in the U.S. through various climate, energy, healthcare, and other incentives. These incentives are meant to be paid

**SPRINKLR, INC.**

**Notes to Unaudited Condensed Consolidated Financial Statements**

for by the tax provisions included in the IRA, such as a new 15 percent corporate minimum tax, a new 1 percent excise tax on stock buybacks, additional IRS funding to improve taxpayer compliance, and other items. At this time, none of the IRA tax provisions are expected to have a material impact to the Company's fiscal 2023 tax provision. The Company will continue to monitor for updates to the Company's business along with guidance issued with respect to the IRA to determine whether any adjustments are needed to the Company's tax provision in future periods.

**13. Geographic Information**

The Company operates in one segment. The Company's products and services are sold throughout the world. The Company's chief operating decision maker (the "CODM") is the chief executive officer. The CODM makes operating performance assessment and resource allocation decisions on a global basis. The CODM does not receive discrete financial information about asset allocation, expense allocation or profitability by product or geography.

The following table summarizes the revenue by region based on the shipping address of customers who have contracted to use the cloudbased software platform (in thousands):

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2022	2021	2022	2021
Americas	\$ 104,932	\$ 80,333	\$ 295,288	\$ 226,573
EMEA	43,647	35,406	127,099	99,838
Other	8,672	11,317	30,472	30,317
	\$ 157,251	\$ 127,056	\$ 452,859	\$ 356,728

The United States was the only country that represented more than 10% of the Company's revenues. The following table represents the revenue in the United States for the three and nine months ended October 31, 2022 and 2021.

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2022	2021	2022	2021
United States	\$ 99,844	\$ 75,351	\$ 278,352	\$ 212,253

Long-lived assets by geographical region are based on the location of the legal entity that owns the assets. As of October 31, 2022 and January 31, 2022, long lived assets by geographic region were as follows (in thousands):

	October 31,		January 31,	
	2022	2022	2022	2022
Americas <sup>(1)</sup>	\$ 15,975	\$ 10,472		
EMEA	943	1,551		
Other	3,761	2,682		
	\$ 20,679	\$ 14,705		

<sup>(1)</sup> Includes \$15.8 million and \$10.2 million of fixed assets held in the United States at October 31, 2022 and January 31, 2022, respectively.

**14. Related Party Transactions**

The Company engaged Lyeart Inc. ("Lyeart"), a learning management system company that is wholly owned by Ragy Thomas, our Founder, Chairman and Chief Executive Officer, in connection with the provision of digital training services to the Company's employees and certain Sprinklr customers. The Company has paid approximately \$0.1 million and \$0.1 million to Lyeart in connection with the digital training services provided to a customer for the three and nine months ended October 31, 2022, respectively. The Company paid approximately \$0.1 million and \$0.1 million to Lyeart in connection with the digital training services provided to its employees during the three and nine months ended October 31, 2021, respectively.

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

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and related notes included elsewhere in this Quarterly Report on Form 10-Q (this "Form 10-Q"), and our audited consolidated financial statements and the related notes included in our Annual Report on Form 10-K for the fiscal year ended January 31, 2022 (the "2022 10-K"), filed with the Securities and Exchange Commission (the "SEC") on April 11, 2022. This discussion, particularly information with respect to our future results of operations or financial condition, business strategy and plans and objectives of management for future operations, includes forward-looking statements that involve risks and uncertainties as described under the heading "Special Note Regarding Forward-Looking Statements" in this Form 10-Q. You should review the disclosure under the heading "Risk Factors" in this Form 10-Q for a discussion of important factors that could cause our actual results to differ materially from those anticipated in these forward-looking statements.*

### Overview

Sprinklr empowers the world's largest and most loved brands to make their customers happier.

We do this with a new category of enterprise software – Unified Customer Experience Management ("Unified-CXM") – that enables every customer-facing function across the front office, from Customer Care to Marketing, to collaborate across internal silos, communicate across digital channels, and leverage a complete suite of modern capabilities to deliver better, more human customer experiences at scale – all on one unified, AI-powered platform.

Our Unified-CXM platform utilizes an architecture purpose-built for managing CXM data and is powered by proprietary AI, collaborative workflow, seamless automation, broad-based listening, and customer-led governance to help enterprises analyze massive amounts of unstructured and structured data.

We generate revenue from the sale of subscriptions to our Unified-CXM platform and related professional services. Our platform includes products that are licensed on a per-user basis as well as products that are licensed based on different tiers of volume.

We believe that our Unified-CXM platform is highly effective for organizations of all sizes, and we have a highly diverse group of customers across a broad array of industries and geographies. We focus primarily on selling our platform to large global enterprises, as we believe that we have significant competitive advantages attracting and serving such organizations given their complex needs and the broad capabilities our platform offers.

Our customers include global enterprises across a broad array of industries and geographies, as well as marketing agencies and government departments along with non-profit and educational institutions. Our customers are located in over 60 countries and use our AI powered CXM platform which recognizes over 50 languages. We define our large customers as customers with greater than or equal to \$1.0 million in subscription revenue on a trailing 12-month basis, as of the period presented. As of October 31, 2022, we had 107 large customers compared to 80 as of October 31, 2021.

### Key Business Metrics

We review a number of operating and financial metrics, including the following key metrics, to evaluate our business, measure our performance, identify trends affecting our business, formulate business plans and make strategic decision.

#### *RPO and cRPO*

Remaining Performance Obligation ("RPO") represents contracted revenue that have not yet been recognized and includes deferred revenue and amounts that will be invoiced and recognized in future periods. Current RPO ("cRPO") represents contracted revenue that have not yet been recognized and includes deferred revenue and amounts that will be invoiced and recognized in the next 12 months. The aggregate transaction price of RPO expected to be recognized as revenue was \$586.1 million and \$459.4 million as of October 31, 2022 and 2021, respectively. The aggregate transaction price of cRPO expected to be recognized as revenue in the next 12 months was \$420.2 million and \$329.6 million as of October 31, 2022 and 2021, respectively.

#### *Net Dollar Expansion Rate*

We believe that net dollar expansion rate ("NDE") is an indicator of the value that our platform delivers to customers. We calculate NDE to measure our ability to retain and expand subscription revenue from our existing customers. NDE compares our subscription revenue from the same set of customers across comparable periods and reflects customer renewals, expansion, contraction and churn. We calculate NDE by dividing (i) subscription revenue in the trailing 12-month period from those customers who were on our platform during the prior 12-month period by (ii) subscription revenue from the same customers in the prior 12-month period. Our net

dollar expansion rate, on a trailing 12-month basis, was 125% and 117% for the 12-month periods ending October 31, 2022 and 2021, respectively.

### **Macroeconomic Considerations**

Unfavorable conditions in the economy both in the United States and abroad may negatively affect the growth of our business and our results of operations. For example, macroeconomic events, including the COVID-19 pandemic, rising inflation, the U.S. Federal Reserve raising interest rates and the Russia-Ukraine war, have led to economic uncertainty globally. Historically, during periods of economic uncertainty and downturns, businesses may slow spending on information technology, which may impact our business and our customers' businesses.

To the extent possible throughout the COVID-19 pandemic, we conducted business as usual, with necessary or advisable modifications to employee travel and employee work locations and canceling or holding virtually any Sprinklr marketing events. Since the end of the quarter ended April 30, 2022, we have continued to increase our office activity, such as in-person meetings, events, and travel in compliance with applicable government orders and guidelines. As we continue to increase office activity globally, increase travel, participate in and hold more in-person meetings and events, continue hiring and increase capital expenditures for additional office space, our costs and expenses may increase and our margins may decrease in future quarters.

The effect of macroeconomic conditions may not be fully reflected in our results of operations until future periods. If, however, economic uncertainty increases or the global economy worsens, our business, financial condition and results of operations may be harmed. For further discussion of the potential impacts of macroeconomic events on our business, financial condition, and operating results, see "Risk Factors" included in Part II, Item 1A of this Quarterly Report on Form 10-Q and Part I, Item 1A of our most recent Annual Report on Form 10-K.

### **Components of Results of Operations**

#### ***Revenue***

We generate revenue from the sale of subscriptions to our Unified-CXM cloud-based software platform and related professional services.

Subscription revenue consists primarily of fees from customers accessing our proprietary Unified-CXM platform, as well as related support services. Subscription revenue is generally recognized ratably over the related contract term beginning on the commencement date of each contract, which is generally the date our service is made available to customers. Our subscriptions typically have a term of one to three years with an average term of approximately 18 months. We generally invoice our customers in annual installments at the beginning of each year in the subscription period. Historically, we have experienced seasonality in our sales cycle, as a large percentage of our customers make their purchases in the fourth quarter of a given fiscal year and pay us in the first quarter of the subsequent year. This seasonality may be reflected to a much lesser extent, and sometimes may not be immediately apparent, in our revenue, due to the fact that we recognize subscription revenue over the term of the applicable subscription agreement.

Professional services revenue consists of fees associated with providing services that assist our customers with the configuration and optimization of our Unified-CXM software. These fees also include managed services fees where our consultants work as part of our customers' teams to help leverage the subscription services to execute on their customer experience management goals and enablement services, which consist of initial design, configuration and education services.

#### ***Costs of Revenue***

##### *Costs of Subscription Revenue*

Costs of subscription revenue consists primarily of costs to host our software platform, data costs, including cost of third-party data utilized in our platform, personnel-related expenses for our subscription and support operations personnel, including salaries, benefits, bonuses, and stock-based compensation professional fees, software costs, travel expenses, the amortization of our capitalized internal-use software and allocated overhead expenses, including facilities costs for our subscription and support operations. We expect that costs of subscription revenue will increase in absolute dollars as we expand our customer base and make continued investments in our cloud infrastructure and support organization.

##### *Costs of Professional Services Revenue*

Costs of professional services revenue consists primarily of personnel-related expenses for our professional services personnel, professional fees, software costs, subcontractor costs, travel expenses and allocated overhead expenses, including facilities costs, for our professional services organization. We expect that our costs of professional services revenue will increase in absolute dollars as we expand our customer base.

### ***Gross Profit and Gross Margin***

Gross profit is total revenue less total costs of revenue. Gross margin is gross profit expressed as a percentage of total revenue. We expect that gross profit and gross margin will continue to be affected by various factors, including our pricing, our mix of revenues and the costs required to deliver those revenues.

Our gross margin on subscription revenue is significantly higher than our gross margin on professional services revenue, so our gross margin may vary from period to period if our mix of revenue or costs of revenue fluctuates. In addition, because personnel-related expenses represent the largest component in costs of professional services revenue, we may experience changes in our professional services gross margin due to the timing of delivery of those services. We expect that our gross margin may vary from period to period and increase modestly in the long term. The level and timing of investment in our professional services business could affect our costs of revenue in the future and cause our gross margin to fluctuate.

### ***Operating Expenses***

Our operating expenses consist of research and development, sales and marketing, and general and administrative expenses.

#### *Research and Development Expenses*

Research and development expenses consist primarily of costs relating to the maintenance, continued development and enhancement of our cloud-based software platform and include personnel-related expenses for our research and development organization, professional fees, travel expenses and allocated overhead expenses, including facilities costs. Research and development expenses are expensed as incurred, except for internal-use software development costs that qualify for capitalization. We expect research and development expenses to increase in absolute dollars as we continue to invest in enhancing and expanding the capabilities of our Unified-CXM platform.

#### *Sales and Marketing Expenses*

Sales and marketing expenses consist primarily of personnel-related expenses for our sales and marketing organization, professional fees, software costs, advertising, marketing, promotional and brand awareness activities, travel expenses and allocated overhead expense, including facilities costs. Sales commissions earned by our sales force are considered incremental and recoverable costs of obtaining a contract with a customer and are deferred and amortized on a straight-line basis over the expected period of benefit. We intend to continue to invest in sales and marketing to help drive the growth of our business. During the short term, we expect travel expenses to remain lower than our historical norms as we focus our marketing and sales activities on virtual platforms. However, we expect that our sales and marketing expenses will increase in absolute dollars as we continue to invest in sales and marketing activities to acquire new customers and increase sales to existing customers. In the long term, we expect that sales and marketing expenses will decline as a percentage of revenue.

#### *General and Administrative Expenses*

General and administrative expenses include personnel costs associated with administrative services, such as legal, human resources, information technology, accounting, and finance functions, as well as professional fees, software costs, travel expenses and allocated overhead expense, including facilities costs and any corporate overhead expenses not allocated to other expense categories.

We expect our general and administrative expenses to increase in absolute dollars as we continue to grow our business. We also anticipate that we will incur additional costs for employees and third-party consulting services as we operate as a public company, including as a result of our loss of “emerging growth company” status, which may cause our general and administrative expenses to fluctuate as a percentage of revenue from period to period.

### ***Other Income (Expense), Net***

Other income (expense), net, consists of interest expense, interest income on invested cash and cash equivalents and marketable securities, foreign currency transaction gains and losses and other expenses and gains.

*Provision for Income Taxes*

Provision for income taxes consists primarily of income taxes related to foreign and U.S. jurisdictions in which we conduct business. Our annual estimated effective tax rate differed from the U.S. federal statutory rate primarily due to a full valuation allowance related to our U.S. deferred tax assets, partially offset by U.S. current state taxes and foreign tax rate differential on non-U.S. income.

### Results of Operations

Our historical results have been retroactively revised to reflect immaterial corrections related to capitalized costs to obtain customer contracts. These revisions ensure comparability across all periods reflected herein. Refer to Note 2, Basis of Presentation and Summary of Significant Accounting Policies, included elsewhere in this Form 10-Q for more information regarding immaterial corrections to prior periods.

The following table sets forth our condensed consolidated statements of operations data for the periods indicated.

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2022	2021	2022	2021
Revenue:				
Subscription	\$ 139,906	\$ 109,941	\$ 400,301	\$ 310,020
Professional services	17,345	17,115	52,558	46,708
Total revenue:	157,251	127,056	452,859	356,728
Costs of revenue:				
Costs of subscription <sup>(1)</sup>	26,249	22,835	76,759	66,228
Costs of professional services <sup>(1)</sup>	14,271	15,865	47,641	41,520
Total costs of revenue	40,520	38,700	124,400	107,748
Gross profit	116,731	88,356	328,459	248,980
Operating expenses:				
Research and development <sup>(1)</sup>	19,208	16,591	56,531	44,717
Sales and marketing <sup>(1)(2)</sup>	79,538	74,698	253,418	204,573
General and administrative <sup>(1)</sup>	22,588	21,833	67,916	63,364
Total operating expenses	121,334	113,122	377,865	312,654
Operating loss	(4,603)	(24,766)	(49,406)	(63,674)
Other income (expense), net	1,093	(1,119)	1,304	(4,744)
Loss before provision for income taxes	(3,510)	(25,885)	(48,102)	(68,418)
Provision for income taxes	2,350	1,823	6,973	6,132
Net loss	<u>\$ (5,860)</u>	<u>\$ (27,708)</u>	<u>\$ (55,075)</u>	<u>\$ (74,550)</u>

(1) Includes stock-based compensation expense, net of amounts capitalized, as follows:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2022	2021	2022	2021
Costs of subscription	\$ 282	\$ 589	\$ 1,079	\$ 1,411
Costs of professional services	368	889	1,770	1,911
Research and development	2,204	2,186	7,700	4,915
Sales and marketing	5,071	4,997	18,736	13,963
General and administrative	3,284	3,760	10,635	15,753
Stock-based compensation expense, net of amounts capitalized	\$ 11,209	\$ 12,421	\$ 39,920	\$ 37,953

(2) Includes amortization of acquired intangible assets as follows:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2022	2021	2022	2021
Sales and marketing	\$ 133	\$ 116	\$ 399	\$ 280
Total amortization of acquired intangible assets	\$ 133	\$ 116	\$ 399	\$ 280

The following table sets forth our condensed consolidated statements of operations data expressed as a percentage of total revenue:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2022	2021	2022	2021
Revenue:				
Subscription	89 %	87 %	88 %	87 %
Professional services	11 %	13 %	12 %	13 %
Total revenue:	100 %	100 %	100 %	100 %
Costs of revenue:				
Costs of subscription	17 %	18 %	17 %	19 %
Costs of professional services	9 %	12 %	11 %	12 %
Total costs of revenue	26 %	30 %	27 %	30 %
Operating expenses:				
Research and development	12 %	13 %	12 %	13 %
Sales and marketing	51 %	59 %	56 %	57 %
General and administrative	14 %	17 %	15 %	18 %
Total operating expenses	77 %	89 %	83 %	88 %
Operating loss	(3)%	(19)%	(11)%	(18)%
Other income (expense), net	1 %	(1)%	0 %	(1)%
Loss before provision for income taxes	(2)%	(20)%	(11)%	(19)%
Provision for income taxes	1 %	1 %	2 %	2 %
Net loss	(4)%	(22)%	(12)%	(21)%

## Comparison of the Three Months Ended October 31, 2022 and 2021

### Revenue

	Three Months Ended October 31,		Change	
	2022	2021		
	(dollars in thousands)			
Subscription	\$ 139,906	\$ 109,941	\$ 29,965	27 %
Professional services	17,345	17,115	230	1 %
Total revenue:	\$ 157,251	\$ 127,056	\$ 30,195	24 %

The increase in subscription revenue for the three months ended October 31, 2022, compared to the three months ended October 31, 2021, was due primarily to a continued increase in demand for our solutions from new customers and an increase in revenue from existing customers driven by the purchase of additional quantities of current subscription solutions and the purchase of additional solutions within our platform.

The increase in professional services revenue for the three months ended October 31, 2022, compared to the three months ended October 31, 2021, was primarily due to an increase in implementation and managed services performed in the three months ended October 31, 2022 compared to the prior year period.

### Costs of Revenue and Gross Margin

	Three Months Ended October 31,		Change	
	2022	2021		
	(dollars in thousands)			
Costs of subscription revenue	\$ 26,249	\$ 22,835	\$ 3,414	15 %
Costs of professional services revenue	14,271	15,865	(1,594)	(10)%
Total costs of revenue	\$ 40,520	\$ 38,700	\$ 1,820	5 %
Gross margin - subscription	81 %	79 %		
Gross margin - professional services	18 %	7 %		

The increase in costs of subscription revenue was primarily due to higher costs related to third-party cloud infrastructure necessary to meet our increased customer demand, which included a \$3.3 million increase in the cost to host our software platform.

Our subscription gross margin increased by 2 percentage points in the three months ended October 31, 2022, compared to the three months ended October 31, 2021, primarily as a result of increased revenue.

The decrease in cost of professional services revenue was due primarily to \$1.2 million decrease in personnel costs and a reduction in subcontractor expenses of \$0.4 million during the three months ended October 31, 2022 relative to the prior period. The increase in professional services revenue relative to the decrease in cost of professional services resulted in a 11 percentage point increase in professional services gross margin. We expect that our gross margin will vary from period to period.

### Research and Development Expense

	Three Months Ended October 31,		Change	
	2022	2021		
	(dollars in thousands)			
Research and development	\$ 19,208	\$ 16,591	\$ 2,617	16 %
% of revenue	12 %	13 %		

The increase was primarily due to a \$1.9 million increase in research and development personnel costs primarily due to an increase in headcount of research and development employees as we continue to add to and enhance our product and a \$0.5 million increase in travel-related costs due to an increase in office activity, including in-person meetings.

**Sales and Marketing Expense**

	Three Months Ended October 31,		Change
	2022	2021	
	(dollars in thousands)		
Sales and marketing	\$ 79,538	\$ 74,698	\$ 4,840
% of revenue	51 %	59 %	6 %

The increase was primarily due to a \$3.5 million increase in personnel costs primarily due to increased headcount of sales and marketing employees to support growth, a \$1.9 million increase in travel-related costs due to an increase in office activity, including in-person meetings, and a \$1.4 million increase in commissions expense associated with an increase in customer contracts and revenue growth. These increases were partially offset by a \$1.6 million decrease in marketing expenses and a \$0.5 million decrease in recruiting-related costs.

**General and Administrative Expense**

	Three Months Ended October 31,		Change
	2022	2021	
	(dollars in thousands)		
General and administrative	\$ 22,588	\$ 21,833	\$ 755
% of revenue	15 %	18 %	3 %

The increase was primarily due to a \$0.9 million increase in general and administrative employee personnel costs due to increased headcount to support growth.

**Other Income (Expense), Net**

	Three Months Ended October 31,		Change
	2022	2021	
	(dollars in thousands)		
Other income (expense), net	\$ 1,093	\$ (1,119)	\$ (2,212)
% of revenue	1 %	(1)%	(198)%

The increase in other income (expense), net was primarily attributable to a \$2.3 million increase in interest income from our invested cash equivalents and marketable securities.

**Provision for Income Taxes**

	Three Months Ended October 31,		Change
	2022	2021	
	(dollars in thousands)		
Provision for income taxes	\$ 2,350	\$ 1,823	\$ 527
% of revenue	1 %	1 %	29 %

The increase in the income tax expense for three months ended October 31, 2022, compared to the three months ended October 31, 2021, was primarily related to higher profitability in our non-U.S. subsidiaries.

## Comparison of the Nine Months Ended October 31, 2022 and 2021

### Revenue

	Nine Months Ended October 31,		Change
	2022	2021	
	(dollars in thousands)		
Subscription	\$ 400,301	\$ 310,020	\$ 90,281 29 %
Professional services	52,558	46,708	5,850 13 %
Total revenue:	\$ 452,859	\$ 356,728	\$ 96,131 27 %

The increase in subscription revenue for the nine months ended October 31, 2022, compared to the nine months ended October 31, 2021, was due primarily to increased demand for our solutions from new customers and an increase in revenue from existing customers driven by the purchase of additional quantities of current subscription solutions and the purchase of additional solutions within our platform.

The increase in professional services revenue for the nine months ended October 31, 2022, compared to the nine months ended October 31, 2021, was primarily due to an increase in implementation and managed services performed in the nine months ended October 31, 2022 compared to the prior year period.

### Costs of Revenue and Gross Margin

	Nine Months Ended October 31,		Change
	2022	2021	
	(dollars in thousands)		
Costs of subscription revenue	\$ 76,759	\$ 66,228	\$ 10,531 16 %
Costs of professional services revenue	47,641	41,520	6,121 15 %
Total costs of revenue	\$ 124,400	\$ 107,748	\$ 16,652 15 %
Gross margin - subscription	81 %	79 %	
Gross margin - professional services	9 %	11 %	

The increase in costs of subscription revenue was due primarily to an \$8.9 million increase in the costs to host our software platform related to third-party cloud infrastructure necessary to meet our increased customer demand and a \$1.7 million increase in amortization of capitalized internal-use software.

Our subscription gross margin increased by 2 percentage points in the nine months ended October 31, 2022, compared to the nine months ended October 31, 2021, primarily as a result of increased revenue.

The increase in costs of professional services revenue was due to a \$3.2 million increase in personnel costs due to increased headcount of professional services employees, a \$2.3 million increase in subcontractor costs and a \$0.4 million increase in travel-related costs.

Our professional services gross margin decreased by 2 percentage points in the nine months ended October 31, 2022. Our gross margin in professional services in the nine months ended October 31, 2022 was primarily the result of the timing of investments we made earlier in the year in personnel. We generally increase our capacity in professional services ahead of expected growth in revenue, which can result in low margins in the given investment period. We expect that our professional services gross margin will vary from period to period.

**Research and Development Expense**

	Nine Months Ended October 31,			Change
	2022	2021		
	(dollars in thousands)			
Research and development	\$ 56,531	\$ 44,717	\$ 11,814	26 %
% of revenue	12 %	13 %		

The increase was primarily due to a \$10.3 million increase in research and development personnel costs primarily due to increased headcount of research and development employees as we continue to add to and enhance our product, which included a \$2.8 million increase in stock-based compensation, as well as a \$1.1 million increase in travel-related costs due to an increase in office activity, including in-person meetings.

**Sales and Marketing Expense**

	Nine Months Ended October 31,			Change
	2022	2021		
	(dollars in thousands)			
Sales and marketing	\$ 253,418	\$ 204,573	\$ 48,845	24 %
% of revenue	56 %	57 %		

The increase was primarily due to a \$33.1 million increase in personnel costs primarily due to increased headcount of sales and marketing employees to support growth, a \$7.5 million increase in commissions and bonus expense associated with an increase in customer contracts and revenue growth, a \$5.9 million increase in meetings and travel-related costs due to return to office and increase in-person meetings, a \$2.3 million increase in rent costs, and a \$1.1 million increase in bad debt expense. These increases were partially offset by a \$2.1 million decrease in marketing expenses and a \$0.9 million decrease in recruiting-related costs.

**General and Administrative Expense**

	Nine Months Ended October 31,			Change
	2022	2021		
	(dollars in thousands)			
General and administrative	\$ 67,916	\$ 63,364	\$ 4,552	7 %
% of revenue	15 %	18 %		

The increase was primarily due to a \$8.0 million increase in general and administrative employee personnel costs driven by the increase in headcount to support growth, a \$2.1 million increase in insurance-related costs, and a \$0.9 million increase in software-related costs. These increases were partially offset by a \$5.1 million decrease in stock-based compensation primarily driven by a \$5.8 million expense recognized on the options granted to our Chief Executive Officer during the nine months ended October 31, 2021 for which no comparable expense existed during the nine months ended October 31, 2022.

**Other Income (Expense), Net**

	Nine Months Ended October 31,			Change
	2022	2021		
	(dollars in thousands)			
Other income (expense), net	\$ 1,304	\$ (4,744)	\$ (6,048)	(127)%
% of revenue	— %	(1)%		

The change in other income (expense), net was primarily attributable to a \$3.7 million increase in interest income from our invested cash equivalents and marketable securities and a \$3.3 million decrease in interest expense as a result of the conversion of previously outstanding senior subordinated convertible notes which automatically converted upon the completion of the IPO. These changes were partially offset by a \$1.5 million increase in foreign currency transaction losses.

### Provision for Income Taxes

	Nine Months Ended October 31,				Change
	2022		2021		
			(dollars in thousands)		
Provision for income taxes	\$	6,973	\$	6,132	\$ 841
% of revenue		2 %		2 %	14 %

The increase in the income tax expense for the nine months ended October 31, 2022, compared to the nine months ended October 31, 2021, was primarily related to higher profitability in our non-U.S. subsidiaries.

### Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, we believe that the following non-GAAP financial measures are useful in evaluating our operating performance:

- Non-GAAP gross profit and non-GAAP gross margin;
- Non-GAAP operating loss; and
- Non-GAAP net loss and non-GAAP net loss per share.

We define these non-GAAP financial measures as the respective GAAP measures, excluding, as applicable, stock-based compensation expense-related charges and amortization of acquired intangible assets. We believe that it is useful to exclude stock-based compensation expense-related charges and amortization of acquired intangible assets in order to better understand the long-term performance of our core business and to facilitate comparison of our results to those of peer companies over multiple periods.

In addition, we believe that free cash flow and adjusted free cash flow also are useful non-GAAP financial measures. Free cash flow is defined as net cash used in operating activities less cash used for purchases of property and equipment and capitalized internal-use software. Adjusted free cash flow is defined as free cash flow adjusted for certain non-ordinary course cash outflow, including litigation settlements. We exclude these non-ordinary course cash outflows, as we do not consider such cash outflows to be indicative of our core business. We believe that free cash flow and adjusted free cash flow are useful indicators of liquidity, as they measure our ability to generate cash, or our need to access additional sources of cash, to fund operations and investments. We expect our free cash flow and adjusted free cash flow to fluctuate in future periods with changes in our operating expenses and as we continue to invest in our growth. We typically experience higher billings in the fourth quarter compared to other quarters and experience higher collections of accounts receivable in the first half of the year, which results in a decrease in accounts receivable in the first half of the year.

However, non-GAAP financial measures have limitations in their usefulness to investors because they have no standardized meaning prescribed by GAAP and are not prepared under any comprehensive set of accounting rules or principles. In addition, other companies, including companies in our industry, may calculate similarly titled non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. As a result, our non-GAAP financial measures are presented for supplemental informational purposes only and should not be considered in isolation or as a substitute for our consolidated financial statements presented in accordance with GAAP.

A reconciliation is provided below for each non-GAAP financial measure to the most directly comparable financial measure stated in accordance with GAAP

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2022	2021	2022	2021
<b>Non-GAAP gross profit and non-GAAP gross margin:</b>				
GAAP gross profit	\$ 116,731	\$ 88,356	\$ 328,459	\$ 248,980
Stock-based compensation expense-related charges	682	1,478	2,925	3,434
Non-GAAP gross profit	\$ 117,413	\$ 89,834	\$ 331,384	\$ 252,414
Gross margin	74 %	70 %	73 %	70 %
Non-GAAP gross margin	75 %	71 %	73 %	71 %
<b>Non-GAAP operating income (loss):</b>				
GAAP operating loss	\$ (4,603)	\$ (24,766)	\$ (49,406)	\$ (63,674)
Stock-based compensation expense-related charges	11,341	12,647	40,659	39,371
Amortization of acquired intangible assets	133	116	399	280
Non-GAAP operating income (loss)	\$ 6,871	\$ (12,003)	\$ (8,348)	\$ (24,023)
<b>Non-GAAP net income (loss) and non-GAAP net income (loss) per share:</b>				
GAAP net loss:	\$ (5,860)	\$ (27,708)	\$ (55,075)	\$ (74,550)
Stock-based compensation expense-related charges	11,341	12,647	40,659	39,371
Amortization of acquired intangible assets	133	116	399	280
Non-GAAP net income (loss)	\$ 5,614	\$ (14,945)	\$ (14,017)	\$ (34,899)
Weighted-average shares outstanding used in computing net income (loss) per share attributable to Class A and Class B common stockholders - basic	260,285	255,195	258,677	174,497
Non-GAAP net income (loss) per common share attributable to Class A and Class B common stockholders	\$ 0.02	\$ (0.06)	\$ (0.05)	\$ (0.20)
<b>Free cash flow and adjusted free cash flow:</b>				
Net cash provided by (used in) operating activities	\$ 4,586	\$ (17,933)		
Purchase of property and equipment	(2,923)	(5,197)		
Capitalized internal-use software	(7,733)	(4,150)		
Free cash flow	(6,070)	(27,280)		
Litigation settlement	12,000	—		
Adjusted free cash flow	\$ 5,930	\$ (27,280)		

## Liquidity and Capital Resources

### Overview

As of October 31, 2022, our principal sources of liquidity were \$156.0 million of cash and cash equivalents, \$388.1 million of highly liquid marketable securities and an available line of credit of \$50.0 million under our revolving credit facility. We believe that our

existing cash and cash equivalents, marketable securities and cash from operations will be sufficient to meet our working capital needs, capital expenditures and financing obligations for at least the next 12 months and over the long-term. The majority of our cash is held in the United States and we do not anticipate a need to repatriate cash held outside of the United States. Further, it is our intent to indefinitely reinvest these funds outside the United States, and, therefore, we have not provided for any United States income taxes.

#### ***SVB Credit Facility***

We maintain a credit agreement with Silicon Valley Bank (as amended from time to time, the “SVB Credit Facility”). Under the terms of the SVB Credit Facility, we can borrow up to \$50.0 million on our revolving credit loan facility at the higher of prime interest rate plus 0.25% or federal funds effective rate plus 0.50% plus 0.25%. The SVB Credit Facility, which expires on December 19, 2022, requires that we maintain certain monthly adjusted quick ratio and quarterly minimum consolidated adjusted earnings before income taxes, depreciation and amortization. As of October 31, 2022, we had no amounts outstanding under the SVB Credit Facility.

#### ***Material Cash Requirements***

Our expected material cash requirements comprise of contractually obligated expenditures. We have agreements in place with data and service providers that require us to make certain minimum guaranteed purchase commitments through fiscal year 2026 which totaled \$156.3 million as of January 31, 2022. In June 2022, the Company entered into a new purchase commitment with a data and service provider for total minimum guaranteed purchase commitment of \$60.0 million over 5 years. As of October 31, 2022, the remaining purchase commitment on this agreement was \$57.0 million. We had no other material changes to the purchase commitments as of October 31, 2022. In addition, we lease certain office facilities under operating lease arrangements that expire on various dates through fiscal year 2027.

#### ***Future Funding Requirements***

Our future capital requirements will depend on many factors, including our growth rate, the expansion of our direct sales force, strategic relationships and international operations, the timing and extent of spending to support research and development efforts and the continuing market acceptance of our solutions. We historically have expanded our business in part by investing in strategic growth initiatives, including acquisitions of products, technologies and businesses. We may finance such acquisitions using cash, debt, stock or a combination of the foregoing; however, we have used cash and stock as consideration for substantially all of our historical business acquisitions. We continually examine our options with respect to terms and sources of existing and future short-term and long-term capital resources to enhance our operating results and to ensure that we retain financial flexibility, and may from time to time elect to raise capital through the issuance of additional equity or the incurrence of additional debt. Sales of additional equity could result in dilution to our stockholders. If we raise funds by borrowing from third parties, the terms of those financing arrangements would require us to incur interest expense and may include negative covenants or other restrictions on our business that could impair our operating flexibility. We can provide no assurance that financing will be available at all or, if available, that we would be able to obtain financing on terms favorable to us. If we are unable to raise additional capital when needed, we would be required to curtail our operating activities and capital expenditures, and our business operating results and financial condition would be adversely affected.

## Cash Flows

The following table shows a summary of our cash flows for the periods indicated:

	Nine Months Ended October 31,	
	2022	2021
Net cash provided by (used in) operating activities	\$ 4,586	\$ (17,933)
Net cash (used in) provided by investing activities	(188,965)	179,477
Net cash provided by financing activities	22,210	293,865

Our net loss and cash flows provided by (used in) operating activities are influenced significantly by our investments in headcount to support growth and in costs of revenue to deliver our services. In recent periods, our net loss generally has been greater than our use of cash for operating activities due to our subscription-based revenue model in which billings occur in advance of revenue recognition, as well as the amount of non-cash charges that we incur. Non-cash charges primarily include depreciation and amortization, stock-based compensation, non-cash interest associated with our convertible debt and deferred taxes. Our largest source of operating cash is cash collections from customers using our Unified-CXM Platform and related services. Our primary uses of cash from operating activities are for employee-related costs, costs to deliver our revenue and marketing expenses.

We expect our free cash flow to fluctuate in future periods with changes in our operating expenses and as we continue to invest in our growth. We typically experience higher billings in the fourth quarter compared to other quarters, primarily due to higher renewal activity, and experience higher collections of accounts receivable in the first half of the year, which results in a decrease in accounts receivable in the first half of the year.

### Operating Activities

For the nine months ended October 31, 2022, cash provided by operating activities was \$4.6 million, which consisted of net loss of \$55.1 million, adjusted for non-cash expenses of \$54.0 million, and \$5.6 million of net cash flows provided as a result of changes in operating assets and liabilities. The \$5.6 million of net cash flows provided as a result of changes in our operating assets and liabilities reflected a \$29.4 million decrease in accounts receivable due to increased collections and a \$27.2 million decrease in prepaid expenses and other current assets due to decrease in prepaid hosting and data costs. These increases to cash flow from operations were partially offset by a \$24.6 million decrease in deferred revenue as a result of revenue recognized on the deferred revenue balances at the beginning of the fiscal year, a \$12.0 million payment related to the litigation settlement, a \$5.8 million increase in other non-current assets largely driven by the capitalization of costs to obtain customer contracts and a \$5.4 million decrease in operating lease liabilities as a result of on-going payments on our leases.

For the nine months ended October 31, 2021, cash used in operations was \$17.9 million resulting from net loss of \$74.6 million largely offset by net non-cash expenses of \$45.7 million and \$10.9 million net cash flow provided as a result of changes in operating assets and liabilities. The \$10.9 million of net cash provided as a result of changes in our operating assets and liabilities reflected a \$12.7 million decrease in accounts receivable due to increased collections and a \$16.4 million increase in accrued expenses and other current liabilities. These increases to cash flow from operations were partially offset by a \$7.1 million decrease in deferred revenue as a result of the revenue recognized on the deferred revenue balances at the beginning of the fiscal year, a \$5.8 million decrease in accounts payable due to timing of vendor payments, a \$3.2 million increase in other noncurrent assets due primarily to prepayments made to third-party infrastructure partners for periods extending beyond one year and a \$2.4 million increase in prepaid expenses and other current assets.

### Investing Activities

For the nine months ended October 31, 2022, cash used in investing activities was \$189.0 million and was primarily the result of \$640.2 million of purchases of marketable securities, \$7.7 million in capitalized internal-use software costs, and \$2.9 million in capital expenditures. These decreases to cash flow from investing activities were partially offset by \$459.0 million of maturities of marketable securities and \$2.8 million sales of marketable securities.

For the nine months ended October 31, 2021, cash provided by investing activities was \$179.5 million and was largely due to \$197.6 million of maturities of marketable securities and \$56.7 million of sales of marketable securities. This increase to cash flow from investing activity was partially offset by \$61.8 million of purchases of marketable securities, \$5.2 million in capital expenditures and \$4.2 million in capitalized internal-use software costs, and \$3.6 million of cash paid to acquire a privately held company.

### *Financing Activities*

Our financing activities consist primarily of proceeds from equity financings and exercises of stock options.

For the nine months ended October 31, 2022, cash provided by financing activities was \$22.2 million, which consisted of \$16.0 million of proceeds from exercise of stock options and \$6.2 million of proceeds from purchases of Class A common stock under our 2021 Employee Stock Purchase Plan.

For the nine months ended October 31, 2021, cash provided by financing activities was \$293.9 million, which consisted of \$276.0 million of proceeds from our initial public offering (“IPO”), net of underwriting costs and expenses and \$17.9 million of proceeds from exercise of stock options.

### **Critical Accounting Estimates**

Our interim condensed consolidated financial statements have been prepared in accordance with GAAP. The preparation of the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Critical accounting estimates are those estimates that, in accordance with GAAP, involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our consolidated financial statements. Management has determined that our most critical accounting estimates are those relating to revenue recognition, stock-based compensation expense and income taxes. We evaluate our estimates and assumptions on an ongoing basis using historical experience and other factors and adjust those estimates and assumptions when facts and circumstances dictate. Actual results could differ materially from those estimates and assumptions.

Refer to Note 2, Basis of Presentation and Summary of Significant Accounting Policies, included in Part I, Item 1 of this Form 10-Q for a discussion of our significant accounting policies. There have been no material changes to our critical accounting policies and accounting estimates as compared to those disclosed in the 2022 10-K.

### **Recent Accounting Pronouncements**

Refer to Note 2, Basis of Presentation and Summary of Significant Accounting Policies, included in Part I, Item 1 of this Form 10-Q for more information.

### **JOBS Act Accounting Election**

We are an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We have elected to use this extended transition period for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in the JOBS Act. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates. However, as further described under “—Emerging Growth Company Status” below, we will cease to qualify as an “emerging growth company” as of January 31, 2023, at which time we will no longer be able to avail ourselves of such extended transition period for compliance with new or revised accounting standards.

### **Emerging Growth Company Status**

As a result of the market value of our Class A common stock held by non-affiliates as of July 31, 2022 exceeding \$700 million, we will be a “large accelerated filer” under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of January 31, 2023, and will no longer qualify as an “emerging growth company.”

As a large accelerated filer, we will be subject to certain disclosure and compliance requirements that apply to other public companies but did not previously apply to us due to our status as an emerging growth company. These requirements include, but are not limited to:

- the requirement that our independent registered public accounting firm attest to the effectiveness of our internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”);

- compliance with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditors' report providing additional information about the audit and the financial statements;
- the requirement that we provide full and more detailed disclosures regarding executive compensation; and
- the requirement that we hold a non-binding advisory vote on executive compensation and obtain stockholder approval of any golden parachute payments not previously approved.

We expect that compliance with the additional requirements of being a large accelerated filer will increase our legal and financial compliance costs and cause management and other personnel to divert attention from operational and other business matters to devote substantial time to public company reporting requirements.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Market risk is the risk to earnings or asset and liability values resulting from movements in market prices. Our market risk exposures include (i) foreign exchange risk related to transactions and earnings in currencies other than the U.S. dollar; and (ii) interest rate risk due to changes in the relationship between the interest rates on our assets. There were no material changes in these market risks since January 31, 2022, as disclosed in the 2022 10-K.

### **Item 4. Controls and Procedures.**

#### **Evaluation of Disclosure Controls and Procedures**

We maintain "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our Chief Executive Officer (the "CEO"), and Chief Financial Officer (the "CFO"), as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Pursuant to Rules 13a-15(e) and 15d-15(e) under the Exchange Act, our management, with the participation of our CEO and CFO, performed an evaluation of the effectiveness of our disclosure controls and procedures as of October 31, 2022. Based on such evaluation, our CEO and CFO concluded that our disclosure controls and procedures were not effective at a reasonable assurance level as of October 31, 2022 as a result of a material weakness that existed in our internal control over financial reporting as described below.

#### ***Material Weakness in Internal Control Over Financial Reporting***

In connection with the preparation of our financial statements as of and for the year ended January 31, 2022, we identified a material weakness in certain internal controls related to the implementation of ASU No. 2014-09, *Revenue from Contracts with Customers* ("ASC 606") and the ongoing monitoring of costs to obtain customer contracts considered for capitalization. We found that we did not design or maintain effective controls to identify costs to obtain customer contracts that should have been capitalized as part of the adoption of ASC 606 during fiscal years ended January 31, 2020 and 2021, as well as the interim periods through the fiscal quarter October 31, 2021. Specifically, we did not have sufficient controls in place to ensure the completeness of costs that should be capitalized as part of the adoption of ASC 606 as well as the consistent application of our capitalization policy post-adoption. As a result of this material weakness, we identified immaterial corrections and adjusted our financial statements for the years ended January 31, 2021 and 2020 to correct our accounting of the capitalized costs to obtain customer contracts.

#### ***Remediation Efforts to Address the Material Weakness***

We have designed and implemented new controls to remediate this material weakness. These new controls include (i) performing a quarterly completeness assessment on capitalizable costs to obtain customer contracts and (ii) conducting a formal review of the capitalized costs calculation by management with appropriate level of knowledge and expertise with ASC 606.

While we have designed and implemented new controls to remediate this material weakness, they have not been in operation for a sufficient period of time to demonstrate that the material weakness has been remediated. These actions and planned actions are subject to ongoing evaluation by management and will require testing and validation of design and operating effectiveness of internal controls

over financial reporting over future periods. We are committed to the continuous improvement of our internal control over financial reporting and will continue to review the internal controls over financial reporting.

#### **Changes in Internal Control over Financial Reporting**

Other than as discussed above under “—Remediation Efforts to Address the Material Weakness,” there was no change in our internal control over financial reporting (as defined in Rules 13a-15(d) and 15d-15(d) under the Exchange Act) that occurred during the three months ended October 31, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

#### **Inherent Limitations on Effectiveness of Controls**

Our management, including our CEO and CFO, do not expect that our disclosure controls or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. The inherent limitations in all control systems include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## PART II-OTHER INFORMATION

### Item 1. Legal Proceedings.

Refer to Note 9, Commitments and Contingencies - Legal Matters, included in Part I, Item 1 of this Form 10-Q for a description of current legal proceedings.

### Item 1A. Risk Factors.

*Our operations and financial results are subject to various risks and uncertainties, including those described below. You should consider and read carefully all of the risks and uncertainties described below, together with all of the other information contained in this Form 10-Q, including the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our condensed consolidated financial statements and the related notes. The occurrence of any of the following risks or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could materially and adversely affect our business, financial condition, or results of operations. In such case, the trading price of our Class A common stock could decline and stockholders may lose all or part of their investment.*

#### Summary of Selected Risk Factors Associated with Our Business

The following is only a summary of the principal risks associated with an investment in our Class A common stock. Material risks that may adversely affect our business, financial condition or results of operations include, but are not limited to, the following:

- Our recent rapid growth may not be indicative of our future growth. Our rapid growth also makes it difficult to evaluate our future prospects and may increase the risk that we will not be successful.
- We have incurred significant net losses in recent years, we expect to incur losses in the future and we may not be able to generate sufficient revenue to achieve and maintain profitability.
- If we fail to effectively manage our growth and organizational change, our business and results of operations could be harmed.
- We derive, have derived and expect to continue to derive the substantial majority of our revenue from subscriptions to our Unified Customer Experience Management ("Unified-CXM") platform. Any failure of our Unified-CXM platform to satisfy customer demands, achieve increased market acceptance or adapt to changing market dynamics would adversely affect our business, results of operations, financial condition and growth prospects.
- The market for Unified-CXM solutions is new and rapidly evolving, and if this market develops more slowly than we expect or declines, or develops in a way that we do not expect, our business could be adversely affected.
- If we are unable to attract new customers in a manner that is cost-effective and assures customer success, then our business, results of operations and financial condition would be adversely affected.
- Our business depends on our customers renewing their subscriptions and on us expanding our sales to existing customers. Any decline in our customer renewals or expansion would harm our business, results of operations and financial condition.
- If we or our third-party service providers experience a cybersecurity breach or other security incident or unauthorized parties otherwise obtain access to our customers' data, our data or our Unified-CXM platform, our Unified-CXM platform may be perceived as not being secure, our reputation may be harmed, demand for our Unified-CXM platform may be reduced and we may incur significant liabilities.
- The market in which we participate is new and rapidly evolving, and if we do not compete effectively, our results of operations and financial condition could be harmed.

- Our business and growth depend in part on the success of our strategic relationships with third parties, as well as on the continued availability and quality of feedback data from third parties over whom we do not have control.
- Our business and results of operations may be materially adversely affected by the ongoing COVID-19 pandemic or other similar outbreaks.
- Certain of our results of operations and financial metrics may be difficult to predict.
- Unstable market and economic conditions, including a global or domestic recession or the fear of a recession, may have serious adverse consequences on our business, financial condition and share price.
- Any failure to obtain, maintain, protect, defend or enforce our intellectual property rights could impair our ability to protect our proprietary technology and our brand and adversely affect our business, financial condition and results of operations.
- We are subject to stringent and changing obligations related to data privacy and security. Our actual or perceived failure to comply with such obligations could lead to regulatory investigations or actions; litigation; fines and penalties; disruptions of our business operations; reputational harm; loss of revenue or profits; loss of customers or sales; and other adverse business consequences.
- We have identified a material weakness in our internal control over financial reporting. If we are unable to remediate this material weakness, or if other control deficiencies are identified, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect our ability to operate our business and investors' views of us and, as a result, the value of our Class A common stock.
- Our stock price may be volatile, and the value of our Class A common stock may decline.
- Our directors, executive officers and holders of 5% or more of our Class B common stock are able to exert significant control over us, which limits your ability to influence the outcome of important transactions, including a change of control.

#### **Risks Related to Our Growth and Capital Requirements**

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

Our revenue was \$157.3 million and \$127.1 million for the three months ended October 31, 2022 and 2021, respectively, and \$452.9 million and \$356.7 million for the nine months ended October 31, 2022 and 2021, respectively. You should not rely on the revenue growth of any prior quarterly or annual period as an indication of our future performance. Even if our revenue continues to increase, our revenue growth rate may decline in the future as a result of a variety of factors, including the maturation of our business. Overall growth of our revenue depends on a number of factors, including our ability to:

- price our products effectively so that we are able to attract new customers and expand sales to our existing customers;
- expand the functionality and use cases for the products we offer on our Unified-CXM platform;
- provide our customers with support that meets their needs;
- continue to introduce our products to new markets outside of the United States;
- successfully identify and acquire or invest in businesses, products or technologies that we believe could complement or expand our Unified-CXM platform; and
- increase awareness of our brand on a global basis and successfully compete with other companies.

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

***We have incurred significant net losses in recent years, we expect to incur losses in the future and we may not be able to generate sufficient revenue to achieve and maintain profitability.***

We have incurred significant net losses in recent years, including net losses of \$5.9 million and \$27.7 million for the three months ended October 31, 2022 and 2021, respectively, and \$55.1 million and \$74.6 million for the months ended October 31, 2022 and 2021, respectively. We had an accumulated deficit of \$496.7 million as of October 31, 2022. We expect that our costs will increase over time and our losses will continue, as we expect to invest significant additional funds in our business and incur costs relating to operating as a public company. To date, we have financed our operations principally through subscription payments by customers for use of our Unified-CXM platform and equity and debt financings. We have expended and expect to continue to expend substantial financial and other resources on:

- our Unified-CXM platform, including investing in our research and development team, developing or acquiring new products, features and functionality and improving the scalability, availability and security of our Unified-CXM platform;
- our technology infrastructure, including expansion of our activities with public cloud service providers, enhancements to our network operations and infrastructure design, and hiring of additional employees for our operations team;
- sales and marketing, including expansion of our direct sales organization and marketing efforts; and
- additional international expansion in an effort to increase our customer base and sales.

These investments may be more costly than we expect and may not result in increased revenue or growth in our business. Any failure to increase our revenue sufficiently to keep pace with our investments and other expenses could prevent us from achieving and maintaining profitability or positive cash flow on a consistent basis. If we are unable to successfully address these risks and challenges as we encounter them, our business, results of operations and financial condition would be adversely affected. In the event that we fail to achieve or maintain profitability, the value of our Class A common stock could decline.

***If we fail to effectively manage our growth and organizational change, our business and results of operations could be harmed.***

We have experienced, and may continue to experience, rapid growth and organizational change, which has placed, and may continue to place, significant demands on our management, operational and financial resources. In addition, we operate globally, sell subscriptions in more than 60 countries, and have established subsidiaries in Australia, Brazil, Canada, China, Denmark, Dubai, France, Germany, India, Italy, Japan, Netherlands, Singapore, South Korea, Spain, Sweden, Switzerland and the United Kingdom. We plan to continue to expand our international operations into other countries in the future, which will place additional demands on our resources and operations. We also have experienced significant growth in the number of enterprises, end users, transactions and amount of data that our Unified-CXM platform and our associated hosting infrastructure support.

In addition, we may attempt to further grow our business by selling our Unified-CXM platform to U.S. federal, state, and local, as well as foreign, governmental agency customers. Growing our business by increasing the number of governmental agency customers we service would subject us to a number of challenges and risks. Selling to such agencies can be highly competitive and time-consuming, often requiring significant upfront time and expenses without any assurance that these efforts will generate a sale. We may not satisfy certain government contracting requirements necessary to attain certification to sell our Unified-CXM platform to certain governmental agency customers. Such government contracting requirements may change and in doing so restrict our ability to sell into the government sector until we have attained the revised certification. Government demand and payment for our products are affected by public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for our products and services. Finally, sales of our Unified-CXM platform to governmental agency customers that are engaged in certain sensitive industries, including organizations whose products or activities are perceived to be harmful, could result in public criticism and reputational risks, which could engender dissatisfaction among potential customers, investors and employees with how we address political and social concerns in our business activities. If we are unable to grow our business by increasing the number of governmental agency customers we service, or if we fail to overcome the challenges and risks associated with selling to such entities, our business, results of operations and financial condition may be adversely affected.

Further, in order to successfully manage our growth, our organizational structure has become, and may continue to become, more complex. We may need to scale and adapt our operational, financial and management controls further, as well as our reporting systems and procedures to manage this complexity and our increased responsibilities as a public company. This has required, and will continue to require, that we invest in and commit significant financial, operational and management resources to grow and change in these areas without undermining the corporate culture that has been critical to our growth so far. These investments require significant expenditures, and any investments we make occur in advance of the benefits from such investments, making it difficult to determine in a timely manner if we are efficiently allocating our resources. If we do not achieve the benefits anticipated from these investments, if the achievement of these benefits is delayed, or if we are unable to achieve a high level of efficiency as our organization grows in a manner that preserves the key aspects of our culture, our business, results of operations and financial condition may be adversely affected.

***Our revenue growth rate has fluctuated in prior periods and may decline again in the future.***

Our revenue growth rate has fluctuated in prior periods. We have previously experienced periods of revenue growth rate decline, and our revenue growth rate may decline again in future periods as the size of our customer base increases and as we achieve higher market penetration rates. In particular, we expect the growth rate of our subscription revenue to fluctuate from period to period, and, in the near term, subscription revenue growth rates may be lower compared to comparable periods in the prior fiscal year. Many factors also may contribute to declines in our revenue growth rate, including slowing demand for our Unified-CXM platform, increasing competition, a decrease in the growth of our overall market, our failure to continue to capitalize on growth opportunities and the maturation of our business, among others. You should not rely on the revenue growth of any prior quarterly or annual period as an indication of our future performance. If our revenue growth rate declines, investors' perceptions of our business and the trading price of our Class A common stock could be adversely affected.

***We may not be able to secure financing on favorable terms, or at all, to meet our future capital needs.***

We have funded our operations since inception primarily through subscription payments by our customers for use of our Unified-CXM platform and equity and debt financings, including credit facilities. We do not know when or if our operations will generate sufficient cash to fund our ongoing operations. In the future, we may require additional capital to respond to business opportunities, challenges, acquisitions, a decline in the level of subscriptions for our Unified-CXM platform or unforeseen circumstances.

We evaluate financing opportunities from time to time, and our ability to obtain financing will depend, among other things, on our operating performance and the condition of the capital markets at the time we seek financing. We may not be able to timely secure additional equity or debt financing on favorable terms, or at all. If we engage in any debt financing, the holders of debt would have priority over the holders of common stock. The holders of debt could impose restrictions on our business during the time the loan is outstanding, including restrictive covenants relating to financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. The holders of debt would also likely obtain security interests on our assets enabling the debt holders to seize and take ownership or dispose of the property, whether tangible or intangible, in which they have a security interest if we default on repayment of the loan or any of the conditions associated with the loan. We also may be required to take other actions that would be in the interests of the debt holders and force us to maintain specified liquidity or other ratios, any of which could harm our business, results of operations and financial condition. We maintain a credit agreement with Silicon Valley Bank (as amended from time to time, the "SVB Credit Facility"). The SVB Credit Facility prohibits us from incurring additional indebtedness without prior written consent, among other conditions. If we raise additional funds through further issuances of equity, convertible debt securities or other securities convertible into equity, our existing stockholders could suffer significant dilution in their percentage ownership of our company, and any new equity securities we issue could have rights, preferences and privileges senior to those of holders of our common stock. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to grow or support our business and to respond to business challenges could be significantly limited, and our business, results of operations and financial condition could be adversely affected.

#### **Risks Related to Our Business and Industry**

***We derive, have derived and expect to continue to derive the substantial majority of our revenue from subscriptions to our Unified-CXM platform. Any failure of our Unified-CXM platform to satisfy customer demands, achieve increased market acceptance or adapt to changing market dynamics would adversely affect our business, results of operations, financial condition and growth prospects.***

We derive, have derived and expect to continue to derive the substantial majority of our revenue from subscriptions to our Unified-CXM platform. As such, the market acceptance of our Unified-CXM platform is critical to our success. Demand for our Unified-CXM platform is affected by a number of factors, many of which are beyond our control, including the extension of our Unified-CXM platform for new use cases, the timing of development and release of new products, features and functionality introduced by us or our competitors, technological change and the growth or contraction of the market in which we compete.

In addition, we expect that an increasing focus on customer satisfaction and the growth of various communications channels and new technologies will profoundly impact the market for Unified-CXM solutions. We believe that enterprises increasingly are looking for flexible solutions that bridge across traditionally separate systems for experience management, marketing automation and customer relationship management. If we are unable to meet this demand to manage customer experiences through flexible solutions designed to address a broad range of needs, or if we otherwise fail to achieve more widespread market acceptance of our Unified-CXM platform, our business, results of operations, financial condition and growth prospects may be adversely affected.

***The market for Unified-CXM solutions is new and rapidly evolving, and if this market develops more slowly than we expect or declines, or develops in a way that we do not expect, our business could be adversely affected.***

Because we generate, and expect to continue to generate, a large majority of our revenue from the sale of subscriptions to our Unified-CXM platform, we believe that our success and growth will depend to a substantial extent on the widespread acceptance and adoption of Unified-CXM solutions in general, and of our Unified-CXM platform in particular. The market for Unified-CXM solutions is new and rapidly evolving, and if this market fails to grow or grows more slowly than we currently anticipate, demand for our Unified-CXM platform could be adversely affected. The CXM market also is subject to rapidly changing user demand and trends. As a result, it is difficult to predict enterprise adoption rates and demand for our Unified-CXM platform, the future growth rate and size of our market or the impact of competitive solutions.

The expansion of the CXM market depends on a number of factors, including awareness of the Unified-CXM category generally, ease of adoption and use, cost, features, performance and overall platform experience, data security and privacy, interoperability and accessibility across devices, systems and platforms and perceived value. If Unified-CXM solutions do not continue to achieve market acceptance, or if there is a reduction in demand for Unified-CXM solutions for any reason, including a lack of category or use case awareness, technological challenges, weakening economic conditions, data security or privacy concerns, competing technologies and products or decreases in information technology spending, our business, results of operations and financial condition may be adversely affected.

***If we are unable to attract new customers in a manner that is cost-effective and assures customer success, then our business, results of operations and financial condition would be adversely affected.***

In order to grow our business, we must continue to attract new customers in a cost-effective manner and enable such customers to realize the benefits associated with our Unified-CXM platform. We may not be able to attract new customers to our Unified-CXM platform for a variety of reasons, including as a result of their use of traditional approaches to customer experience management, their internal timing or budget or the pricing of our Unified-CXM platform compared to products and services offered by our competitors. After a customer makes a purchasing decision, we often must also help them successfully implement our Unified-CXM platform in their organization, a process that can last several months.

Even if we do attract new customers, the cost of their acquisition or ongoing customer support may prove so high as to prevent us from achieving or sustaining profitability. We intend to continue to hire additional sales personnel, increase our marketing activities to help educate the market about the benefits of our Unified-CXM platform, grow our domestic and international operations and build brand awareness. If the costs of these sales and marketing efforts increase dramatically or if they do not result in the cost-effective acquisition of additional customers or substantial increases in revenue, our business, results of operations and financial condition may be adversely affected.

***Our business depends on our customers renewing their subscriptions and on us expanding our sales to existing customers. Any decline in our customer renewals or expansion would harm our business, results of operations and financial condition.***

In order for us to maintain or improve our results of operations, it is important that we maintain and expand our relationships with our customers and that our customers renew their subscriptions when the initial subscription term expires or otherwise expand their subscription program with us. Our customers are not obligated to, and may elect not to, renew their subscriptions on the same or similar terms after their existing subscriptions expire. Some of our customers have in the past elected, and may in the future elect, not to renew their agreements with us or otherwise reduce the scope of their subscriptions, and we do not have sufficient operating history with our business model and pricing strategy to accurately predict long-term customer renewal rates. In addition, the growth of our business depends in part on our customers expanding their use of our Unified-CXM platform, which can be difficult to predict.

Our customer renewal rates, as well as the rate at which our customers expand their use of our Unified-CXM platform, may decline or fluctuate as a result of a number of factors, including the customers' satisfaction with our Unified-CXM platform, defects or performance issues, our customer and product support, our prices, mergers and acquisitions affecting our customer base, the effects of global economic conditions, the entrance of new or competing technologies and the pricing of such competitive offerings or reductions in the enterprises' spending levels for any reason. If our customers do not renew their subscriptions, renew on less favorable terms or

reduce the scope of their subscriptions, our revenue may decline and we may not realize improved results of operations from our customer base, and, as a result, our business and financial condition could be adversely affected.

***If we or our third-party service providers experience a cybersecurity breach or other security incident or unauthorized parties otherwise obtain access to our customers' data, our data or our Unified-CXM platform, our Unified-CXM platform may be perceived as not being secure, our reputation may be harmed, demand for our Unified-CXM platform may be reduced and we may incur significant liabilities.***

In the ordinary course of our business, we may collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share (commonly known as processing) proprietary and confidential data, including personal data, intellectual property, and trade secrets (collectively, confidential information). Use of our Unified-CXM platform also involves processing our customers' information, including personal data regarding their customers or employees. We may rely upon third-party service providers and technologies to operate critical business systems to process confidential information in a variety of contexts, including, without limitation, third-party providers of cloud-based infrastructure, encryption and authentication technology, employee email, content delivery to customers, and other functions. While we require our third-party service providers who process confidential information on our behalf to meet certain security requirements, our ability to monitor these third parties' information security practices is limited, and these third parties may not have, or continue to have, adequate information security measures in place. We may share or receive confidential information with or from third parties.

We have in the past and may in the future be subject to cybersecurity attacks by third parties seeking unauthorized access to our or our customers' confidential information or to disrupt our ability to provide our Unified-CXM platform. While we have taken steps to protect the security of the confidential information that we handle, the Unified-CXM platform and our systems, there can be no assurance that any security measures that we or our third-party service providers have implemented will be effective against current or future security threats. Our security measures or those of our third-party service providers could fail and result in unauthorized access to or use of our Unified-CXM platform or unauthorized, accidental or unlawful access to, or disclosure, modification, misuse, loss or destruction of, our or our customers' confidential data, including personal data.

Cyberattacks, malicious internet-based activity, and online and offline fraud are prevalent and continue to increase in frequency, intensity and sophistication. Further, these threats are becoming increasingly difficult to detect. These threats come from a variety of sources, including traditional computer "hackers," threat actors, personnel (such as through theft or misuse), sophisticated nation-states, and nation-state-supported actors. Some actors now engage and are expected to continue to engage in cyberattacks for geopolitical reasons and in conjunction with military conflicts and defense activities. During times of war and other major conflicts, we and the third parties upon which we rely may be vulnerable to a heightened risk of these attacks, which could materially disrupt our ability (and that of third parties upon whom we rely) to provide our Unified-CXM platform and our services.

We and the third parties upon which we rely may be subject to a variety of evolving threats, including but not limited to social-engineering attacks (including through phishing attacks), malicious code (such as viruses and worms), malware (including as a result of advanced persistent threat intrusions), denial-of-service attacks (such as credential stuffing), software bugs, server malfunctions, software or hardware failures, loss of data or other information technology assets, adware, telecommunications failures, earthquakes, fires, floods, and other similar threats. Ransomware attacks, including by organized criminal threat actors, nation-states, and nation-state-supported actors, are becoming increasingly prevalent and severe and can lead to significant interruptions in our operations, loss of data and income, reputational harm, and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments. Similarly, supply-chain attacks have increased in frequency and severity, and we cannot guarantee that third parties and infrastructure in our supply chain or our third-party partners' supply chains have not been compromised or that they do not contain exploitable defects or bugs that could result in a breach of or disruption to our information technology systems (including our products and services) or the third-party information technology systems that support us and our services. The COVID-19 pandemic and our remote workforce poses increased risks to our information technology systems and data, as more of our employees work from home, utilizing network connections outside our premises. Future or past business transactions (such as acquisitions or integrations) could expose us to additional cybersecurity risks and vulnerabilities, as our systems could be negatively affected by vulnerabilities present in acquired or integrated entities' systems and technologies.

Any of the previously identified or similar threats could cause a security incident or other interruption. A security incident or other interruption could result in unauthorized, unlawful, or accidental acquisition, modification, destruction, loss, alteration, encryption, disclosure of, or access to our confidential information. A security incident or other interruption could disrupt our ability (and that of third parties upon whom we rely) to provide our Unified-CXM platform and our services. We may expend significant resources or modify our business activities to try to protect against security incidents.

Our data privacy and security obligations under applicable laws and our customer agreements may require us to implement and maintain specific security measures, industry-standard or reasonable security measures to protect our information technology systems and confidential information. Furthermore, because data security and privacy is a critical competitive factor in our industry, we make

numerous statements in our privacy policies and terms of service, through our certifications to certain industry standards, and in our marketing materials providing assurances about the security of our Unified-CXM platform, including detailed descriptions of security measures we employ. Although we endeavor to comply with our public statements, documentation and agreements, we may at times fail to do so or be alleged to have failed to do so. Such noncompliance or perceived noncompliance, even through circumstances beyond our reasonable control, could subject us to litigation, disputes, claims, investigations, inquiries or other proceedings by the U.S. Federal Trade Commission, federal, state and foreign regulators, our customers and private litigants, including claims alleging unfair or deceptive practices, which could adversely affect our business, reputation, results of operations and financial condition.

We operate our products for the benefit of our customers who have documented responsibilities to maintain certain security controls, such as provisioning and deprovisioning users, in their respective environments without oversight or control by us. Our customers may weaken or incorrectly configure security controls provided by us to maintain the security of their environments, resulting in a loss of confidentiality or integrity of such customer's data or processes. Such an event may result in public disclosures and negative publicity for us and such customer, which may have a negative impact on our ability to achieve our corporate goals and could adversely affect our business, reputation, results of operations and financial condition.

While we have implemented security measures designed to protect against security incidents, there can be no assurance that these measures will be effective. We have not always been able in the past and may be unable in the future to detect vulnerabilities in our information technology systems (including our products) because such threats and techniques change frequently, are often sophisticated in nature, and may not be detected until after a security incident has occurred. Despite our efforts to identify and remediate vulnerabilities, if any, in our information technology systems (including our products), our efforts may not be successful. Further, we may experience delays in developing and deploying remedial measures designed to address any such identified vulnerabilities.

Applicable data privacy and security obligations may require us to notify relevant stakeholders of security incidents. Such disclosures are costly, and the disclosures or the failure to comply with such requirements could lead to adverse consequences. If we (or a third party upon whom we rely) experience a security incident or are perceived to have experienced a security incident, we may experience adverse consequences. These consequences may include: government enforcement actions (for example, investigations, fines, penalties, audits, and inspections); additional reporting requirements and/or oversight; restrictions on processing confidential information (including personal data); litigation (including class claims); indemnification obligations; negative publicity; reputational harm; monetary fund diversions; interruptions in our operations (including availability of data); financial loss; and other similar harms. Security incidents and attendant consequences may cause customers to stop using our Unified-CXM platform, deter new customers from using our Unified-CXM platform, and negatively impact our ability to grow and operate our business.

Our contracts may not contain limitations of liability, and even where they do, there can be no assurance that limitations of liability in our contracts are sufficient to protect us from liabilities, damages, or claims related to our data privacy and security obligations.

We cannot be sure that our insurance coverage will be adequate or sufficient to protect us from or to mitigate liabilities arising out of our privacy and security practices, that such coverage will continue to be available on commercially reasonable terms or at all, or that such coverage will pay future claims.

***We rely on third-party data centers and cloud computing providers, and any interruption or delay in service from these facilities could impair the delivery of our Unified-CXM platform and harm our business.***

We currently serve our customers from third-party data centers and cloud computing providers located around the world. Some of these facilities may be located in areas prone to natural disasters and may experience events such as earthquakes, floods, fires, severe weather events, power loss, computer or telecommunication failures, service outages or losses, and similar events. They also may be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct or cybersecurity issues, human error, terrorism, improper operation, unauthorized entry and data loss. In the event of significant physical damage to one of these data centers, it may take a significant period of time to achieve full resumption of our services, and our disaster recovery planning may not account for all eventualities. We also may incur significant costs for using alternative equipment or taking other actions in preparation for, or in reaction to, events that damage the data centers that we use. Although we carry business interruption insurance, it may not be sufficient to compensate us for the potentially significant losses, including the potential harm to the future growth of our business that may result from interruptions in our services or products.

As we grow and continue to add new third-party data centers and cloud computing providers and expand the capacity of our existing third-party data centers and cloud computing providers, we may move or transfer our data and our customers' data. Despite precautions taken during this process, any unsuccessful data transfers may impair the delivery of our Unified-CXM platform. Any damage to, or failure of, our systems, or those of our third-party data centers or cloud computing providers or the systems of a customer that hosts our software in their private cloud, could result in interruptions on our Unified-CXM platform or damage to, or loss or compromise of, our data and our customers' data, including personal data. Any impairment of our or our customers' data or

interruptions in the functioning of our Unified-CXM platform, whether due to damage to, or failure of, third-party data centers, cloud computing providers or the cloud computing providers of our customers or unsuccessful data transfers, may reduce our revenue, result in significant fines, cause us to issue credits or pay penalties, subject us to claims for indemnification and other claims, litigation or disputes, result in regulatory investigations or other inquiries, cause our customers to terminate their subscriptions and adversely affect our reputation, renewal rates and our ability to attract new customers. Our business will also be harmed if our existing and potential customers believe that our Unified-CXM platform is unreliable or not secure.

Further, our leases and other agreements with data center and cloud computing providers expire at various times, and the owners of our data center facilities and cloud computing providers have no obligation to renew their agreements with us on commercially reasonable terms, or at all. Additionally, certain of our data center and clouding computing provider agreements may be terminable for convenience by the counterparty. If services are interrupted at any of these facilities or providers, such agreements are terminated, or we are unable to renew these agreements on commercially reasonable terms or at all, or if one of our data center or cloud computing providers is acquired or encounters financial difficulties, including bankruptcy, we may be required to transfer our servers and other infrastructure to new data centers and cloud computing providers, and we may incur significant costs and possible service interruptions in connection with doing so. In addition, if we do not accurately plan for our data center and cloud computing capacity requirements and we experience significant strains on our data center and cloud computing capacity, we may experience delays and additional expenses in arranging new data center and cloud computing arrangements, and our customers could experience service outages that may subject us to financial liabilities, result in customer losses and dissatisfaction, and materially adversely affect our business, operating results and financial condition.

***The market in which we participate is new and rapidly evolving, and if we do not compete effectively, our results of operations and financial condition could be harmed.***

The market for Unified-CXM solutions is fragmented, rapidly evolving and highly competitive. Our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or enterprise requirements. With the introduction of new technologies, the evolution of our Unified-CXM platform and new market entrants, we expect competition to intensify in the future. Pricing pressures and increased competition generally could result in reduced sales, reduced margins, losses or the failure of our Unified-CXM platform to achieve or maintain more widespread market acceptance, any one of which could harm our business.

Our competitors vary in size and in the breadth and scope of the products and services they offer. While we do not believe that any of our competitors currently offer a full suite of Unified-CXM solutions that competes across the breadth of our Unified-CXM platform, certain features of our Unified-CXM platform compete in particular segments of the overall Unified-CXM category. Our main competitors include, among others, experience management solutions, including solution media solutions, home-grown solutions and tools, adjacent Unified-CXM solutions, such as social messaging, customer care and support solutions, contact centers, traditional marketing, advertising and consulting firms and customer relationship management and enterprise resource planning solutions. Further, other established SaaS providers and other technology companies not currently focused on Unified-CXM may expand their services to compete with us.

Many of our current and potential competitors benefit from competitive advantages over us, including:

- greater name and brand recognition;
- longer operating histories;
- deeper product development expertise;
- greater market penetration;
- larger and more established customer bases and relationships;
- larger sales forces and more established networks;
- larger marketing budgets; and
- access to significantly greater financial, human, technical and other resources.

Some of our competitors may be able to offer products or functionality similar to ours at a more attractive price than we can or do, including by integrating or bundling such products with their other product offerings. Additionally, some potential customers, particularly large organizations, have elected, and may in the future elect, to develop their own internal Unified-CXM solutions. Acquisitions, partnerships and consolidation in our industry may provide our competitors even more resources or may increase the likelihood of our competitors offering bundled or integrated products that we may not be able to effectively compete against. In particular, as we rely on the availability and accuracy of various forms of customer feedback and input data, the acquisition of any such data providers or sources by our competitors could affect our ability to continue accessing such data. Furthermore, we are also subject to the risk of future disruptive technologies. If new technologies emerge that are able to collect and process experience data, or otherwise develop Unified-CXM solutions at lower prices, more efficiently, more conveniently or with functionality and features enterprises prefer to ours, such technologies could adversely impact our ability to compete. If we are not able to compete successfully against our current and future competitors, our business, results of operations and financial condition may be adversely affected.

***If we are not able to effectively develop platform enhancements, introduce new products or keep pace with technological developments, our business, results of operations and financial condition could be adversely affected.***

Our future success will depend on our ability to adapt and innovate. To attract new customers and increase revenue from our existing customers, we will need to enhance and improve our existing platform and introduce new products, features and functionality. Enhancements and new products that we develop may not be introduced in a timely or cost-effective manner, may contain errors or defects and may have interoperability difficulties with our Unified-CXM platform or other products. We have in the past experienced delays in our internally planned release dates of new products, features and functionality, and there can be no assurance that these developments will be released according to schedule. We also have invested, and may continue to invest, in the acquisition of complementary businesses and technologies that we believe will enhance our Unified-CXM platform. However, we may not be able to integrate these acquisitions successfully or achieve the expected benefits of such acquisitions. If we are unable to successfully develop, acquire or integrate new products, features and functionality or enhance our existing platform to meet the needs of our existing or potential customers in a timely and effective manner, or if a customer is not satisfied with the quality of work performed by us or with the technical support services rendered, we could incur additional costs to address the situation, and our business, results of operations and financial condition could be adversely affected.

Artificial intelligence serves a key role in many of our services. As with many technological innovations, artificial intelligence presents risks and challenges that could affect its adoption, and therefore our business. Artificial intelligence presents emerging ethical issues and if we enable or offer solutions that draw controversy due to their perceived or actual impact on society, we may experience brand or reputational harm, competitive harm or legal liability. Potential government regulation in the space of artificial intelligence ethics also may increase the burden and cost of research and development in this area, subjecting us to brand or reputational harm, competitive harm or legal liability. Failure to address artificial intelligence ethics issues by us or others in our industry could undermine public confidence in artificial intelligence and slow adoption of artificial intelligence in our products and services.

In addition, because our Unified-CXM platform is designed to operate on a variety of networks, applications, systems and devices, we will need to continually modify and enhance our Unified-CXM platform to keep pace with technological advancements in such networks, applications, systems and devices. If we are unable to respond in a timely, user-friendly and cost-effective manner to these rapid technological developments, our Unified-CXM platform may become less marketable and less competitive or obsolete, and our business, results of operations and financial condition may be adversely affected.

***Our business depends on our ability to develop and maintain successful relationships with partners who provide access to data that enhances our Unified-CXM platform's artificial intelligence capabilities, and any failure to do so may adversely affect our results of operations and financial condition.***

Our business depends on the continued availability of data provided by our data partners, which is central to our value proposition and the viability of our services. We are dependent upon our ability to obtain necessary data licenses on commercially reasonable terms. This is especially the case when our partners' offerings are integrated with our products and services, or where their offerings are difficult to substitute or replace. We anticipate that we will continue to enter into these kinds of licensing arrangements in the future. It is possible, however, that licenses we desire will not be available to us on commercially reasonable terms or at all. If any of our key data partnerships or data partners fail, lapse, terminate, are not renewed or are interrupted, or we otherwise lose key licenses or are unable to enter into new licenses that we deem important, our business, results of operations and financial condition may be adversely affected.

Our ability to serve particular customers is also enhanced when such customers upload their own first-party data. Our operation of our Unified-CXM platform and access to data could be negatively affected if, due to legal, contractual, privacy, market optics, competition or other economic concerns, third parties cease entering into data integration agreements with us or customers cease uploading their data to our Unified-CXM platform. Additionally, we could terminate relationships with our data suppliers if they fail to adhere to our data quality and privacy standards. Additionally, if we fail to comply with any of the obligations under our license agreements, we may be required to pay damages and the applicable licensor may have the right to terminate the license. Termination by our licensors

would cause us to lose valuable rights and could prevent us from selling our products and services or inhibit our ability to commercialize future products and services. In addition, the agreements under which we license data or technology from third parties are generally complex, and certain provisions in such agreements may be susceptible to multiple interpretations. The resolution of any contract interpretation disagreement that may arise could narrow what we believe to be the scope of our rights to the relevant intellectual property or technology, or increase what we believe to be our financial or other obligations under the relevant agreement. If we were to lose access to significant amounts of the data that enables our people-based framework, our ability to provide products and services to our customers could be materially and adversely impacted, which could be materially adverse to our business, operating results and financial condition. If we were to lose access to significant amounts of the data that enables our people-based framework, our ability to provide products and services to our customers could be materially and adversely impacted, which could be materially adverse to our business, operating results and financial condition.

***Our business and growth depend in part on the success of our strategic relationships with third parties, as well as on the continued availability and quality of feedback data from third parties over whom we do not have control.***

We depend on, and anticipate that we will continue to depend on, various third-party relationships in order to sustain and grow our business, including technology companies whose products integrate with ours. Failure of any of these technology companies to maintain, support or secure their technology platforms in general, and our integrations in particular, or errors or defects in their technologies or products, could adversely affect our relationships with our customers, damage our brand and reputation and result in delays or difficulties in our ability to provide our Unified-CXM platform. We also rely on the availability and accuracy of various forms of client feedback and input data, including data solicited via survey or based on data sources across modern channels, and any changes in the availability or accuracy of such data could adversely impact our business and results of operations and harm our reputation and brand. In some cases, we rely on negotiated agreements with social media networks and other data providers. These negotiated agreements may provide increased access to application programming interfaces (“APIs”) and data that allow us to provide a more comprehensive solution for our customers. These agreements are subject to termination in certain circumstances, and there can be no assurance that we will be able to renew those agreements or that the terms of any such renewal, including pricing and levels of service, will be favorable. We cannot accurately predict the potential impact of the termination of any of our agreements with social media networks and other data providers, including the impact on our access to the related APIs. There can be no assurance that following any such termination we would be able to maintain the current level of functionality of our platform in such circumstances, as a result of more limited access to APIs or otherwise, which could adversely affect our results of operations. In addition, there can be no assurance that we will not be required to enter into new negotiated agreements with data providers in the future to maintain or enhance the level of functionality of our platform, or that the terms and conditions of such agreements, including pricing and levels of service, will not be less favorable, which could adversely affect our results of operations. In particular, Twitter provides us with certain data that supports our Unified-CXM platform pursuant to an agreement that expires on February 28, 2025. If our agreement with Twitter expires, is not renewed on the same or similar terms or at all, or if it is terminated due to the failure or unwillingness of either party to perform its obligations thereunder, we may not be able to provide the same level of Unified-CXM insights to our customers and our business, results of operations and financial condition may be materially and adversely affected.

Identifying, negotiating and documenting relationships with strategic third parties such as systems integrators, implementation, software and technology and consulting partners, servicing subcontractors and data providers requires significant time and resources. Furthermore, integrating third-party technology is complex, costly and time-consuming and increases the risk of defects or errors on our Unified-CXM platform and our Unified-CXM platform’s functionality. Our agreements with technology partners, implementation providers, servicing subcontractors and data providers are typically limited in duration, non-exclusive and do not prohibit our partners from working with our competitors or from offering competing services. Our competitors may be effective in providing incentives to third parties to favor their solutions or to prevent or reduce subscriptions to our Unified-CXM platform.

We rely on our ecosystem of partners to support our cost structure. If we are unsuccessful in establishing or maintaining our relationships with these strategic third parties, our ability to compete in the marketplace or to grow our revenue could be impaired and our results of operations would suffer. Even if we are successful in establishing and maintaining these relationships, we cannot assure you that they will result in improved results of operations.

***We depend and rely upon SaaS technologies from third parties to operate our business, and interruptions or performance problems with these technologies may adversely affect our business and results of operations.***

We rely heavily on hosted SaaS applications from third parties in order to operate critical functions of our business, including billing and order management, financial accounting services, enterprise resource planning, customer relationship management, human resources management and customer support. If these services become unavailable or lose certain functionalities that we depend on, due to extended outages, interruptions, disruptions, errors or defects, acquisitions or integration into other solutions or because they are no longer available on commercially reasonable terms or at all, our expenses could increase, our ability to manage finances could be interrupted and our processes for managing sales of our Unified-CXM platform and supporting our customers could be impaired until equivalent services, if available, are identified, obtained and implemented, all of which could adversely affect our business.

***Any failure to offer high-quality customer service and support may adversely affect our relationships with our existing and prospective customers, and, in turn, our business, results of operations and financial condition.***

In implementing and using our Unified-CXM platform, our customers depend on our customer service and support, including premium support offerings, which in some cases may be provided by third-party partners, to resolve complex technical and operational issues in a timely manner. We, or our partners, may be unable to respond quickly enough to accommodate short-term increases in demand for customer or product support. We also may be unable to modify the nature, scope and delivery of our professional services or customer and product support to compete with changes in solutions provided by our competitors. Increased customer demand for support, without corresponding revenue, could increase costs and adversely affect our results of operations and financial condition. Our sales are highly dependent on our reputation and on positive recommendations from our existing customers. Any failure to maintain high-quality customer or product support, or a market perception that we do not maintain high-quality enterprise or product support, could adversely affect our reputation, our ability to sell our Unified-CXM platform, and, in turn, our business, results of operations and financial condition.

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

Our agreements with our customers and other third parties may include indemnification provisions under which we agree to indemnify or otherwise be liable to such third party for losses suffered or incurred as a result of claims of infringement, misappropriation or other violation of intellectual property rights, data protection, damages caused by us to property or persons, or other liabilities relating to or arising from our software, services, platform, our acts or omissions under such agreements or other contractual obligations. In addition, customers typically require us to indemnify or otherwise be liable to them for breach of confidentiality or failure to implement adequate security measures with respect to their data stored, transmitted or processed by our Unified-CXM platform. Some of these indemnity agreements provide for uncapped liability and indemnity provisions often survive termination or expiration of the applicable agreement.

We have in the past and may in the future receive indemnification requests from our customers related to such claims. Large indemnity payments could harm our business, financial condition and results of operations. Although we attempt to contractually limit our liability with respect to such indemnity obligations, we are not always successful and may still incur substantial liability related to them, and we may be required to cease use of certain functions of our Unified-CXM platform or products as a result of any such claims. Any dispute with a customer or other third party with respect to such obligations could have adverse effects on our relationship with such customer or other third party and other existing or prospective customers, reduce demand for our products and services and adversely affect our business, financial conditions and results of operations. In addition, although we carry general liability insurance, our insurance may not be adequate to indemnify us for all liability that may be imposed or otherwise protect us from liabilities or damages with respect to claims alleging compromises of customer data, and any such coverage may not continue to be available to us on acceptable terms or at all.

***The majority of our customer base consists of large enterprises, and we currently generate a significant portion of our revenue from a relatively small number of enterprises, the loss of any of which could harm our business, results of operations and financial condition.***

Our top 10 customers accounted for 14% and 19% of our subscription revenue in the fiscal years ended January 31, 2022 and 2021, respectively. The majority of our customer base consists of large enterprises, many of which have high subscription amounts to our Unified-CXM platform. For all periods presented, we have relied on sales of our Unified-CXM platform to large enterprises for a significant majority of our revenue. Accordingly, the loss of any one of our customers could have a relatively higher impact on our business and results of operations than the loss of a client in businesses that have a broader client base where each client contributes to a smaller portion of revenue. While we expect that the revenue from our largest customers will decrease over time as a percentage of our total revenue as we generate more revenue from other customers, we also believe that revenue from our largest customers may continue to account for a significant portion of our revenue, at least in the near term. In the event that these large customers discontinue the use of our Unified-CXM platform or use our Unified-CXM platform in a more limited capacity, our business, results of operations and financial condition could be adversely affected.

***Real or perceived defects or errors on our platform could harm our reputation, result in significant costs to us, and impair our ability to sell subscriptions to our platform and related services.***

The software underlying our platform is complex and may contain material defects or errors, particularly when first introduced or when new features or capabilities are released. In addition, our solution depends on the ability of our software to store, retrieve, process and manage immense amounts of data, including personal data. Any real or perceived defects, errors, failures, bugs or vulnerabilities on our Unified-CXM platform could result in negative publicity, cybersecurity breaches and other data security, privacy, access, retention issues, performance issues and customer terminations and may impair our ability to sell subscriptions to our Unified-CXM platform and related services in the future. Some errors, bugs or vulnerabilities inherently may be difficult to detect and

may only be discovered after code has been released for external or internal use. The costs incurred in correcting any defects in our Unified-CXM platform may be substantial and could adversely affect our results of operations. For example, we may need to expend significant financial and development resources to analyze, correct, eliminate, or work around errors or defects or to address and eliminate vulnerabilities. Although we continually test our Unified-CXM platform for defects and work with customers through our customer support organization to identify and correct errors, we have from time to time found defects or errors on our Unified-CXM platform, and defects or errors on our Unified-CXM platform are likely to occur again in the future. Any defects that cause interruptions to the availability of our Unified-CXM platform or other performance issues could result in, among other things:

- lost revenue or delayed market acceptance and sales of our Unified-CXM platform;
- early termination of customer agreements or loss of customers;
- credits or refunds to customers;
- product liability lawsuits and other claims against us;
- diversion of development resources;
- increased expenses associated with remedying any defect, including increased technical support costs;
- injury to our brand and reputation; and
- increased maintenance and warranty costs.

While our customer agreements typically contain limitations and disclaimers that purport to limit our liability for damages related to defects in our solution, such limitations and disclaimers may not be enforced by a court or other tribunal or otherwise effectively protect us from such claims.

***Our business and results of operations may be materially adversely affected by the ongoing COVID-19 pandemic or other similar outbreaks.***

COVID-19, including variants of COVID-19, has resulted, at times, in the implementation or reimplementation of significant governmental measures, including lockdowns, closures, quarantines, occupancy limits and travel bans intended to control the spread of the virus. Our global remote work policy allows us to maintain workforce productivity and minimizes business disruptions should these measures continue to occur. We have had to expend, and may be required to continue to expend, significant time, attention, and resources to respond to the COVID-19 pandemic and the associated global economic uncertainty, including to develop and implement internal policies and procedures and track changes in laws and government guidelines and restrictions. The remote working environment may also create increased vulnerability to cybersecurity incidents, including breaches of information systems security, which could damage our reputation and commercial relationships.

To the extent that future COVID restrictions are reinstated or additional prevention and mitigation measures are implemented, or there is uncertainty about the effectiveness of these or any other measures to contain or treat COVID-19 or any of its variants, there potentially could be an adverse impact on global economic conditions, which could materially and adversely impact our customers through reduced consumer demand for their products and services, which could in turn negatively impact our customers' willingness to enter into or renew contracts with us. For example, certain of our hospitality clients initially reduced their level of service with us as a result of reduced consumer demand for their services. The pandemic also may adversely affect our employees, and our employees' productivity. While, at this time, we are working to manage and mitigate potential disruptions from the virus or any of its variants on our employees and operations, the fluid nature of the pandemic and uncertainties regarding the related economic impact are likely to result in sustained market turmoil, which may materially and adversely impact our business, results of operations and financial condition. We cannot predict how the COVID-19 pandemic, including with respect to variants of COVID-19, will continue to develop, whether and to what extent government regulations or other restrictions may impact our operations or those of our customers, or whether or to what extent the COVID-19 pandemic or the effects thereof may have longer term unanticipated impacts on our business.

The extent of COVID-19's effect on our operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on our business. If, however, the

pandemic continues to persist as a severe worldwide health crisis, it may harm our business, and also may have the effect of heightening many of the other risks described in this “Risk Factors” section.

***Unstable market and economic conditions, including a global or domestic recession or the fear of a recession, may have serious adverse consequences on our business, financial condition and share price.***

The global economy, including credit and financial markets, has experienced extreme volatility and disruptions, including severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates, increases in inflation rates, higher interest rates and uncertainty about economic stability. For example, the COVID-19 pandemic resulted in widespread unemployment, economic slowdown and extreme volatility in the capital markets. Similarly, Russia’s ongoing incursion into Ukraine has created extreme volatility in the global capital markets and is expected to have further global economic consequences, including disruptions of the global supply chain and energy markets. In addition, rising inflation and other macroeconomic pressures in the U.S. and the global economy could exacerbate extreme volatility in the global capital markets and heighten unstable market conditions. Any such volatility and disruptions may have adverse consequences on us or the third parties on whom we rely. If the equity and credit markets continue to deteriorate, including as a result of political unrest, war or a global or domestic recession or the fear thereof, it may make any necessary debt or equity financing more difficult to obtain in a timely manner or on favorable terms, more costly or more dilutive. Increased inflation rates can adversely affect us by increasing our costs, including labor and employee benefit costs. In addition, higher inflation also could increase our customers’ operating costs, which could result in reduced marketing budgets for our customers and potentially less demand for our platform. Any significant increases in inflation and related increase in interest rates could have a material adverse effect on our business, results of operations and financial condition.

***We depend on our management team and key employees, and the loss of one or more of these employees or an inability to attract and retain highly skilled employees could adversely affect our business.***

Our success depends substantially on the continued services of our management team, including our Founder, Chairman and Chief Executive Officer, Ragy Thomas, who are critical to our vision, strategic direction, culture, services and technology. From time to time, there may be additional changes in our management team resulting from the hiring or departure of executives, which could disrupt our business. New hires also require significant training and, in most cases, take significant time before they achieve full productivity. Furthermore, we do not have employment agreements with members of our management team or other key employees that require them to continue to work for us for any specified period and, therefore, they could terminate their employment with us at any time. The loss of one or more of our executives or key employees, or the failure by our executives to effectively work with our employees and lead our company, could have an adverse effect on our business. We do not maintain key man insurance on any of our executive officers, including Mr. Thomas.

In addition, to execute our growth plan, we must attract and retain highly qualified personnel. Competition for these individuals in locations where we maintain offices is intense, especially for hiring experienced software engineers and sales professionals. We have from time to time experienced, and we expect to continue to experience, difficulty in hiring and retaining employees with appropriate qualifications. Many of the companies with which we compete for experienced personnel have greater resources than we have. If we hire employees from competitors or other companies, their former employers may attempt to assert that these employees or we have breached their legal obligations, resulting in a diversion of our time and resources. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, it may adversely affect our ability to recruit and retain highly skilled employees. Furthermore, we are limited in our ability to recruit internationally by restrictive domestic immigration laws. Finally, we and certain of our competitors and peers within our industry, and firms more generally, have experienced greater than usual employee turnover in recent years. If we fail to attract new personnel or fail to identify, retain and motivate our current employees, our business and future growth prospects could be adversely affected.

***Certain of our results of operations and financial metrics may be difficult to predict.***

Our results of operations and financial metrics, including the levels of our revenue, gross margin, profitability, cash flow and deferred revenue, have fluctuated in the past and may vary significantly in the future. As a result, period-to-period comparisons of our results of operations may not be meaningful and the results of any one period should not be relied upon as an indication of future performance. Our results of operations may fluctuate as a result of a variety of factors, many of which are outside of our control, and, as a result, may not fully reflect the underlying performance of our business. Fluctuation in results of operations may negatively impact the value of our Class A common stock. Factors that may cause fluctuations in our results of operations include, without limitation, those listed below:

- variability in our sales cycle, including as a result of the budgeting cycles and internal purchasing priorities of our customers;

- the payment terms and subscription term length associated with sales of our Unified-CXM platform and their effect on our bookings and free cash flow;
- the addition or loss of large customers, including through acquisitions or consolidations;
- the timing of sales and recognition of revenue, which may vary as a result of changes in accounting rules and interpretations;
- the amount and timing of operating expenses related to the maintenance and expansion of our business, operations and infrastructure;
- network outages or actual or perceived security breaches or other incidents;
- general economic, market and political conditions;
- customer renewal rates;
- increases or decreases in the number of elements of our services or pricing changes upon any renewals of customer agreements;
- changes in our pricing policies or those of our competitors;
- the mix of services sold during a period;
- the timing of our recognition of stock-based compensation expense for our equity awards, particularly in cases where awards covering a large number of our shares are tied to a specific event or date; and
- the timing and success of introductions of new platform features and services by us or our competitors or any other change in the competitive dynamics of our industry, including consolidation among competitors, customers or strategic partners.

The cumulative effects of the factors discussed above could result in large fluctuations and unpredictability in our quarterly and annual results of operations. This variability and unpredictability also could result in our failing to meet the expectations of industry or financial analysts or investors for any period. If our revenue or results of operations fall below the expectations of analysts or investors or below any guidance we may provide, or if the guidance we provide is below the expectations of analysts or investors, the price of our Class A common stock could decline substantially. Such a stock price decline could occur even if we have met any previously publicly stated guidance we may provide.

***We invest significantly in research and development, and, to the extent that our research and development investments do not translate into new solutions or material enhancements to our current solutions or we do not use those investments efficiently, our business and results of operations would be harmed.***

A key element of our strategy is to invest significantly in our research and development efforts to improve and develop new technologies, features and functionality for our Unified-CXM platform. For each of the years ended January 31, 2022 and 2021, our research and development expenses were at least 10% of our revenue. If we do not spend our research and development budget efficiently or effectively, our business may be harmed and we may not realize the expected benefits of our strategy. Moreover, research and development projects can be technically challenging, time-consuming and expensive. The nature of these research and development cycles may cause us to experience delays between the time we incur expenses associated with research and development and the time we are able to offer compelling platform updates and generate revenue, if any, from such investment. Additionally, anticipated enterprise demand for a solution or solutions we are developing could decrease after the development cycle has commenced, and we would nonetheless be unable to avoid substantial costs associated with the development of any such solutions or solution. If we expend a significant amount of resources on research and development and our efforts do not lead to the successful introduction or improvement of solutions that are competitive in our current or future markets, our business and results of operations would be adversely affected.

***We may fail to accurately predict the optimal pricing strategies necessary to attract new customers, retain existing customers and respond to changing market conditions.***

We have in the past, and may in the future, need to change our pricing model from time to time. As the market for our Unified-CXM platform matures, or as competitors introduce new solutions that compete with ours, we may be unable to attract new customers at the same prices or based on the same pricing models that we have used historically. While we do and will attempt to set prices based on our prior experiences and customer feedback, our assessments may not be accurate and we could be underpricing or overpricing our Unified-CXM platform and professional services. In addition, if the offerings on our Unified-CXM platform or our professional services change, then we may need to revise our pricing strategies. Any such changes to our pricing strategies or our ability to efficiently price our offerings could adversely affect our business, results of operations and financial condition. In addition, as we expand internationally, we also must determine the appropriate pricing strategy to enable us to compete effectively internationally. Pricing pressures and decisions could result in reduced sales, reduced margins, losses or the failure of our Unified-CXM platform to achieve or maintain more widespread market acceptance, any of which could negatively impact our overall business, results of operations and financial condition. Moreover, larger organizations, which are a primary focus of our direct sales efforts, may demand substantial price concessions. As a result, we may be required to price below our targets in the future, which could adversely affect our revenue, gross margin, profitability, cash flows and financial condition.

***Failure to effectively expand our sales and marketing capabilities could harm our ability to increase our customer base and achieve broader market acceptance of our Unified-CXM platform.***

Increasing our customer base and achieving broader market acceptance of our Unified-CXM platform will depend, to a significant extent, on our ability to effectively expand and manage our sales and marketing operations and activities. We are substantially dependent on our direct sales force and on our marketing efforts to obtain new customers. We are expanding our direct sales force both domestically and internationally. We believe that there is significant competition for experienced sales professionals with the sales skills and technical knowledge that we currently or may in the future require. Our ability to achieve revenue growth in the future will depend, in part, on our success in recruiting, training and retaining a sufficient number of qualified and experienced sales professionals. New hires require significant training and time before they achieve full productivity, particularly in new sales segments and new industries or geographies. Our recent hires and planned hires may not become as productive as quickly as we expect, or at all, and we may be unable to hire or retain sufficient numbers of qualified individuals in the future in the markets and segments in which we do business. Because we do not have a long history of expanding our sales force or managing a sales force at the scale that we intend to operate, we cannot accurately predict whether, or to what extent, our sales will increase as we expand our sales force or how long it will take for sales personnel to become productive. Furthermore, due to our limited experience selling direct to mid-sized enterprises through our sales force, the results of any such efforts are difficult to predict and may result in diverted financial and management resources without a corresponding increase in revenue. Our business will be harmed if our sales expansion efforts do not generate a significant increase in revenue.

***Our sales cycle with enterprise and international clients can be long and unpredictable.***

A substantial portion of our business is with large and international enterprises. The timing of our sales with our enterprise and international clients and related revenue recognition is difficult to predict because of the length and unpredictability of the sales cycle for these clients. We often are required to spend significant time and resources to educate and familiarize these potential clients with the value proposition of paying for our Unified-CXM platform. The length of our sales cycle for these clients, from initial evaluation to payment for our Unified-CXM platform, is often around nine months or more, and can vary substantially from client to client. As a result, it is difficult to predict whether and when a sale will be completed.

***If we are unable to effectively operate on or capture data from mobile devices, our business could be adversely affected.***

Our customers and users of our Unified-CXM platform are increasingly accessing our Unified-CXM platform or interacting via mobile devices. We are devoting valuable resources to solutions related to mobile usage, but we cannot assure you that these solutions will be successful. If the mobile solutions we have developed for our Unified-CXM platform do not meet the needs of current or prospective customers, or if our solutions are difficult to access, customers or users may reduce their usage of our Unified-CXM platform or cease using our Unified-CXM platform altogether and our business could suffer. Additionally, we are dependent on the interoperability of our products with popular mobile networks and standards that we do not control, and any changes in such systems or terms of service that degrade our Unified-CXM platform's functionality or gives preferential treatment to competitive products could adversely affect our business. As new mobile devices and products are continually being released, it is difficult to predict the challenges we may encounter in enhancing our Unified-CXM platform for use on such devices. If we are unable to successfully implement elements of our Unified-CXM platform on mobile devices, or if these strategies are not as successful as our offerings for personal computers or if we incur excessive expenses in this effort, our business, results of operations and financial condition would be negatively affected.

***If we are unable to develop and maintain successful relationships with channel partners, our business, results of operations, and financial condition could be adversely affected.***

To date, we primarily have relied on our direct sales force, online marketing and word-of-mouth to sell subscriptions to our Unified-CXM platform. Although we have developed relationships with certain channel partners, such as referral partners, resellers and integration partners, these channels have resulted in limited revenue to date. We believe that continued growth in our business is dependent upon identifying, developing and maintaining strategic relationships with additional channel partners that can drive additional revenue. Our agreements with our existing channel partners are non-exclusive, meaning our channel partners may offer enterprises the products of several different companies, including products that compete with ours. They also may cease marketing our Unified-CXM platform with limited notice and with little or no penalty. We expect that any additional channel partners we identify and develop will be similarly non-exclusive and not bound by any requirement to continue to market our Unified-CXM platform. If we fail to identify additional channel partners in a timely and cost-effective manner, or at all, if we are unable to assist our current and future channel partners in independently selling and implementing our Unified-CXM platform, or if our channel partners choose to use greater efforts to market their own products or those of our competitors, our business, results of operations and financial condition could be adversely affected. Furthermore, if our channel partners do not effectively market and sell our Unified-CXM platform, or fail to meet the needs of our customers, our reputation and ability to grow our business also may be adversely affected.

Sales by channel partners are more likely than direct sales to involve collection issues, in particular sales by our channel partners into developing markets, and, accordingly, variations in the mix between revenue attributable to sales by channel partners and revenue attributable to direct sales may result in fluctuations in our results of operations.

***If we are not able to maintain and enhance our brand, our business, results of operations and financial condition may be adversely affected.***

We believe that maintaining and enhancing our reputation as a differentiated and category-defining company in Unified-CXM is critical to our relationships with our existing customers and key employees and to our ability to attract new customers and talented personnel. The successful promotion of our brand depends on a number of factors, including the effectiveness of our marketing efforts, our ability to continue to develop a high-quality platform, our ability to provide reliable services that continue to meet the needs of our customers, our ability to maintain our customers' trust and our ability to successfully differentiate our Unified-CXM platform from competitive solutions, which we may not be able to do effectively. We do not have sufficient operating history to know whether our brand promotion activities will ultimately be successful or yield increased revenue, and, if they are not successful, our business may be adversely affected. Any unfavorable publicity of our business or platform generally, for example, relating to our privacy practices, terms of service, service quality, litigation, regulatory activity, the actions of our employees, partners or customers or the actions of other companies that provide similar solutions to us, all of which can be difficult to predict, could adversely affect our reputation and brand. In addition, independent industry analysts often provide reviews of our Unified-CXM platform, as well as solutions offered by our competitors, and our brand and perception of our Unified-CXM platform in the marketplace may be significantly influenced by these reviews. If these reviews are negative, or less positive compared to those of our competitors' solutions, our brand and market position may be adversely affected. It also may be difficult to maintain and enhance our brand as we expand our marketing and sales efforts through channel or strategic partners.

The promotion of our brand also requires us to make substantial expenditures. We anticipate that these expenditures will increase as our market becomes more competitive, as we expand into new markets and as more sales are generated through our channel partners. To the extent that these activities yield increased revenue, this revenue may not offset the increased expenses we incur. If we do not successfully maintain and enhance our brand or incur substantial expenses in unsuccessful attempts to promote and maintain our brand, our business may not grow, we may have reduced pricing power relative to competitors and we could lose customers and key employees or fail to attract potential customers or talented personnel, all of which would adversely affect our business, results of operations and financial condition.

***We recognize revenue over the term of our customers' contracts. Consequently, increases or decreases in new sales may not be immediately reflected in our results of operations and may be difficult to discern.***

We generally recognize subscription revenue from customers ratably over the terms of their contracts and a majority of our revenue is derived from subscriptions that have terms of one to three years. As a result, a portion of the revenue we report in each quarter is derived from the recognition of deferred revenue relating to subscriptions entered into during previous quarters. Consequently, a decline in new or renewed subscriptions in any single quarter may have a small impact on our revenue results for that quarter. However, such a decline will negatively affect our revenue in future quarters. Accordingly, the effect of significant downturns in sales and market acceptance of our Unified-CXM platform and potential changes in our pricing policies or rate of expansion or retention may not be fully reflected in our results of operations until future periods. We also may be unable to reduce our cost structure in line with a significant deterioration in sales. In addition, a significant majority of our costs are expensed as incurred, while revenue is recognized over the term of the agreements with our customers. As a result, increased growth in the number of our customers could continue to result in our recognition of more costs than revenue in the earlier periods of the terms of our agreements. Our subscription model also makes it difficult for us to rapidly increase our revenue through additional sales in any period, as revenue from new customers must be recognized over the applicable subscription term.

***Our customers may fail to pay us in accordance with the terms of their agreements, at times necessitating action by us to attempt to compel payment.***

We typically enter into annual or multiple year arrangements with our customers. If our customers fail to pay us in accordance with the terms of our agreements, we may be adversely affected both from the inability to collect amounts due and the cost of enforcing the terms of our agreements, including litigation and arbitration costs. The risk of these issues increases with the term length of our customer arrangements. Furthermore, some of our customers may seek bankruptcy protection or other similar relief and fail to pay amounts due to us, or pay those amounts more slowly, either of which could adversely affect our results of operations, financial condition and cash flow.

***Our results of operations may be difficult to predict as a result of seasonality.***

Our results of operations also may fluctuate as a result of seasonality. We have seen seasonality in our sales cycle, as a large percentage of our customers make their purchases in the fourth quarter of a given fiscal year and pay us in the first quarter of the subsequent year. We also may be affected by seasonal trends in the future, particularly as our business matures. Such seasonality may result from a number of factors, including a slowdown in our customers' procurement process during certain times of the year, both domestically and internationally, and customers choosing to spend remaining budgets shortly before the end of their fiscal years. Additionally, this seasonality may be reflected to a much lesser extent, and sometimes may not be immediately apparent, in our revenue due to the fact that we recognize subscription revenue over the term of the applicable subscription agreement. To the extent that we experience this seasonality, it may cause fluctuations in our results of operations and financial metrics and make forecasting our future results of operations and financial metrics more difficult.

***Indemnity and other provisions in various agreements potentially expose us to substantial liability for intellectual property infringement and other losses.***

Our agreements with customers and other third parties may include indemnification or other provisions under which we agree to indemnify or otherwise be liable to such third parties for losses suffered or incurred as a result of claims of intellectual property infringement, misappropriation or other violation, damages caused by us to property or persons or other liabilities relating to or arising from our Unified-CXM platform or our acts or omissions. We have in the past and may in the future receive indemnification requests from our customers related to such claims. In addition, customers typically require us to indemnify or otherwise be liable to them for breach of confidentiality or failure to implement adequate security measures with respect to their data stored, transmitted or processed by our Unified-CXM platform. The terms of these contractual provisions often survive termination or expiration of the applicable agreement. Large indemnity payments or damage claims from contractual breach could harm our business, results of operations and financial condition. Although we generally attempt to contractually limit the scope of our liability with respect to such obligations, we are not always successful and we may incur substantial liability related to them. Any dispute with a customer with respect to such obligations could have adverse effects on our relationship with that customer and other current and prospective customers, reduce demand for our Unified-CXM platform and harm our business, financial condition and results of operations.

Further, certain of our customer agreements contain provisions permitting the customer to become a party to, or a beneficiary of, a source code escrow agreement under which we place the proprietary source code for certain of our solutions in escrow with a third party. Under these source code escrow agreements, our source code may be released to the customer upon the occurrence of specified events, such as in situations of our bankruptcy or insolvency or our failure to support or maintain our solutions. Disclosing the content of our source code may limit the intellectual property protection we can obtain or maintain for our source code or our solutions containing that source code and may facilitate intellectual property infringement, misappropriation or other violation claims against us.

Following any such release, we cannot be certain that customers will comply with the restrictions on their use of the source code and we may be unable to monitor and prevent unauthorized disclosure of such source code by customers. Additionally, following any such release, customers may be able to create derivative works based on our source code and may own such derivative works. Any increase in the number of people familiar with our source code as a result of any such release also may increase the risk of a successful hacking attempt. Each of these could have a material adverse effect on our business, financial condition and results of operations.

***If we fail to integrate our Unified-CXM platform with a variety of software applications, operating systems, platforms, and hardware that are developed by others, our Unified-CXM platform may become less marketable, less competitive or obsolete and our business and results of operations would be harmed.***

Our Unified-CXM platform must integrate with a variety of network, hardware and software systems and we need to continuously modify and enhance our Unified-CXM platform to adapt to changes in hardware, software, networking, browser and database technologies. In particular, we have developed our Unified-CXM platform to be able to easily integrate with certain third-party SaaS applications through the interaction of APIs. In general, we rely on the fact that the providers of such software systems continue to

allow us access to their APIs to enable these customer integrations. To date, we have not relied on a long-term written contract to govern our relationship with these providers. Instead, we are subject to the standard terms and conditions for application developers of such providers, which govern the distribution, operation and fees of such software systems, and which are subject to change by such providers from time to time. If we are unable to effectively integrate with third-party systems, our customers' operations may be disrupted, which could result in disputes with customers, negatively impact customer satisfaction and materially and adversely affect our business, financial condition and results of operations.

***We may acquire or invest in companies, which may divert our management's attention and result in additional dilution to our stockholders. We may be unable to integrate acquired businesses and technologies successfully or achieve the expected benefits of such acquisitions.***

Our success depends, in part, on our ability to expand our Unified-CXM platform and grow our business in response to changing technologies, customer demands and competitive pressures. We have in the past, and we may in the future, attempt to do so through strategic transactions, including acquisitions of, or investments in, businesses, technologies, services, products and other assets that we believe could complement, expand or enhance our Unified-CXM platform or otherwise offer growth opportunities. We also may enter into relationships with other businesses to expand our Unified-CXM platform, which could involve preferred or exclusive licenses, additional channels of distribution, discount pricing or investments in other companies.

Any acquisition, investment or business relationship may result in unforeseen operating difficulties and expenditures. In particular, we may encounter difficulties assimilating or integrating the businesses, technologies, products, personnel or operations of the acquired companies, particularly if the key personnel of the acquired company choose not to work for us, their software is not easily adapted to work with our Unified-CXM platform or we have difficulty retaining the customers of any acquired business due to changes in ownership, management or otherwise. Acquisitions, investments or other business relationships also may disrupt our business, divert our resources and require significant management attention that would otherwise be available for development of our existing business. Moreover, the anticipated benefits of any acquisition, investment or business relationship may not be realized or we may be exposed to unknown risks or liabilities.

Identifying and negotiating these transactions can be time-consuming, difficult and expensive, and our ability to complete these transactions may often be subject to approvals that are beyond our control. We cannot predict the number, timing or size of these transactions. Our prior acquisitions have been relatively small, and we are relatively inexperienced in effectively integrating another business with our own. Consequently, these transactions, even if announced, may not be completed. The risks we face in connection with these transactions include:

- the issuance of additional equity securities that would dilute our existing stockholders and adversely affect the value of our Class A common stock;
- the use of substantial portions of our available cash and other resources that we may need in the future to operate our business;
- issuance of large charges or substantial liabilities;
- diversion of management's attention from other business concerns;
- lack of or insufficient security, intellectual property, and privacy controls within entities involved in these transactions, leading to cascading failures in our own portfolio;
- issuance of debt on terms unfavorable to us or that we are unable to repay;
- harm to our existing relationships with customers and partners as a result of the transaction;
- claims and disputes from stockholders and third parties, including intellectual property and data privacy claims and disputes;
- difficulties retaining key employees or customers of the acquired business or integrating diverse software codes or business cultures; and
- adverse tax consequences, substantial depreciation deferred compensation charges or other unfavorable accounting treatment.

The occurrence of any of these risks could have an adverse effect on our business, results of operations and financial condition. In addition, our entry into any future acquisition, investment or business relationship may be prohibited by the terms of our credit facilities. The SVB Credit Facility restricts our ability to pursue certain mergers, acquisitions, amalgamations or consolidations that we may believe to be in our best interest.

***Our international sales and operations, including our planned business development activities outside of the United States, subject us to additional risks and challenges that can adversely affect our business, results of operations and financial condition.***

During the year ended January 31, 2022, approximately 36% of our sales were to customers outside of the Americas. As part of our growth strategy, we expect to continue to expand our international operations, which may include opening additional offices in new jurisdictions and providing our Unified-CXM platform in additional languages and on-boarding new customers outside the United States. Any new markets or countries into which we attempt to sell subscriptions to our Unified-CXM platform may not be receptive to our business development activities. We currently have sales personnel and sales and customer and product support operations in the United States and certain countries across Europe, the Asia Pacific region and the Americas. We believe that our ability to attract new customers to our Unified-CXM platform and to convince existing customers to renew or expand their use of our Unified-CXM platform is directly correlated to the level of engagement we achieve with our customers in their home countries. To the extent that we are unable to effectively engage with non-U.S. customers, we may be unable to effectively grow in international markets.

Our international operations also subject us to a variety of additional risks and challenges, including:

- increased management, travel, infrastructure and legal compliance costs associated with having operations and developing our business in multiple jurisdictions;
- providing our Unified-CXM platform and operating our business across a significant distance, in different languages, among different cultures and time zones, including the potential need to modify our Unified-CXM platform and products to ensure that they are culturally appropriate and relevant in different countries;
- compliance with non-U.S. data privacy, protection and security laws, rules and regulations, including data localization requirements, and the risks and costs of non-compliance;
- longer payment cycles and difficulties enforcing agreements, collecting accounts receivable or satisfying revenue recognition criteria, especially in emerging markets;
- hiring, training, motivating and retaining highly-qualified personnel, while maintaining our unique corporate culture;
- increased financial accounting and reporting burdens and complexities;
- longer sales cycle and more time required to educate enterprises on the benefits of our Unified-CXM platform outside of the United States;
- requirements or preferences for domestic products;
- limitations on our ability to sell our Unified-CXM platform and for our solution to be effective in non-U.S. markets that have different cultural norms and related business practices that de-emphasize the importance of positive customer and employee experiences;
- differing technical standards, existing or future regulatory and certification requirements and required features and functionality;
- political and economic conditions and uncertainty in each country or region in which we operate and general economic and political conditions and uncertainty around the world;

- changes in a specific country's or region's political or economic conditions, including in the United Kingdom as a result of the United Kingdom exiting the European Union;
- compliance with laws and regulations for non-U.S. operations, including anti-bribery laws, import and export control laws, tariffs, trade barriers, economic sanctions and other regulatory or contractual limitations on our ability to sell our Unified-CXM platform and develop our business in certain non-U.S. markets, and the risks and costs of non-compliance;
- heightened risks of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact our financial condition and result in restatements of our consolidated financial statements;
- heightened risks of unfair or corrupt business practices in certain geographies and of improper or fraudulent sales arrangements that may impact our financial condition and result in restatements of our consolidated financial statements;
- fluctuations in currency exchange rates and related effects on our results of operations;
- difficulties in repatriating or transferring funds from or converting currencies in certain countries;
- communication and integration problems related to entering new markets with different languages, cultures and political systems;
- new and different sources of competition;
- differing labor standards, including restrictions related to, and the increased cost of, terminating employees in some countries;
- the need for localized subscription agreements;
- the need for localized language support and difficulties associated with delivering support, training and documentation in languages other than English;
- increased reliance on channel partners;
- reduced protection for intellectual property rights in certain non-U.S. countries and practical difficulties of obtaining, maintaining, protecting and enforcing such rights abroad; and
- compliance with the laws of numerous foreign taxing jurisdictions, including withholding tax obligations, and overlapping of different tax regimes.

Any of these risks and challenges could adversely affect our operations, reduce our revenue or increase our operating costs, each of which could adversely affect our ability to expand our business outside of the United States and thereby our business more generally, as well as our results of operations, financial condition and growth prospects.

Compliance with laws and regulations applicable to our international operations substantially increases our cost of doing business. We may be unable to keep current with changes in government requirements as they change from time to time. Failure to comply with these regulations could have adverse effects on our business. In many foreign countries it is common for others to engage in business practices that are prohibited by our internal policies and procedures or U.S. or other regulations applicable to us. Although we have implemented policies and procedures designed to ensure compliance with these laws and policies, there can be no assurance that our employees, contractors, partners and agents will comply with these laws and policies. Violations of laws or our policies by our employees, contractors, partners or agents could result in delays in revenue recognition, financial reporting misstatements, enforcement actions, disgorgement of profits, fines, civil and criminal penalties, damages, injunctions, other collateral consequences and increased costs, including the costs associated with defending against such actions, or the prohibition of the importation or exportation of our Unified-CXM platform and related services, each of which could adversely affect our business, results of operations and financial condition.

***We believe that our success depends on continuing to invest in the growth of our worldwide operations by entering new geographic markets. If our investments in these markets are greater than anticipated, or if our customer growth or sales in these markets do not meet our expectations, our results of operations and financial condition may be adversely affected.***

We believe that our success depends on expanding our business into new geographic markets and attracting customers in countries other than the United States. We anticipate continuing to expand our operations worldwide and have made, and will continue to make, substantial investments and incur substantial costs as we enter new geographic markets. This includes investments in data centers, cloud-based infrastructure and applications and other information technology investments, sales, marketing and administrative personnel and facilities. Often we must make these investments when it is still unclear whether future sales in the new market will justify the costs of these investments. In addition, these investments may be more expensive than we initially anticipate. If our investments are greater than we initially anticipate or if our customer growth or sales in these markets do not meet our expectations or justify the cost of the initial investments, our results of operations and financial condition may be adversely affected.

***Disputes with our customers and other third parties could be costly, time-consuming and harmful to our business and reputation.***

Our business requires us to enter into agreements with a large number of customers and other third parties in many different jurisdictions. Our subscription and other agreements contain a variety of terms, including service level requirements, data privacy, protection and security obligations, indemnification obligations, including for intellectual property infringement claims, dispute resolution procedures and regulatory requirements. Agreement terms may not be standardized across our business and can be subject to differing interpretations and local law requirements, which could result in disputes with our customers and other third parties from time to time. If our customers and other third parties notify us of a breach of contract or otherwise dispute the terms of our agreements, the dispute resolution process can be expensive and time-consuming and result in the diversion of resources that could otherwise be deployed to grow our business. Even if these disputes are resolved in our favor, we may be unable to recoup the expenses and other diverted resources committed to resolving the dispute and, if we receive negative publicity in connection with the dispute, our reputation and brand may be harmed. Furthermore, the ultimate resolution of such disputes may be adverse to our interests and, as a result, could adversely affect our results of operations and financial condition.

***We face exposure to foreign currency exchange rate fluctuations, and if foreign currency exchange rates fluctuate substantially in the future, our results of operations and financial condition, which are reported in U.S. dollars, could be adversely affected.***

We conduct our business in countries around the world and a portion of our transactions outside the United States are denominated in currencies other than the U.S. dollar. While we have primarily transacted with customers and vendors in U.S. dollars to date, from time to time we have transacted in foreign currencies for subscriptions to our Unified-CXM platform and may significantly expand the number of transactions with customers that are denominated in foreign currencies in the future. The majority of our international costs are also denominated in local currencies. In addition, our international subsidiaries maintain net assets or liabilities that are denominated in currencies other than the functional operating currencies of these entities. Accordingly, changes in the value of foreign currencies relative to the U.S. dollar can affect our revenue and results of operations due to transactional and translational remeasurements that are reflected in our results of operations. As a result of such foreign currency exchange rate fluctuations, it could be more difficult to detect underlying trends in our business and results of operations.

We currently do not maintain a program to hedge transactional exposures in foreign currencies, but intend to do so in the near future. The future use of hedging instruments may introduce additional risks if we are unable to structure effective hedges with such instruments. There can be no assurance that we will be successful in managing our exposure to currency exchange rate risks, which may adversely affect our business, results of operations and financial condition.

***The terms of the SVB Credit Facility require us to meet certain operating and financial covenants and place restrictions on our operating and financial flexibility. If we raise additional capital through debt financing, the terms of any new debt could further restrict our ability to operate our business.***

Under the terms of the SVB Credit Facility, we can borrow up to \$50.0 million under a revolving credit loan facility. The SVB Credit Facility contains customary affirmative and negative covenants that either limit our ability to, or, if we make future draws, require a mandatory prepayment in the event we, incur additional indebtedness and liens, merge with other companies or consummate certain changes of control, acquire other companies, engage in new lines of business, make certain investments, pay dividends, transfer or dispose of assets, amend certain material agreements and enter into various specified transactions. As a result, we may not be able to engage in any of the foregoing transactions unless we obtain the consent of our lender or prepay any outstanding amount under the SVB Credit Facility. The SVB Credit Facility also contains certain financial covenants, including minimum revenue and cash balance requirements, and financial reporting requirements. Our obligations under the SVB Credit Facility are secured by substantially all of our property, with limited exceptions, including our intellectual property. We may not be able to generate sufficient cash flow or sales to meet our financial covenants or, if we make future draws, pay the principal and interest under the SVB Credit Facility. Furthermore, if we made a subsequent draw, our future working capital, borrowings or equity financings could be unavailable to repay or refinance the amounts outstanding under the SVB Credit Facility. In the event of a liquidation, our lenders would be repaid all outstanding

principal and interest prior to distribution of assets to unsecured creditors, and the holders of our common stock would receive a portion of any liquidation proceeds only if all of our creditors, including our lenders, were first repaid in full. Any declaration by our lender of an event of default could significantly harm our business and prospects and could cause the price of our common stock to decline. If we raise any additional debt financing, the terms of such additional debt could further restrict our operating and financial flexibility.

As of October 31, 2022, we did not owe any principal or accrued interest under the SVB Credit Facility. However, it is possible that we will in the future draw down on the SVB Credit Facility or enter into new debt obligations. Our ability to make scheduled payments or to refinance such debt obligations depends on numerous factors, including the amount of our cash balances and our actual and projected financial and operating performance. We may be unable to maintain a level of cash balances or cash flows sufficient to permit us to pay the principal, premium, if any, and interest on our future indebtedness. If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional capital or restructure or refinance our indebtedness. We may not be able to take any of these actions, and even if we are, these actions may be insufficient to permit us to meet our scheduled debt service obligations. In addition, in the event of our breach of the SVB Credit Facility, we may be required to repay any outstanding amounts earlier than anticipated. If for any reason we become unable to service our debt obligations under the SVB Credit Facility, or any new debt obligations that we may enter into from time to time, holders of our common stock would be exposed to the risk that their holdings could be lost in an event of a default under such debt obligations and a foreclosure and sale of our assets for an amount that is less than the outstanding debt.

***Unfavorable conditions in our industry or the economy more generally or reductions in information technology spending could limit our ability to grow our business and adversely affect our results of operations and financial condition.***

Our results of operations may vary based on the impact of changes in our industry or the economy more generally on us or our customers and potential customers. This risk is presently heightened by the uncertain economic impact of the ongoing COVID-19 pandemic. Our business and results of operations depend on demand for information technology generally and for Unified-CXM solutions in particular, which in turn is influenced by the scale of business that our customers are conducting. Weak economic conditions, either in the United States or internationally, including resulting from changes in gross domestic product growth, inflation, financial and credit market fluctuations, international trade relations, pandemics (such as the COVID-19 pandemic), political turmoil, natural disasters or catastrophes or geopolitical tensions, such as Russia's ongoing incursion into Ukraine, could cause a decrease in business investments, including spending on information technology generally. To the extent that weak economic conditions cause our existing customers or potential customers to reduce their budget for Unified-CXM solutions or to perceive spending on such systems as discretionary, demand for our Unified-CXM platform may be adversely affected. Moreover, customers and potential customers may require extended billing terms and other financial concessions, which would limit our ability to grow our business and adversely affect our business, results of operations and financial condition.

Further, we rely on our network and third-party infrastructure, enterprise applications, internal technology systems, and our website for our development, marketing, operational support, hosted services and sales activities. In the event of a catastrophic event, including a natural disaster such as an earthquake, hurricane, fire, flood, tsunami or tornado, or other catastrophic event such as power loss, market manipulation, civil unrest, supply chain disruptions, armed conflict, computer or telecommunications failure, cybersecurity issues, human error, improper operation, unauthorized entry, break-ins, sabotage, intentional acts of vandalism and similar misconduct, war, terrorist attack or incident of mass violence in any geography where our operations or data centers are located or where certain other systems and applications that we rely on are hosted, we may be unable to continue our operations and may endure significant system degradations, disruptions, destruction of critical assets, reputational harm, delays in our application development, breaches of data security and loss of critical data, all of which could have an adverse effect on our future results of operations. We also rely on our employees and key personnel to meet the demands of our customers and run our day-to-day operations. In the event of a catastrophic event, the functionality of our employees could be negatively impacted, which could have an adverse effect on our business, financial condition and results of operations. In addition, natural disasters, cybersecurity attacks, market manipulations, supply chain disruptions, acts of terrorism or other catastrophic events could cause disruptions in our or our customers' businesses, national economies or the world economy as a whole.

***Our corporate culture has contributed to our success, and if we cannot maintain this culture as we grow, we could lose the innovation, creativity and teamwork fostered by our culture, which could harm our business.***

Building a culture where everyone is happier and can thrive personally and professionally is the cornerstone of our philosophy. We create an environment of happier employees by building a values-based culture with rich communications, leader and employee action planning, competitive pay and benefits, and a culture where everyone feels like they belong and are valued. We recruit, retain and invest in the development of the best talent in the world. Externally, we have been recognized as a best place to work by several national media outlets.

As our organization grows and evolves, we may need to implement more complex organizational management structures or adapt our corporate culture and work environments to ever-changing circumstances, such as during times of a natural disasters or pandemics,

including the COVID-19 pandemic. These changes could have an adverse impact on our corporate culture. We also expect to continue to hire as we expand, but if we do not continue to maintain our corporate culture as we grow, we may be unable to foster the innovation, creativity and teamwork that we believe we need to support our growth. Moreover, many of our employees may be able to receive significant proceeds from sales of our common stock in the public markets, which could lead to disparities of wealth among our employees that adversely affects relations among employees and our culture in general. Our anticipated headcount growth and our ongoing transition from a private company to a public company may result in a change to our corporate culture, which could harm our business.

#### **Risks Related to Our Intellectual Property**

***Our Unified-CXM platform utilizes open source software, which may subject us to litigation, require us to re-engineer our Unified-CXM platform or otherwise divert resources away from our development efforts.***

We use open source software in connection with our Unified-CXM platform and products and operations. Some open source software licenses require users who distribute open source software as part of their software to publicly disclose all or part of the source code to such software or make available any derivative works of the open source code (which may include our modifications or product code into which such open source software has been integrated) on unfavorable terms allowing further modification and redistribution and at no or nominal cost, and we may be subject to such terms. The terms of many open source licenses have not been interpreted by U.S. or foreign courts, and there is a risk that these open source licenses could be construed in a way that imposes unanticipated conditions or restrictions on our ability to commercialize our products. While we monitor our use of open source software and try to ensure that none is used in a manner that would require us to disclose source code that we have decided to maintain as proprietary or that would otherwise breach the terms or fail to meet the conditions of an open source license or third-party contract, such use could inadvertently occur, or could be claimed to have occurred, in part because open source license terms are often ambiguous. We could be subject to suits by parties claiming ownership of or demanding release of the open source software or derivative works that we developed using such software, which could include our proprietary source code, or otherwise seeking to enforce the applicable open source licensing terms or alleging that our use of such software infringes, misappropriates or otherwise violates a third party's intellectual property rights. We may as a result be subject to claims for breach of contract, infringement of intellectual property rights, or indemnity, required to release our proprietary source code, pay damages, royalties, or license fees or other amounts, seek licenses, re-engineer our applications, discontinue sales in the event re-engineering cannot be accomplished on a timely basis or take other remedial action that may divert resources away from our development efforts, any of which could adversely affect our business. Any actual or claimed requirement to disclose our proprietary source code or pay damages for breach of the applicable license could harm our business and could help third parties, including our competitors, develop products and services that are similar to or better than ours.

Additionally, the use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of software. There is typically no support available for open source software, and we cannot ensure that the authors of such open source software will implement or push updates to address security risks or will not abandon further development and maintenance. Many of the risks associated with the use of open source software, such as the lack of warranties or assurances of title or performance, cannot be eliminated, and could, if not properly addressed, negatively affect our business. We have processes to help alleviate these risks, including a review process for screening requests from our developers for the use of open source software, but we cannot be sure that all open source software is identified or submitted for approval prior to use in our products and services. Any of these risks could be difficult to eliminate or manage, and, if not addressed, could have an adverse effect on our business, financial condition, and results of operations.

***Any failure to obtain, maintain, protect, defend or enforce our intellectual property rights could impair our ability to protect our proprietary technology and our brand and adversely affect our business, financial condition and results of operations.***

Our success and ability to compete depend in part upon our ability to obtain, maintain, protect, defend and enforce our intellectual property. As of October 31, 2022, we owned 36 U.S. issued patents and 10 pending non-provisional or provisional U.S. patent applications. We rely on a combination of patent, copyright, trademark and trade secret laws in the United States and internationally, as well as technological measures and contractual provisions, such as confidentiality or license agreements with our employees, customers, partners, and other third parties, to establish and protect our brand, maintain our competitive position and protect our intellectual property rights from infringement, misappropriation or other violation. However, the steps we take to protect our intellectual property rights may be inadequate or ineffective, and our intellectual property may be challenged, invalidated, narrowed in scope or rendered unenforceable through administrative processes, including re-examination, inter partes review, interference and derivation proceedings and equivalent proceedings in foreign jurisdictions (e.g., opposition proceedings) or litigation. The steps we take to protect our intellectual property rights may not be sufficient to effectively prevent third parties from infringing, misappropriating or otherwise violating our intellectual property or to prevent unauthorized disclosure or unauthorized use of our trade secrets or other confidential information. We cannot guarantee that any of our pending applications will issue or be approved or that our existing and future intellectual property rights will be sufficiently broad to protect our proprietary technology.

Additionally, effective trademark, copyright, patent and trade secret protection may not be available in every country in which we conduct business and we may fail to maintain or be unable to obtain adequate protections for certain of our intellectual property rights in such foreign countries. Further, intellectual property law, including statutory and case law, particularly in the United States, is constantly developing, and any changes in the law could make it harder for us to enforce our rights. Failure to comply with applicable procedural, documentary, fee payment and other similar requirements with the United States Patent and Trademark Office and various similar foreign governmental agencies could result in abandonment or lapse of the affected patent, trademark or application. If this occurs, our competitors might be more successful in their efforts to compete with us. Effective protection of intellectual property rights is expensive and difficult to maintain, both in terms of application and registration costs as well as the costs of defending and enforcing those rights.

We attempt to protect our intellectual property, technology, and confidential information in part through confidentiality, non-disclosure and invention assignment agreements with our employees, consultants, contractors, corporate collaborators, advisors and other third parties who develop intellectual property on our behalf or with whom we share information. However, we cannot guarantee that we have entered into such agreements with each party who has developed intellectual property on our behalf and each party that has or may have had access to our confidential information, know-how and trade secrets. These agreements may be insufficient or breached, or may not effectively prevent unauthorized access to or unauthorized use, disclosure, misappropriation or reverse engineering of, our confidential information, intellectual property, or technology. There can be no assurance that these agreements will be self-executing or otherwise provide meaningful protection for our trade secrets or other intellectual property or proprietary information. Moreover, these agreements may not provide an adequate remedy for breaches or in the event of unauthorized use or disclosure of our confidential information or technology or infringement of our intellectual property. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret or know-how is difficult, expensive, and time-consuming, and the outcome is unpredictable. In addition, trade secrets and know-how can be difficult to protect and some courts inside and outside the United States are less willing or unwilling to protect trade secrets and know-how. If any of our trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, we would have no right to prevent them from using that technology or information to compete with us, and our competitive position would be materially and adversely harmed. The loss of trade secret protection could make it easier for third parties to compete with our products and services by copying functionality. Additionally, individuals not subject to invention assignment agreements may make adverse ownership claims to our current and future intellectual property, and, to the extent that our employees, independent contractors or other third parties with whom we do business use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions. There is also a risk that we do not establish an unbroken chain of title from inventors to us. An inventorship or ownership dispute could arise that may permit one or more third parties to practice or enforce our intellectual property rights, including possible efforts to enforce rights against us. Additionally, errors in inventorship or ownership can sometimes also impact priority claims, and if we were to lose our ability to claim priority for certain patent filings, intervening art or other events may preclude us from issuing patents.

Moreover, policing unauthorized use of our technologies, trade secrets, and intellectual property may be difficult, expensive and time-consuming, particularly in foreign countries where the laws may not be as protective of intellectual property rights as those in the United States and where mechanisms for enforcement of intellectual property rights may be weak or inadequate. Furthermore, we may not always detect infringement, misappropriation or other violation of our intellectual property rights, and any infringement, misappropriation or other violation of our intellectual property rights, even if successfully detected, prosecuted and enjoined, could be costly to deal with and could harm our business. In addition, there can be no assurance that our intellectual property rights will be sufficient to protect against others offering products or services that are substantially similar to ours and competing with our business, and third parties, including our competitors, may independently develop similar technology, duplicate our services or design around our intellectual property and, in such cases, we may not be able to successfully assert our intellectual property rights against such parties. Further, our contractual arrangements may not effectively prevent disclosure of our trade secrets or confidential information or provide an adequate remedy in the event of unauthorized disclosure of our trade secrets or confidential information, and we may be unable to detect the unauthorized use of, or take appropriate steps to enforce, such trade secrets, confidential information and other intellectual property rights. Any of the foregoing could adversely affect our business, results of operations and financial condition.

In order to protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management, and could result in the impairment or loss of portions of our intellectual property. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace. Furthermore, our efforts to enforce our intellectual property rights may be met with defenses, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights, which could result in the impairment or loss of portions of our intellectual property portfolio. An adverse determination of any litigation proceedings could put our intellectual property at risk of being invalidated or interpreted narrowly and could put our related patents, pending patent applications and trademark filings at risk of being invalidated, not issuing or being cancelled. Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential or sensitive information could be compromised by disclosure in the event of litigation. In addition, during the course of litigation there could be public announcements of the results of hearings, motions or other interim proceedings or developments. Despite our efforts, we may not be able to prevent third parties from infringing, misappropriating or otherwise violating, or from successfully challenging, our

intellectual property rights. If securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of our Class A common stock. Such litigation or proceedings could substantially increase our operating losses and reduce the resources available for development activities or any future sales, marketing or distribution activities. Our failure to obtain, maintain, protect, defend and enforce our intellectual property rights could adversely affect our brand and business, financial condition and results of operations.

***We may face claims by third parties alleging infringement, misappropriation or other violation of their intellectual property, trade secrets or proprietary rights.***

There is considerable patent and other intellectual property development activity in our industry and companies in the technology industry frequently enter into litigation based on allegations of infringement, misappropriation or other violations of intellectual property rights. Our future success depends in part on our ability to develop and commercialize our products and services without infringing, misappropriating or otherwise violating the intellectual property and proprietary rights of others. From time to time, we have received and may in the future receive claims from third parties, including our competitors, alleging that our Unified-CXM platform and underlying technology infringe, misappropriate or otherwise violate such third party's intellectual property rights, including their trade secrets, and we may be found to be infringing upon such rights. For example, on February 25, 2022, we agreed to settle all outstanding claims with Opal Labs Inc. ("Opal") with respect to Opal's complaints alleging breach of contract and violation of Oregon's Uniform Trade Secrets Act, among other claims, and, on March 1, 2022, the court dismissed those claims with prejudice. The Company and Opal finalized the settlement on March 15, 2022, and it was paid on March 30, 2022.

As we face increasing competition and become increasingly high profile, the possibility of receiving a larger number of intellectual property claims against us grows. It is possible that we may be unsuccessful in such proceedings, resulting in a loss of some portion or all of our patent rights. Any claims or litigation, regardless of their merit, could cause us to incur significant expenses, pay substantial amounts in costs or damages, ongoing royalty or license fees or other payments, or could prevent us from offering all or aspects of our Unified-CXM platform or using certain technologies, require us to re-engineer all or a portion of our Unified-CXM platform, force us to implement expensive work-arounds or re-designs, distract management from our business or require that we comply with other unfavorable terms. If any of our technologies, products or services are found to infringe, misappropriate or violate a third party's intellectual property rights, we may seek to obtain a license under such third party's intellectual property rights in order to bring an end to certain claims or actions asserted against us to continue commercializing or using such technologies, products and services. However, we may not be able to obtain such a license on commercially reasonable terms or at all. Even if we were able to obtain a license, it could be non-exclusive, thereby giving our competitors and other third parties access to the same technologies licensed to us, and it could require us to make substantial licensing and royalty payments.

Any litigation also may involve patent holding companies or other adverse patent owners that have no relevant solution revenue, and, therefore, our patent portfolio may provide little or no deterrence, as we would not be able to assert our patents against such entities or individuals. Such "non-practicing entities" and other intellectual property rights holders may attempt to assert intellectual property claims against us or seek to monetize the intellectual property rights they own to extract value through licensing or other settlements. We have in the past and may in the future be requested to and/or obligated to indemnify our customers or business partners in connection with any such litigation and to obtain licenses or refund subscription fees, which could further exhaust our resources. Even if we were to prevail in the event of claims or litigation against us, any claim or litigation regarding our technology or intellectual property, with or without merit, could be unpredictable, costly and time-consuming, and divert significant resources and the attention of our management and other employees from our business operations. Such disputes also could disrupt our Unified-CXM platform and products, which would adversely impact our client satisfaction and ability to attract customers. In the case of infringement, misappropriation or other violation caused by technology that we obtain from third parties, any indemnification or other contractual protections we obtain from such third parties, if any, may be insufficient to cover the liabilities we incur as a result of such infringement or misappropriation.

In a patent infringement claim against us, we may assert, as a defense, that we do not infringe the relevant patent claims, that the patent is invalid or both. The strength of our defenses will depend on the patents asserted, the interpretation of these patents, and our ability to invalidate the asserted patents. However, we could be unsuccessful in advancing non-infringement or invalidity arguments in our defense. In the United States, issued patents enjoy a presumption of validity, and the party challenging the validity of a patent claim must present clear and convincing evidence of invalidity, which is a high burden of proof. Conversely, the patent owner need only prove infringement by a preponderance of the evidence, which is a lower burden of proof. We also may be unaware of the intellectual property rights of others that may cover some or all of our technology. Because patent applications can take years to issue and are often afforded confidentiality for some period of time, there may currently be pending applications, unknown to us, that later result in issued patents that could cover one or more of our products. If we are required to make substantial payments or undertake any of the other actions noted above as a result of any intellectual property infringement, misappropriation or violation claims against us, such payments, costs or actions could have a material adverse effect on our competitive position, business, financial condition and results of operations.

## **Risks Related to Litigation, Regulatory Compliance and Governmental Matters**

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

Our business activities are subject to various restrictions under U.S. export and similar laws and regulations, including the United States Department of Commerce's Export Administration Regulations and various economic and trade sanctions regulations administered by the United States Treasury Department's Office of Foreign Assets Controls. The U.S. export control laws and economic sanctions laws include restrictions or prohibitions on the sale or supply of certain products and services to certain embargoed or sanctioned countries, governments, persons and entities. In addition, we may incorporate encryption technology into certain of our offerings, and encryption offerings and the underlying technology may be exported outside of the United States only with the required export authorizations, including by license, and we cannot guarantee that any required authorization will be obtained. If we are found to be in violation of U.S. economic sanctions or export control laws, it could result in substantial fines and penalties for us and for the individuals working for us. We also may experience other adverse effects, including reputational harm and loss of access to certain markets.

In addition, various countries regulate the import of certain technology and have enacted or could enact laws that could limit our ability to provide our customers access to our Unified-CXM platform or could limit our customers' ability to access or use our Unified-CXM platform in those countries. Changes in our Unified-CXM platform or future changes in export and import regulations may prevent our customers with international operations from utilizing our Unified-CXM platform globally or, in some cases, prevent the export or import of our Unified-CXM platform to certain countries, governments or persons altogether. Any decreased use of our Unified-CXM platform or limitation on our ability to export or sell our Unified-CXM platform could adversely affect our business, results of operations and financial condition.

***Failure to comply with anti-bribery, anti-corruption and anti-money laundering laws could subject us to penalties and other adverse consequences.***

We are subject to the U.S. Foreign Corrupt Practices Act of 1977, as amended (the "FCPA"), the U.K. Bribery Act and other anti-corruption, anti-bribery and anti-money laundering laws in the jurisdictions in which we do business, both domestic and abroad. These laws generally prohibit us and our employees from improperly influencing government officials or commercial parties in order to obtain or retain business, direct business to any person or gain any advantage. The FCPA, U.K. Bribery Act and other applicable anti-bribery and anti-corruption laws also may hold us liable for acts of corruption and bribery committed by our third-party business partners, representatives and agents. In addition to our own sales force, we leverage third parties to sell our products and conduct our business abroad. We and our third-party business partners, representatives and agents may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and we may be held liable for the corrupt or other illegal activities of these third-party business partners and intermediaries, our employees, representatives, contractors, channel partners and agents, even if we do not explicitly authorize such activities. These laws also require that we keep accurate books and records and maintain internal controls and compliance procedures designed to prevent any such actions. While we have policies and procedures to address compliance with such laws, we cannot assure you that our employees and agents will not take actions in violation of our policies or applicable law, for which we may be ultimately held responsible and our exposure for violating these laws increases as our international presence expands and as we increase sales and operations in foreign jurisdictions. Any violation of the FCPA, U.K. Bribery Act or other applicable anti-bribery, anti-corruption laws and anti-money laundering laws could result in whistleblower complaints, adverse media coverage, investigations, imposition of significant legal fees, loss of export privileges, severe criminal or civil sanctions or suspension or debarment from U.S. government contracts, substantial diversion of management's attention, a decline in the market price of our Class A common stock or overall adverse consequences to our reputation and business, all of which may have an adverse effect on our results of operations and financial condition.

***Our business could be adversely impacted by changes in laws and regulations related to the Internet or changes in access to the Internet generally.***

The future success of our business depends upon the continued use of the Internet as a primary medium for communication, business applications and commerce. Federal or state government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the Internet as a commercial medium. Legislators, regulators or government bodies or agencies also may make legal or regulatory changes or interpret or apply existing laws or regulations that relate to the use of the Internet in new and materially different ways. Changes in these laws, regulations or interpretations could require us to modify our Unified-CXM platform in order to comply with these changes, to incur substantial additional costs or divert resources that could otherwise be deployed to grow our business, or expose us to unanticipated civil or criminal liability, among other things.

In addition, government agencies and private organizations have imposed, and may in the future impose, additional taxes, fees or other charges for accessing the Internet or commerce conducted via the Internet. Internet access is frequently provided by companies that have significant market power and could take actions that degrade, disrupt or increase the cost of our customers' use of our Unified-

CXM platform, which could negatively impact our business. In December 2017, the Federal Communications Commission (“FCC”), voted to repeal its “net neutrality” Open Internet rules, effective June 2018. The rules were designed to ensure that all online content is treated the same by internet service providers and other companies that provide broadband services. The FCC’s new rules, which took effect on June 11, 2018, repealed the neutrality obligations imposed by the Open Internet rules and granted providers of broadband internet access services greater freedom to make changes to their services, including, potentially, changes that may discriminate against or harm our business. A number of parties have appealed this order, which is currently being reviewed by the United States Court of Appeals for the Federal Circuit. Should the net neutrality rules be relaxed or eliminated, we could incur greater operating expenses or our customers’ use of our Unified-CXM platform could be adversely affected, either of which could harm our business and results of operations.

These developments could limit the growth of Internet-related commerce or communications generally or result in reductions in the demand for Internet-based platforms and services such as ours, increased costs to us or the disruption of our business. In addition, as the Internet continues to experience growth in the numbers of users, frequency of use and amount of data transmitted, the use of the Internet as a business tool could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of Internet activity, security, reliability, cost, ease-of-use, accessibility and quality of service. The performance of the Internet and its acceptance as a business tool has been adversely affected by data security and privacy issues, and the Internet has experienced a variety of outages and other degradations as a result of damage to portions of its infrastructure. If the use of the Internet generally, or our Unified-CXM platform specifically, is adversely affected by these or other issues, we could be forced to incur substantial costs, demand for our Unified-CXM platform could decline and our results of operations and financial condition could be harmed.

#### **Risks Related to Information Technology and Cybersecurity**

##### ***Interruptions in availability or suboptimal performance associated with our technology and infrastructure may adversely affect our business, results of operations and financial condition.***

We seek to use modern well-architected systems and appropriate security controls to maintain the availability of our products. These controls include business continuity and disaster recovery plans, highly redundant designs of operational systems and processes, training and availability of key employees, strong contractual and technical assurances by our third-party service providers to maintain their services to us, regular tests and audits of critical systems and plans, appropriate capacity planning for current and future system and process needs, enterprise risk management, and a continuous review of our plans. Notwithstanding these efforts, we cannot ensure that our systems or those of our third-party service providers will not be vulnerable to disruptions from natural or man-made disasters or other security incidents. We are exposed to threats and resulting risks that may result in a significant disruption of our ability to deliver our products to our customers.

Our continued growth, brand, reputation and ability to attract and retain customers depend in part on the ability of our customers to access our Unified-CXM platform at any time and within an acceptable amount of time. Our Unified-CXM platform is proprietary, and we are dependent on the expertise and efforts of members of our engineering, operations and software development teams for its continued performance. We have experienced, and may in the future experience, service disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, introductions of new functionality, human or software errors, capacity constraints due to an overwhelming number of users accessing our Unified-CXM platform concurrently and denial of service attacks or other security-related incidents. Frequent or persistent interruptions in our products and services could cause customers to believe that our products and services are unreliable, leading them to switch to our competitors or to avoid our products and services. Additionally, our insurance policies may be insufficient to cover a claim made against us by any such customers affected by any errors, defects or other infrastructure problems. In some instances, we may not be able to rectify, remediate or even identify the cause or causes of these performance issues within an acceptable period of time. It may become increasingly difficult to maintain and improve our performance, especially during peak usage times, as our Unified-CXM platform becomes more complex and our user traffic increases. If our Unified-CXM platform is unavailable or if users are unable to access our Unified-CXM platform within a reasonable amount of time, or at all, our business, results of operations and financial condition would be adversely affected. Moreover, some of our customer agreements include performance guarantees and service-level standards that obligate us to provide credits or termination rights in the event of a significant disruption in the functioning of our Unified-CXM platform.

To the extent that we do not effectively address capacity constraints, upgrade our systems and data centers as needed and continually develop our technology and network architecture to accommodate actual and anticipated changes in technology or an increased user base, we may experience service interruptions and performance issues, which may result in a disruption of our products, delay the development of new products and features, result in a loss of current and future revenue, result in negative publicity and harm to our reputation, require us to pay significant penalties or fines or subject us to litigation, claims or other disputes, any of which could have an adverse effect on our business, results of operations and financial condition.

***We are subject to stringent and changing obligations related to data privacy and security. Our actual or perceived failure to comply with such obligations could lead to regulatory investigations or actions, litigation, fines and penalties, disruptions of our business operations, reputational harm, loss of revenue or profits, loss of customers or sales, and other adverse business consequences.***

In the ordinary course of business, we collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, and share (commonly known as processing) proprietary and confidential data, including personal data, intellectual property, and trade secrets (collectively, confidential information). Additionally, our customers can utilize our Unified-CXM platform to use, collect, manage, store, transmit and otherwise process confidential information of their employees, customers and partners. Our data processing activities subject us to numerous data privacy and security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, contracts, and other obligations that govern the processing of confidential information by us and on our behalf.

In the United States, federal, state, and local governments have enacted numerous data privacy and security laws, including data breach notification laws, personal data privacy laws, and consumer protection laws. For example, the California Consumer Privacy Act of 2018 (“CCPA”) imposes obligations on covered businesses. These obligations include, but are not limited to, providing specific disclosures in privacy notices and affording California residents certain rights related to their personal data. The CCPA allows for statutory fines for noncompliance (up to \$7,500 per violation) and includes a private right of action for certain data breaches. In addition, the California Privacy Rights Act of 2020 (“CPRA”), effective January 1, 2023, will amend and expand the CCPA, sunset prior exemptions for business-to-business and employee data, and establish a new agency to implement and enforce the CPRA, which could increase the risk of enforcement. Other states have enacted data privacy and security laws. For example, comprehensive privacy laws will take effect in Virginia, Colorado, Connecticut and Utah in 2023. While these laws share similarities with the CCPA, these laws, as well as other similar state or federal laws and other future changes in laws or regulations relating to data privacy and security, particularly any new or modified laws or regulations that require enhanced protection of certain types of data or new obligations with regard to data retention, transfer or disclosure, are significant, may result in further uncertainty with respect to data privacy and security issues, and will require us to incur additional costs and expenses in an effort to comply. The enactment of such laws has prompted similar legislative developments in other states, which could create the potential for a patchwork of overlapping but different state laws, as certain state laws may be more stringent, broader in scope or offer greater individual rights with respect to personal data than federal, international or other state laws, which may complicate compliance efforts. The federal government is also considering comprehensive privacy legislation. Additionally, several states and localities have enacted measures related to the use of artificial intelligence and machine learning in products and services.

Furthermore, we are subject to the Payment Card Industry Data Security Standard (“PCI DSS”). The PCI DSS requires companies to adopt certain measures to ensure the security of cardholder information, including using and maintaining firewalls, adopting proper password protections for certain devices and software, and restricting data access. Noncompliance with PCI-DSS can result in penalties ranging from \$5,000 to \$100,000 per month by credit card companies, litigation, damage to our reputation, and revenue losses.

Outside the United States, an increasing number of laws, regulations, and industry standards apply to data privacy and security, and foreign governments are continuing to adopt new or modified laws focused on cybersecurity, privacy, and artificial intelligence. In the European Union (“EU”) and United Kingdom (“UK”), the General Data Protection Regulation (“GDPR”) imposes stringent data privacy and security requirements, including, for example, detailed notices about how such businesses process personal data, the implementation of security measures, mandatory security breach notification requirements, contractual data protection requirements on data processors and limitations on the retention of records of personal data processing activities. Analysis of certain concepts that are fundamental to GDPR compliance are highly complex and open to subjective interpretation—particularly so in respect of processing that occurs in complex, multi-party ecosystems such as those in which we operate our business. For example, in contexts such as these, classification of an organization as a processor, controller or joint controller—which is foundational to determining the nature of that organization’s compliance obligations—requires a subjective analysis of the factual circumstances at hand on a case-by-case basis, which may be open to divergent and/or contradictory conclusions. If we have not, or are perceived to have not, properly determined whether we act as a processor, controller or joint controller in any given context this could require us to incur significant costs to restructure our operations and/or may result in material noncompliance with the GDPR. Noncompliance with the GDPR carries fines of up to the greater of €20 million or 4% of global annual turnover (and under UK laws, up to the greater of £17.5 million or 4% of global annual turnover) and can result in data processing bans and other administrative penalties, together with associated damage to our reputation. The GDPR also allows EU member states and the UK to introduce further conditions, including limitations, and make their own laws and regulations further limiting the processing of ‘special categories of personal data,’ including personal data related to health, biometric data used for unique identification purposes and genetic information, which could limit our ability to collect, use and share EU or UK personal data, and could cause our compliance costs to increase. Many EU member states and the UK have introduced such further limitations and more could do so in the future, which could ultimately have an adverse impact on our business and harm our business and financial condition. Our efforts to maintain compliance with GDPR requirements have required significant time and resources, including a review of our technology and systems against its requirements.

The application of the EU's GDPR alongside the UK's version of the GDPR exposes us to two parallel regimes, each of which potentially authorizes similar fines and other potentially divergent enforcement actions for certain violations. The relationship between the UK and the EU in relation to certain aspects of data protection law remains in flux. On June 28, 2021, the European Commission adopted an 'adequacy finding' that recognized that the UK's data protection framework, which aligns with that of the GDPR, was an adequate data protection regime to allow data transfers from the EU to the UK to continue (with the exception of data transfers for immigration control purposes). Notably, the European Commission's adequacy finding has a sunset provision, which requires review of the determination after four years. The European Commission will be monitoring the UK's data protection regime and may revoke its adequacy finding if at any point it determines that the UK has deviated from the requisite data protection level outlined in the adequacy finding. This may happen sooner than anticipated given the UK's current intention to reform data protection laws and diverge from some of the requirements imposed by the GDPR.

The GDPR also prohibits the transfer of personal data from the EEA and the UK to the United States and most other countries unless an approved compliance mechanism has been implemented. On July 16, 2020, the Court of Justice of the European Union invalidated a primary compliance mechanism on which we relied for such transfers—the EU-U.S. Privacy Shield—and put pressure on alternative compliance mechanisms for cross-border transfers, such as the European Commission's Standard Contractual Clauses. In response to this decision, the European Commission released new Standard Contractual Clauses in June of 2021. These new Standard Contractual clauses were required in connection with all new contracts and new personal data operations from September 27, 2021, and all existing contracts and personal data operations must be migrated to the new Standard Contractual Clauses by December 27, 2022. Similarly, the UK Information Commissioner's Office ("ICO") issued its International Data Transfer Agreement and Addendum to the EU SCCs, which became effective on March 21, 2022. All existing contracts and personal data operations that include the transfer of UK data must be migrated to the new International Data Transfer Agreement after March 21, 2024. Any transfers under the GDPR that seek to rely on the European Commission's Standard Contractual Clauses or the ICO's International Data Transfer Agreement or Addendum require the parties to the transfer to comply with onerous obligations, such as conducting 'transfer impact assessments' to assess the laws of the country of destination and determine whether additional measures are needed to supplement such safeguards to protect the transferred personal data effectively. This requirement and continued guidance from relevant authorities may require us to take additional steps and re-assess data handling practices in connection with these changes, or potential future litigation. We may experience hesitancy, reluctance or refusal by UK, European or multinational enterprises to use our services due to potential risk exposure to such enterprises relating to the UK and Europe's cross-border data transfer requirements. We also may be required to incur significant costs and increase our foreign data processing capabilities in an effort to comply with evolving requirements, and there is no assurance that they will be successful. While the United States and European Union announced in March 2022 that they had reached an "agreement in principle" for a new Trans-Atlantic Data Privacy Framework, the legal documents and details of this new framework have not yet been finalized or released, and such an agreement may be challenged or overturned in court. As a result, this framework may result in continued or increased hesitancy, reluctance or refusal by European or multinational enterprises to use our services as the transfer frameworks between the United States and Europe remain in flux.

Similarly, while the UK data protection regime currently permits data transfers from the UK to the EEA and other countries covered by a European Commission adequacy decision, this is also subject to change in the future, and any such changes could have implications for our transfers of personal data from the UK.

UK and European data privacy regulations in relation to electronic communications also require opt-in consent to send marketing emails and other electronic communications or use cookies and the data obtained using cookies and similar technologies for advertising, analytics and certain other purposes – activities on which our products and marketing strategies rely. Enforcement of these requirements has increased, and a new regulation proposed in the EU known as the ePrivacy Regulation makes these requirements, as well as requirements around tracking technologies, such as cookies, more stringent and increase the penalties for violating them. Such restrictions could increase our exposure to regulatory enforcement action, increase our compliance costs, and adversely affect our business.

***Existing and future laws and evolving attitudes about data privacy and security may impair our ability to collect, use, and maintain data points of sufficient type or quantity to develop and train our artificial intelligence algorithms.***

Jurisdictions outside of the United States, the EU, and the UK also are passing more stringent data privacy and security laws, rules and regulations with which we may be obligated to comply. For example, Brazil's General Data Protection Law (Lei Geral de Proteção de Dados Pessoais) ("LGPD") (Law No. 13,709/2018), China's Personal Information Protection Law ("PIPL"), and Japan's Protection of Personal Information ("APPI"), impose strict requirements for processing personal data.

We continue to see jurisdictions imposing data localization laws, which require personal data, or certain subcategories of personal data, to be stored in the jurisdiction of origin. Specifically, Russia and China have data privacy frameworks that have, amongst other things, more stringent data localization requirements. These regulations may inhibit our ability to expand into those markets or prohibit us from continuing to offer services and/or collaborate with partners in those markets without significant additional costs.

In addition to our legal obligations, our contractual obligations relating to data privacy and security have become increasingly stringent due to changes in data privacy and security and the expansion of our service offerings. Certain data privacy and security laws, such as the GDPR and the CCPA, require our customers to impose specific contractual restrictions on their service providers.

Apart from government activity and our customer contracts, privacy advocacy and other industry groups have established or may establish new self-regulatory standards that may place additional burdens on our ability to provide our services globally. Our customers expect us to meet voluntary certification and other standards established by third parties. Representative examples of potential certifications or standards include those from TRUSTe, the American Institute for Certified Public Accountants, or the International Standards Organization. If we are unable to maintain these certifications or meet these standards, it could adversely affect our ability to provide our solutions to certain customers and could harm our business. Business partners and other third parties with a strong influence on how consumers interact with our products, such as Apple, Google, Meta and Mozilla, may create new privacy controls or restrictions on their products and platforms, limiting the effectiveness of our services.

With laws, rules, regulations and other obligations relating to data privacy and security imposing new and stringent obligations, and with substantial uncertainty over the interpretation and application of these and other obligations, we may face challenges in addressing their requirements and making necessary changes to our policies and practices, and may incur significant costs and expenses in an effort to do so. Additionally, if the third parties we work with, such as our vendors or third-party service providers, violate applicable laws, rules or regulations or our policies, such violations also may put our or our customers' data at risk and could in turn have an adverse effect on our business. Any failure or perceived failure by us or our third-party service providers to comply with our applicable internal and external policies or notices relating to data privacy or security, our contractual or other obligations to customers or other third parties, or any of our other legal obligations relating to data privacy or security, may result in governmental investigations or inquiries (which have occurred in the past and may occur in the future), enforcement actions, litigation, disputes or other claims, indemnification requests, restrictions on providing our services, claims or public statements against us by privacy advocacy groups or others, adverse press and widespread negative publicity, reputational damage, significant liability or fines and the loss of the trust of our customers, any of which could have a material adverse effect on our business, results of operations and financial condition.

The costs of compliance with, and other burdens imposed by, laws, rules, regulations and other obligations relating to data privacy and security applicable to the businesses of our customers may adversely affect our customers' ability and willingness to use, collect, manage, disclose, handle, store, transmit and otherwise process information from their employees, customers and partners, which could limit the use, effectiveness and adoption of our Unified-CXM platform and reduce overall demand. Furthermore, the uncertain and shifting regulatory environment and trust climate may cause concerns regarding data privacy and may cause our customers or our customers' customers to resist providing the data necessary to allow our customers to use our services effectively. Even the perception of privacy concerns, whether or not valid, may inhibit market adoption, effectiveness or use of our applications.

#### **Risks Related to Tax and Accounting Matters**

*Our results of operations may be harmed if we are required to collect sales or other related taxes for subscriptions to our products and services in jurisdictions in which we have not historically done so.*

Sales tax, value-added tax ("VAT"), goods and services tax ("GST"), and other similar transaction tax laws and rates differ greatly by jurisdiction and are subject to varying interpretations that may change over time. The application of these tax laws to services provided electronically is evolving. In particular, the applicability of sales taxes to our products and services in various jurisdictions is unclear.

Furthermore, an increasing number of states have considered or adopted laws that attempt to impose tax collection obligations on out-of-state companies. The Supreme Court of the United States ruled in *South Dakota v. Wayfair, Inc. et al ("Wayfair")* that online sellers can be required to collect sales and use tax despite not having a physical presence in the buyer's state or "economic nexus." In response to *Wayfair*, or otherwise, states or local governments may adopt, or begin to enforce, laws requiring us to calculate, collect, and remit taxes on sales in their jurisdictions. Similarly, many non-U.S. jurisdictions have considered or adopted laws that impose value added, digital service, or similar taxes, on companies despite not having a physical presence in the non-U.S. jurisdiction.

We collect sales, value added or similar transaction taxes in a number of jurisdictions. It is possible, however, that we could face sales tax, VAT, or GST audits and that our liability for these taxes could exceed our estimates as state, local, and non-U.S. tax authorities could still assert that we are obligated to collect additional tax amounts from our customers and remit those taxes to those authorities. We also could be subject to audits in state, local and non-U.S. jurisdictions for which we have not accrued tax liabilities. A successful assertion by one or more states, localities or non-U.S. jurisdictions requiring us to collect taxes where we presently do not do so, or to collect more taxes in a jurisdiction in which we currently do collect some taxes, could result in substantial tax liabilities, including taxes on past sales, as well as penalties and interest. Such tax assessments, penalties, and interest, or future requirements may adversely affect our results of operations.

***Our international operations subject us to potentially adverse tax consequences.***

We generally conduct our international operations through subsidiaries and are subject to income taxes as well as non-income-based taxes, such as payroll, value-added, goods and services and other local taxes. Our domestic and international tax liabilities are subject to various jurisdictional rules regarding the calculation of taxable income in various jurisdictions worldwide based upon our business operations in those jurisdictions. Our intercompany relationships are subject to complex transfer pricing regulations administered by taxing authorities in various jurisdictions. The relevant taxing authorities may disagree with our determinations as to the value of assets sold or acquired or the income and expenses attributable to specific jurisdictions. If such a disagreement were to occur and our position were not sustained, we could be required to pay additional taxes, interest and penalties, which could result in one-time tax charges, higher effective tax rates, reduced cash flows and lower overall profitability of our operations.

***Changes in, or interpretations of, tax rules and regulations may adversely affect our effective tax rates.***

Changes in tax law (including tax rates) could affect our future results of operations. Due to the expansion of our international business activity, any such changes could increase our worldwide effective tax rate and adversely affect our business, results of operations and financial condition. The current or future U.S. presidential administration could propose or enact changes to U.S. tax laws that we cannot currently predict and that could materially affect our business, results of operations and financial condition. Additionally, the Organization for Economic Co-operation and Development (“OECD”) has released guidance covering various topics, including transfer pricing, country-by-country reporting and definitional changes to permanent establishment that could ultimately impact our tax liabilities as countries adopt the OECD’s guidance.

***We are subject to tax examinations of our tax returns by the Internal Revenue Service (the “IRS”), and other domestic and foreign tax authorities. An adverse outcome of any such audit or examination by the IRS or other tax authority could have a material adverse effect on our results of operations and financial condition.***

We are, and expect to continue to be, subject to audit by the IRS and other tax authorities in various domestic and foreign jurisdictions. As a result, we have received, and may in the future receive, assessments in multiple jurisdictions on various tax-related assertions. Taxing authorities also have challenged, and may in the future challenge, our tax positions and methodologies on various matters. We regularly assess the likelihood of adverse outcomes resulting from ongoing tax examinations to determine the adequacy of our provision for income taxes. These assessments can require considerable estimates and judgments. The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in a variety of jurisdictions. There can be no assurance that our tax positions and methodologies are accurate or that the outcomes of ongoing and future tax examinations will not have an adverse effect on our results of operations and financial condition.

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

We have U.S. federal and state net operating loss (“NOL”) carryforwards as a result of prior period losses, some of which, if not utilized will begin to expire in fiscal year 2032 and fiscal year 2023, respectively, for federal and state purposes, respectively. These net operating loss carryforwards could expire unused and be unavailable to offset future income tax liabilities, which could adversely affect our potential profitability.

In addition, under Section 382 of the Internal Revenue Code of 1986, as amended, if a corporation undergoes an “ownership change,” its ability to use its pre-change net operating loss carryforwards to offset its post-change taxable income or tax liability may be limited. Such an “ownership change” generally occurs if there is a greater than 50 percentage point change (by value) in its equity ownership by one or more stockholders or groups of stockholders who own at least 5% of our stock over a three-year period. We have experienced ownership changes in the past and may experience ownership changes in the future as a result of subsequent shifts in our stock ownership. As a result, if we earn net taxable income, our ability to use our pre-change net operating loss carryforwards and other pre-change tax attributes to offset U.S. federal and state taxable income or tax liability may be subject to limitations, which could potentially result in increased future tax liability to us. Furthermore, under the current U.S. federal tax laws, the amount of net operating loss carryforwards from tax years beginning after December 31, 2017 that we are permitted to use in any taxable year beginning after December 31, 2020 is limited to 80% of our taxable income in such year, where taxable income is determined without regard to the net operating loss deduction itself. Under current U.S. federal tax laws, net operating losses are generally not permitted to be carried back to prior taxable years. There is also a risk that, due to regulatory changes, such as suspensions of the use of NOLs, or other unforeseen reasons, our existing NOLs could expire or otherwise be unavailable to offset future income tax liabilities. For these reasons, we may not be able to realize a tax benefit from the use of our NOLs, whether or not we attain profitability.

***If our judgments or estimates relating to our critical accounting policies are based on assumptions that change or prove to be incorrect, our results of operations could fall below expectations of securities analysts and investors, resulting in a decline in the market price of our Class A common stock.***

The preparation of our financial statements in conformity with United States generally accepted accounting principles (“GAAP”), requires management to make judgments, estimates and assumptions that affect the amounts reported in our consolidated financial statements and related notes thereto included elsewhere in this Form 10-Q. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” the results of which form the basis for making judgments about the carrying values of assets, liabilities and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the trading price of our Class A common stock. Significant judgments, estimates and assumptions used in preparing our consolidated financial statements include, or may in the future include, those related to revenue recognition, stock-based compensation expense, income taxes, goodwill and intangible assets.

#### **Risks Related to Being a Public Company**

***Our management team has limited experience managing a public company.***

Members of our senior management team have limited experience managing a publicly traded company, interacting with public company investors and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage our ongoing transition to being a public company that is subject to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents will require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could harm our business, results of operations, and financial condition.

***We will continue to incur increased costs and demands upon management as a result of complying with the laws and regulations affecting public companies, which could adversely affect our business, results of operations and financial condition.***

As a public company, and particularly after we are no longer an emerging growth company, we have incurred and expect to continue to incur greater legal, accounting and other expenses than we incurred as a private company. For example, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”), the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”) and the rules and regulations of the SEC and the listing standards of the New York Stock Exchange. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and results of operations. Compliance with these requirements has increased and will continue to increase our legal, accounting and financial compliance costs and increase demand on our systems, making some activities more time-consuming and costly. These rules and regulations to make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to maintain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified individuals to serve on our board of directors or as our executive officers. In addition, because the market value of our Class A common stock held by non-affiliates as of July 31, 2022 exceeded \$700 million, we will be a “large accelerated filer” under the Exchange Act as of January 31, 2023, and will no longer qualify as an “emerging growth company.” As a result, we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act beginning with our Annual Report on Form 10-K for the fiscal year ending January 31, 2023 and on an annual basis thereafter. In that regard, we will need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge. In addition, as a public company, we may be subject to stockholder activism, which can lead to substantial costs, distract management and impact the manner in which we operate our business in ways we cannot currently anticipate. As a result of disclosure of information in filings required of a public company, our business and financial condition will become more visible, which may result in threatened or actual litigation, including by competitors. These increased costs and demands upon management could adversely affect our business, results of operations and financial condition.

***If we fail to maintain an effective system of disclosure controls and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired.***

As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, and the listing standards of the New York Stock Exchange. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are continuing to develop and refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal

executive and financial officers. We also are continuing to improve our internal control over financial reporting. We have expended, and anticipate that we will continue to expend, significant resources in order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting.

Our current controls and any new controls that we develop may become inadequate because of changes in the conditions in our business, including increased complexity resulting from our international expansion. Further, weaknesses in our disclosure controls or our internal control over financial reporting have been and may be discovered in the future. Any failure to develop or maintain effective controls, or any difficulties encountered in their implementation or improvement, could harm our results of operations or cause us to fail to meet our reporting obligations and may result in a restatement of our financial statements for prior periods. Any failure to implement and maintain effective internal control over financial reporting also could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we will eventually be required to include in our periodic reports that will be filed with the SEC. Ineffective disclosure controls and procedures and internal control over financial reporting also could cause investors to lose confidence in our reported financial and other information, which would likely adversely affect the market price of our Class A common stock. In addition, if we are unable to continue to meet these requirements, we may not be able to remain listed on the New York Stock Exchange.

We currently are not required to comply with the SEC rules that implement Section 404 of the Sarbanes-Oxley Act and, therefore, are not required to make a formal assessment of the effectiveness of our internal control over financial reporting for that purpose. As a public company, we will be required to provide an annual management report on the effectiveness of our internal control over financial reporting commencing with our second Annual Report on Form 10-K.

Our independent registered public accounting firm is not currently required to formally attest to the effectiveness of our internal control over financial reporting. However, because the market value of our Class A common stock held by non-affiliates exceeded \$700 million as of July 31, 2022, we will be a “large accelerated filer” under the Exchange Act as of January 31, 2023, and will no longer qualify as an “emerging growth company.” At such time, our independent registered public accounting firm may issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or operating. Any failure to maintain effective disclosure controls and internal control over financial reporting could have an adverse effect on our business, results of operations and financial condition and could cause a decline in the market price of our Class A common stock.

***We have identified a material weakness in our internal control over financial reporting. If we are unable to remediate this material weakness, or if other control deficiencies are identified, we may not be able to accurately or timely report our financial condition or results of operations, which may adversely affect our ability to operate our business and investors’ views of us and, as a result, the value of our Class A common stock.***

In connection with the preparation of our financial statements for the year ended January 31, 2022, we identified a material weakness in certain internal controls related to the implementation of ASU No. 2014-09, *Revenue from Contracts with Customer* (“ASC 606”) and the ongoing monitoring of costs to obtain customer contracts considered for capitalization. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company’s annual or interim financial statements will not be prevented or detected on a timely basis. Because the control deficiency described below could have resulted in a material misstatement of our annual or interim financial statements, we determined that this deficiency constitutes a material weakness.

We found that we did not design or maintain effective controls to identify costs to obtain customer contracts that should have been capitalized as part of the adoption of ASC 606 during the fiscal years ended January 31, 2021 and 2020, as well as the interim periods through the fiscal quarter October 31, 2021. Specifically, we did not have sufficient controls in place to ensure the completeness of costs that should be capitalized as part of the adoption of ASC 606, as well as the consistent application of our capitalization policy post-adoption.

We have designed and implemented new controls to remediate this material weakness. These new controls include (i) performing a quarterly completeness assessment on capitalizable costs to obtain customer contracts and (ii) conducting a formal review of the capitalized costs calculation by management with appropriate level of knowledge and expertise with ASC 606.

While we have designed and implemented new controls to remediate this material weakness, they have not been in operation for a sufficient period of time to demonstrate that the material weakness has been remediated. We cannot assure you that the measures we have taken to date will be sufficient to remediate the material weakness we identified or avoid the identification of additional material weaknesses in the future. The material weakness will be considered remediated when our management designs and implements effective controls that operate for a sufficient period of time and management has concluded, through testing, that these controls are effective. Our management will monitor the effectiveness of its remediation plans and will make changes management determines to be appropriate. If the steps we take do not remediate the material weakness in a timely manner, there could continue to be a reasonable

possibility that our internal control deficiencies or others could result in a material misstatement of our financial statements that would not be prevented or detected on a timely basis.

The existence of any material weakness, including our existing material weakness regarding capitalization of costs to obtain customer contracts, or significant deficiency requires management to devote significant time and incur significant expense to remediate any such material weaknesses or significant deficiencies and management may not be able to remediate any such material weaknesses or significant deficiencies in a timely manner. The existence of any material weakness in our internal control over financial reporting also could result in errors in our financial statements that could present us from accurately or timely reporting our financial condition or results of operations, which may adversely affect our ability to operate our business and investors' views of us and, as a result, the value of our Class A common stock.

***We will no longer qualify as an “emerging growth company” as of January 31, 2023 and, as a result, we will no longer be able to avail ourselves of certain reduced reporting requirements applicable to emerging growth companies.***

As a result of the market value of our Class A common stock held by non-affiliates as of July 31, 2022 exceeding \$700 million, we will be a “large accelerated filer” under the Exchange Act as of January 31, 2023, and will no longer qualify as an “emerging growth company.” As a large accelerated filer, we will be subject to certain disclosure and compliance requirements that apply to other public companies but did not previously apply to us due to our status as an emerging growth company. These requirements include, but are not limited to:

- the requirement that our independent registered public accounting firm attest to the effectiveness of our internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act;
- compliance with any requirements that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or supplement to the auditors' report providing additional information about the audit and the financial statements;
- the requirement that we provide full and more detailed disclosures regarding executive compensation; and
- the requirement that we hold a non-binding advisory vote on executive compensation and obtain stockholder approval of any golden parachute payments not previously approved.

We expect that compliance with these additional requirements will substantially increase our legal and financial compliance costs. In addition, any failure to comply with these additional requirements in a timely manner, or at all, could have an adverse effect on our business and results of operations and could cause a decline in the price of our Class A common stock.

#### **Risks Related to Ownership of Our Class A Common Stock and Other General Risks**

##### ***An active public trading market for our Class A common stock may not be sustained.***

Prior to the closing of our IPO in June 2021, no prior public trading market for our Class A common stock existed. We cannot assure you that an active trading market for our Class A common stock will continue to develop or, if further developed, that the market will be sustained. Accordingly, we cannot assure you of the liquidity of an active trading market, your ability to sell your shares of our Class A common stock when desired, or the prices that you may obtain for your shares of our Class A common stock. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable.

In addition, the market price of our Class A common stock may be highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control and may not be related to our operating performance. Accordingly, we cannot assure you of the liquidity of any trading market, your ability to sell your shares of our Class A common stock when desired or the prices that you may obtain for your shares of our Class A common stock.

***The dual class structure of our common stock as contained in our amended and restated certificate of incorporation has the effect of concentrating voting control with our executive officers and directors and their affiliates, limiting your ability to influence corporate matters.***

Our Class B common stock has ten votes per share, and our Class A common stock has one vote per share. The holders of our Class B common stock as of October 31, 2022 beneficially held approximately 56% of our outstanding capital stock, but controlled approximately 93% of the voting power of our outstanding capital stock. Therefore, the holders of Class B common stock have control

over our management and affairs and over all matters requiring stockholder approval, including election of directors and significant corporate transactions, such as a merger or other sale of us or our assets, for the foreseeable future.

In addition, the holders of Class B common stock collectively will continue to be able to control all matters submitted to our stockholders for approval even if their stock holdings represent less than a majority of the outstanding shares of our common stock. This concentrated control will limit your ability to influence corporate matters for the foreseeable future, and, as a result, the market price of our Class A common stock could be adversely affected.

FTSE Russell and Standard & Poor's does not allow most newly public companies utilizing dual or multi-class capital structures to be included in their indices. Affected indices include the Russell 2000 and the S&P 500, S&P MidCap 400 and S&P SmallCap 600, which together make up the S&P Composite 1500. Also in 2017, MSCI, a leading stock index provider, opened public consultations on their treatment of no-vote and multi-class structures and temporarily barred new multi-class listings from certain of its indices; however, in October 2018, MSCI announced its decision to include equity securities "with unequal voting structures" in its indices and to launch a new index that specifically includes voting rights in its eligibility criteria. Under the announced policies, our dual class capital structure makes us ineligible for inclusion in certain indices, and, as a result, mutual funds, exchange-traded funds and other investment vehicles that attempt to passively track these indices are not be investing in our stock. In addition, we cannot assure you that other stock indices will not take similar actions. Given the sustained flow of investment funds into passive strategies that seek to track certain indices, exclusion from certain stock indices likely would preclude investment by many of these funds and would make our Class A common stock less attractive to other investors. As a result, the trading price and volume of our Class A common stock could be adversely affected.

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

We cannot predict whether our dual class structure, combined with the concentrated control of our executive officers and directors and their affiliates, will result in a lower or more volatile market price of our Class A common stock or in adverse publicity or other adverse consequences. For example, as mentioned above, certain index providers have announced restrictions on including companies with multiple class share structures in certain of their indices. Under the announced policies, our dual class capital structure makes us ineligible for inclusion in many indices. Given the sustained flow of investment funds into passive strategies that seek to track certain indexes, exclusion from stock indexes would likely preclude investment by many of these funds and could make our Class A common stock less attractive to other investors. As a result, the market price of our Class A common stock could be adversely affected.

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

The market price of our Class A common stock may fluctuate substantially depending on a number of factors, including those described in this "Risk Factors" section, many of which are beyond our control and may not be related to our operating performance. These fluctuations could cause in the value of our Class A common stock to decline. Factors that could cause fluctuations in the trading price of our Class A common stock include the following:

- price and volume fluctuations in the overall stock market from time to time;
- announcements of new products, solutions or technologies, commercial relationships, acquisitions or other events by us or our competitors;
- changes in how enterprises perceive the benefits of our Unified-CXM platform and products;
- departures of key personnel;
- the public's reaction to our press releases, other public announcements and filings with the SEC;
- fluctuations in the trading volume of our shares or the size of our public float;
- sales of large blocks of our common stock;
- market manipulation, including coordinated buying or selling activities;
- actual or anticipated changes or fluctuations in our results of operations;

- whether our results of operations meet the expectations of securities analysts or investors;
- changes in actual or future expectations of investors or securities analysts;
- actual or perceived significant data breach involving our Unified-CXM platform;
- litigation involving us, our industry or both;
- governmental or regulatory actions or audits;
- regulatory developments in the United States, foreign countries or both;
- general economic, political and market conditions and overall fluctuations in the financial markets in the United States and abroad, including as a result of the ongoing COVID-19 pandemic and Russia’s ongoing incursion into Ukraine; and
- “flash crashes,” “freeze flashes” or other glitches that disrupt trading on the securities exchange on which we are listed.

In addition, if the market for technology stocks or the stock market in general experiences a loss of investor confidence, the trading price of our Class A common stock could decline for reasons unrelated to our business, results of operations or financial condition. The trading price of our Class A common stock might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. In the past, following periods of volatility in the trading price of a company’s securities, securities class action litigation has often been brought against that company. If the market price of our Class A common stock is volatile, we may become the target of securities litigation. Securities litigation could result in substantial costs and divert our management’s attention and resources from our business. This could have an adverse effect on our business, results of operations and financial condition.

***Substantial sales of our Class A common stock could depress the market price of our Class A common stock.***

The market price of our Class A common stock could decline as a result of a large number of sales of shares of such stock in the market, and the perception that these sales could occur also may depress the market price of our Class A common stock.

Sales of our Class A common stock may make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. These sales also could cause the trading price of our Class A common stock to fall and make it more difficult for you to sell shares of our Class A common stock.

***Our directors, executive officers and holders of 5% or more of our Class B common stock are able to exert significant control over us, which limits your ability to influence the outcome of important transactions, including a change of control.***

Our directors, executive officers and holders of 5% or more of our outstanding Class B common stock, and their respective affiliates, beneficially own, in the aggregate, approximately 60.8% of the shares of our outstanding common stock as of October 31, 2022. As a result, our directors, executive officers and holders of 5% or more of our outstanding capital stock, and their respective affiliates, if acting together, are able to determine or significantly influence all matters requiring stockholder approval, including the elections of directors, amendments of our organizational documents and approval of any merger, sale of assets or other major corporate transaction. These stockholders may have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. This concentration of ownership may delay, prevent or discourage acquisition proposals or other offers for our capital stock that you may feel are in your best interest as a stockholder and ultimately could deprive you of an opportunity to receive a premium for your Class A common stock as part of a sale of our company, which in turn might adversely affect the market price of our common stock.

***If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about us, our business or our market, or if they change their recommendations regarding our Class A common stock adversely, the market price and trading volume of our Class A common stock could decline.***

The market price and trading volume for our Class A common stock depends in part on the research and reports that securities or industry analysts publish about us, our business, our market or our competitors. The analysts’ estimates are based upon their own opinions and are often different from our estimates or expectations. If any of the analysts who cover us change their recommendation regarding our Class A common stock adversely, provide more favorable relative recommendations about our competitors or publish

inaccurate or unfavorable research about our business, the price of our securities would likely decline. If one or more securities analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets and demand for our securities could decrease, which could cause the price and trading volume of our Class A common stock to decline.

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

Our status as a Delaware corporation and the anti-takeover provisions of the Delaware General Corporation Law may discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, even if a change of control would be beneficial to our existing stockholders. In addition, our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the acquisition of our company more difficult, including the following:

- vacancies on our board of directors may be filled only by our board of directors and not by stockholders;
- our board of directors is classified into three classes of directors with staggered three-year terms;
- our stockholders may only take action at a meeting of stockholders and may not take action by written consent for any matter;
- a special meeting of our stockholders may only be called by a majority of our board of directors, the chairperson of our board of directors or our Chief Executive Officer;
- advance notice procedures apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders;
- our amended and restated certificate of incorporation does not provide for cumulative voting;
- our amended and restated certificate of incorporation will allow stockholders to remove directors only for cause;
- certain amendments to our amended and restated certificate of incorporation will require the approval of the holders of at least 66 2/3% of our then-outstanding common stock;
- authorize undesignated preferred stock, the terms of which may be established and shares of which may be issued by our board of directors, without further action by our stockholders; and
- certain litigation against us can only be brought in Delaware.

These provisions, alone or together, could discourage, delay or prevent a transaction involving a change in control of our company. These provisions also could discourage proxy contests and make it more difficult for stockholders to elect directors of their choosing and to cause us to take other corporate actions they desire, any of which, under certain circumstances, could limit the opportunity for our stockholders to receive a premium for their shares of our capital stock, and also could affect the price that some investors are willing to pay for our Class A common stock.

***Our charter documents designate a state or federal court located within the State of Delaware as the exclusive forum for substantially all disputes between us and our stockholders, and also provide that the federal district courts are the exclusive forum for claims under the Securities Act, which could limit our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers or employees.***

Our amended and restated bylaws provide that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the sole and exclusive forum for the following types of actions and proceedings under Delaware statutory or common law: (1) any derivative action or proceeding brought on our behalf; (2) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders; (3) any action arising pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws or (4) any other action asserting a claim that is governed by the internal affairs doctrine shall be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware), in all cases subject to the court having jurisdiction over indispensable parties named as defendants. This exclusive forum provision will not apply to any causes of action arising under the Securities Act or the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction.

In addition, our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by law, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. This provision is intended to benefit and may be enforced by us, our officers and directors, the underwriters to any offering giving rise to such complaint, and any other professional entity whose profession gives authority to a statement made by that person or entity and who has prepared or certified any part of the documents underlying the offering. Any person or entity purchasing or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to this provision. This exclusive-forum provision may limit a stockholder's ability to bring a claim in a judicial forum of its choosing for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees.

If a court were to find the exclusive-forum provision in our charter documents to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could harm our results of operations.

***Because we do not anticipate paying any cash dividends on our capital stock in the foreseeable future, capital appreciation, if any, will be your sole source of gain.***

We have never declared or paid cash dividends on our capital stock, and we do not anticipate paying any cash dividends in the foreseeable future. We currently intend to retain future earnings, if any, to fund the development and growth of our business. In addition, the SVB Credit Facility contains, and any future credit facility or financing we obtain may contain, terms limiting the amount of dividends that may be declared or paid on our common stock. Any future determination to pay dividends will be at the discretion of our board of directors and will be dependent upon our results of operations, financial condition, capital requirements, applicable contractual restrictions and such other factors as we may deem relevant. As a result, stockholders must rely on sales of their Class A common stock after price appreciation as the only way to realize any future gains on their investment.

***Our business and operations could be negatively affected if we become subject to any securities litigation or stockholder activism.***

Our business and operations could be negatively affected if we become subject to any securities litigation or stockholder activism, which could cause us to incur significant expenses, hinder the execution of our business and growth strategy and impact the price of our Class A common stock.

In the past, securities class action litigation often has been brought against a company following a decline in the market price of its securities. In addition, stockholder activism, which could take many forms and arise in a variety of situations, has been increasing recently, and new universal proxy rules could significantly lower the cost and further increase the ease and likelihood of stockholder activism. This risk is especially relevant for us because technology companies have experienced significant stock price volatility in recent years. Volatility in our stock price or other reasons may in the future cause us to become the target of securities litigation or stockholder activism. Securities litigation and stockholder activism, including potential proxy contests, could result in substantial costs, including significant legal fees and other expenses, and divert our management and board of directors' attention and resources from our business. Additionally, securities litigation and stockholder activism could give rise to perceived uncertainties as to our future, adversely affect our relationships with customers and business partners, adversely affect our reputation, and make it more difficult to attract and retain qualified personnel. Our stock price could also be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any securities litigation and stockholder activism.

## **Item 2. Unregistered Shares of Equity Securities and Use of Proceeds**

### **Use of Proceeds**

In June 2021, we completed our IPO, in which we issued and sold 18,287,500 shares of our Class A common stock, including 1,662,500 shares pursuant to the exercise in full of the underwriters' option to purchase additional shares, at a public offering price of \$16.00 per share, resulting in net proceeds to us of \$276.0 million after deducting underwriting discounts, commissions and other offering expenses.

All of the shares issued and sold in the IPO were registered under the Securities Act pursuant to a registration statement on Form S-1 (File No. 333-256657) (the "Registration Statement"), which was declared effective by the SEC on June 22, 2021.

There has been no material change in the planned use of proceeds from our IPO from those disclosed in our final prospectus that forms a part of the Registration Statement and was filed with the SEC, pursuant to Rule 424(b)(4) under the Securities Act, on June 24, 2021.

**Item 6. Exhibits. [TO BE UPDATED]**

Exhibit Number	Description
3.1	<a href="#"><u>Amended and Restated Certificate of Incorporation, as currently in effect (incorporated herein by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K (File No. 001-40528), filed with the SEC on June 28, 2021).</u></a>
3.2	<a href="#"><u>Amended and Restated Bylaws, as currently in effect (incorporated herein by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K (File No. 001-40528), filed with the SEC on June 28, 2021).</u></a>
10.1	<a href="#"><u>Tenth Amendment to Credit Agreement by and between the Registrant, the Lenders party thereto and Silicon Valley Bank (as Administrative Agent, Issuing Lender and Swingline Lender), dated September 19, 2022.</u></a>
10.2#	<a href="#"><u>Amended and Restated Non-Employee Director Compensation Policy.</u></a>
10.3#	<a href="#"><u>Transition, Separation and Release of Claims Agreement, by and between Sprinklr Switzerland GmbH and Luca Lazzaron, dated October 3, 2022.</u></a>
10.4#	<a href="#"><u>First Amendment to the Transition, Separation and Release of Claims Agreement, by and between Sprinklr Switzerland GmbH and Luca Lazzaron, dated October 7, 2022.</u></a>
31.1	<a href="#"><u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
31.2	<a href="#"><u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
32.1*	<a href="#"><u>Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u></a>
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibits 101)

# Indicates management contract or compensatory plan.

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

**SIGNATURES**

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

**Sprinklr, Inc.**

Date: December 6, 2022

By: /s/ Ragy Thomas  
Ragy Thomas  
Founder, Chairman and Chief Executive Officer  
*(Principal Executive Officer)*

Date: December 6, 2022

By: /s/ Manish Sarin  
Manish Sarin  
Chief Financial Officer  
*(Principal Financial and Accounting Officer)*

**TENTH AMENDMENT TO CREDIT AGREEMENT**

This Tenth Amendment to Credit Agreement (this “Tenth Amendment”) is made as of September 19, 2022 by and among **SPRINKLR, INC.**, a Delaware corporation (the “Borrower”), the several banks and other financial institutions or entities from time to time parties to the Credit Agreement referred to below (the “Lenders”), and **SILICON VALLEY BANK** (“SVB”), as administrative agent (in such capacity, the “Administrative Agent”), Issuing Lender and Swingline Lender.

**WITNESSETH:**

WHEREAS, the Borrower, the Lenders and the Administrative Agent are party to that certain Credit Agreement dated as of May 22, 2018, as amended by that certain Waiver and First Amendment to Credit Agreement dated as of February 14, 2019, by that certain Second Amendment to Credit Agreement dated as of May 24, 2019, by that certain Third Amendment to Credit Agreement dated as of June 26, 2019, by that certain Waiver and Fourth Amendment to Credit Agreement dated as of March 13, 2020, by that certain Waiver and Fifth Amendment to Credit Agreement dated as of May 20, 2020, by that certain Waiver and Sixth Amendment to Credit Agreement dated as of June 28, 2021, by that certain Seventh Amendment to Credit Agreement dated as of March 31, 2022, by that certain Eighth Amendment to Credit Agreement dated as of June 20, 2022, and by that certain Ninth Amendment to Credit Agreement dated as of August 17, 2022 (as the same may be further amended, restated, amended and restated, modified, or supplemented and in effect from time to time, the “Credit Agreement”); and

WHEREAS, the Borrower has requested that the Lenders and the Administrative Agent modify and amend certain other terms and conditions of the Credit Agreement and the other Loan Documents.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Administrative Agent, the Lenders, and the Borrower agree as follows:

1. Capitalized Terms. All capitalized terms used herein and not otherwise defined shall have the same meaning herein as in the Credit Agreement.

2. Amendments to the Credit Agreement. The definition of “Maturity Date” in Section 1.1 of the Credit Agreement is hereby amended and restated as follows:

“***Maturity Date***”: December 19, 2022.”

3. Conditions Precedent to Effectiveness. This Tenth Amendment shall not be effective until each of the following conditions precedent have been fulfilled or waived prior to or concurrently herewith, each to the satisfaction of the Administrative Agent:

- (a) This Tenth Amendment shall have been duly executed and delivered by the respective parties hereto, and the Administrative Agent shall have received a counterpart of this Tenth Amendment signed by each party hereto.
  - (b) The Administrative Agent shall have received (i) a certificate of each Loan Party, dated the on or about the date hereof and executed by a Responsible Officer of such Loan Party, substantially in the form of Exhibit C to the Credit Agreement, with appropriate insertions and attachments, including (A) the Operating Documents of such Loan Party, (B) the relevant board resolutions or written consents of such Loan Party adopted by such Loan Party for the purposes of authorizing such Loan Party to enter into and perform the Loan Documents to which such Loan Party is party and (C) the names, titles, incumbency and signature specimens of those representatives of such Loan Party who have been authorized by such resolutions and/or written consents to execute Loan Documents on behalf of such Loan Party, and (ii) a long form good standing certificate for each Loan Party from its respective jurisdiction of organization.
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- (c) All necessary consents and approvals to this Tenth Amendment shall have been obtained.
  - (d) No Default or Event of Default shall have occurred and be continuing, after giving effect to the effectiveness of this Tenth Amendment and the consummation of the transactions contemplated hereby.
  - (e) After giving effect to this Tenth Amendment and the consummation of the transactions contemplated hereby, the representations and warranties herein and in the Credit Agreement and the other Loan Documents shall be true and correct in all material respects on and as of the date hereof, as though made on such date (except to the extent that (i) such representations and warranties relate solely to an earlier date, in which case they shall be true and correct in all material respects (or all respects if clause (ii) below is applicable) as of such earlier date or (ii) such representations or warranties are qualified by materiality in the text thereof, in which case they shall be true and correct in all respects).
  - (f) The Administrative Agent shall have received all fees and expenses contemplated in Section 5 hereof.
4. Representations and Warranties. The Borrower hereby represents and warrants to the Administrative Agent and the Lenders as follows:
- (a) It has all requisite power and authority to enter into this Tenth Amendment and to carry out the transactions contemplated hereby.
  - (b) The execution, delivery, and performance of this Tenth Amendment and the consummation of the transactions contemplated hereby (i) have been duly authorized by all necessary action, and (ii) do not and will not (A) violate any Requirement of Law binding on it or its Subsidiaries, (B) violate any material Contractual Obligation of it or its Subsidiaries, (C) result in or require the creation or imposition of any Lien upon any properties or assets of any Group Member pursuant to any Requirement of Law or any such Contractual Obligation, other than Liens created by the Security Documents, or (D) require any approval of any Group Member's interestholders or any approval or consent of any Person under any material Contractual Obligation of any Group Member, other than consents or approvals that have been obtained or made and that are still in force and effect.
  - (c) No authorization or approval by, and no notice to or filing with, a Governmental Authority is required in connection with the due execution, delivery and performance by it of this Tenth Amendment, other than authorizations or approvals that have been obtained or made and that are still in force and effect.
  - (d) This Tenth Amendment has been duly executed and delivered by it and is a legally valid and binding obligation of it, enforceable against it in accordance with its terms, except as enforcement may be limited by equitable principles (whether enforcement is sought by proceedings in equity or law) or by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally.
  - (e) No Default or Event of Default has occurred and is continuing after giving effect to this Tenth Amendment.
  - (f) The representations and warranties set forth in this Tenth Amendment, the Credit Agreement (as amended by this Tenth Amendment), after giving effect to this Tenth Amendment, and the transactions contemplated hereby, and set forth in the other Loan Documents to which it is a party, are true and correct in all material respects on and as of the date hereof, as though made on such date (except to the extent that (i) such representations and warranties relate solely to an earlier date, in which case they shall be

true and correct in all material respects (or all respects if clause (ii) below is applicable) as of such earlier date or (ii) such representations or warranties are qualified by materiality in the text thereof, in which case they shall be true and correct in all respects).

5. Payment of Costs and Fees. The Borrower shall pay to the Administrative Agent, for the account of the Lenders, an extension fee in the amount of \$50,000. Such fee shall be due and payable in immediately available funds on the effective date of this Tenth Amendment and shall be non-refundable once paid; provided that fifty percent (50%) of such fee shall be credited towards any upfront fee that becomes payable to SVB within six months of the date hereof in connection with a refinancing or long-term extension of the Obligations for which SVB is the administrative agent. In addition, the Borrower shall pay to the Administrative Agent all costs and all reasonable out-of-pocket expenses in connection with the preparation, negotiation, execution and delivery of this Tenth Amendment and any documents and instruments relating hereto in accordance with Section 10.5 of the Credit Agreement.

6. Choice of Law, etc. This Tenth Amendment and the rights of the parties hereunder, shall be determined under, governed by, and construed in accordance with the internal laws (and not the conflict of law rules) of the State of New York. The provisions of Section 10.13 and 10.14 of the Credit Agreement are incorporated by reference *mutates mutandis*.

7. Counterpart Execution. This Tenth Amendment may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Tenth Amendment by signing any such counterpart. Delivery of an executed counterpart of this Tenth Amendment by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Tenth Amendment.

8. Effect on Loan Documents.

The Credit Agreement, as amended hereby, and each of the other Loan Documents shall be and remain in full force and effect in accordance with their respective terms and hereby are ratified and confirmed in all respects. The execution, delivery and performance of this Tenth Amendment shall not operate as a waiver of or, except as expressly set forth herein, as an amendment of, any right, power or remedy of the Lenders in effect prior to the date hereof. The amendments, modifications and other agreements set forth herein are limited to the specifics hereof, shall not apply with respect to any facts or occurrences other than those on which the same are based, and shall neither excuse any future non-compliance with the Credit Agreement, nor operate as a waiver of any Default or Event of Default. To the extent any terms or provisions of this Tenth Amendment conflict with those of the Credit Agreement or other Loan Documents, the terms and provisions of this Tenth Amendment shall control.

- (a) Upon and after the effectiveness of this Tenth Amendment, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “herein”, “hereof” or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to “the Credit Agreement”, “thereunder”, “therein”, “thereof” or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as modified and amended hereby.
- (b) This Tenth Amendment is a Loan Document.

9. Entire Agreement. This Tenth Amendment, and terms and provisions hereof, the Credit Agreement and the other Loan Documents constitute the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and supersedes any and all prior or contemporaneous amendments or understandings with respect to the subject matter hereof, whether express or implied, oral or written.

10. Reaffirmation of Obligations. The Borrower hereby reaffirms its obligations under each Loan Document to which it is a party. The Borrower hereby further ratifies and reaffirms the validity and enforceability of all of the Liens heretofore granted, pursuant to and in connection with the Guarantee and

Collateral Agreement or any other Loan Document to the Administrative Agent on behalf and for the benefit of the Lenders and the Issuing Lender, as collateral security for the obligations under the Loan Documents, in accordance with their respective terms, and acknowledges that all of such Liens, and all collateral heretofore pledged as security for such obligations, continues to be and remain collateral for such obligations from and after the date hereof.

11. Release by Loan Parties. Effective on the date hereof, each Loan Party, for itself and on behalf of its successors, assigns, and officers, directors, employees, agents and attorneys, and any Person acting for or on behalf of, or claiming through it, hereby waives, releases, remises and forever discharges the Administrative Agent and each of the Lenders (including the Issuing Lender) and each of their respective successors in title, past and present officers, directors, employees, general partners, attorneys, assigns, shareholders, trustees, agents and other representatives thereof (each a "**Releasee**" and collectively, the "**Releasees**"), from any and all claims, suits, liens, lawsuits, amounts paid in settlement, debts, deficiencies, diminution in value, disbursements, demands, obligations, liabilities, causes of action, damages, losses, costs and expenses of any kind or character, whether based in equity, law, contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law (each a "**Claim**" and collectively, the "**Claims**"), whether known or unknown, fixed or contingent, direct, indirect, or derivative, asserted or unasserted, matured or unmatured, foreseen or unforeseen, past or present, liquidated or unliquidated, suspected or unsuspected, which such Loan Party ever had or now has against any such Releasee which arose from the beginning of the world to and including the date hereof which relates, directly or indirectly to the Credit Agreement, any other Loan Document, or to any acts or omissions of any such Releasee with respect to the Credit Agreement or any other Loan Document, or to the lender-borrower relationship evidenced by the Loan Documents, except for the duties and obligations set forth in this Amendment. As to each and every Claim released hereunder, each Loan Party expressly waives all rights afforded by Section 1542 of the Civil Code of the State of California ("**Section 1542**") and any similar statute or regulation in any other applicable jurisdiction (including the State of New York). Section 1542 states as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

12. Severability. In case any provision in this Tenth Amendment shall be invalid, illegal or unenforceable, such provision shall be severable from the remainder of this Tenth Amendment and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Tenth Amendment by their respective duly authorized officers.

**BORROWER:**

SPRINKLR, INC.

By: /s/ Alex Gil  
Name: Alex Gil  
Title: Global Controller

**ADMINISTRATIVE AGENT, ISSUING LENDER, SWINGLINE LENDER AND LENDER:**

SILICON VALLEY BANK

By: /s/ Ryan Aberdale  
Name: Ryan Aberdale  
Title: Director

As approved on 9.13.22

## SPRINKLR, INC.

AMENDED AND RESTATED  
NON-EMPLOYEE DIRECTOR COMPENSATION POLICY

Each member of the Board of Directors (the “*Board*”) who is not also serving as an employee of or consultant to Sprinklr, Inc. (the “*Company*”) or any of its subsidiaries (each such member, an “*Eligible Director*”) will receive the compensation described in this Amended and Restated Non-Employee Director Compensation Policy (this “*Policy*”) for Board service.

An Eligible Director may decline all or a portion of their compensation by giving notice to the Company prior to the date on which quarterly cash payments are to be paid, or equity awards are to be granted, subject to compliance with applicable tax laws. This policy is effective as of June 15, 2022 (the “*Effective Date*”) and may be amended at any time by the Board or the Compensation Committee of the Board (the “*Compensation Committee*”).

**Annual Cash Compensation**

The annual cash compensation amounts set forth below are payable to Eligible Directors in equal quarterly installments, based on the date of the Company’s annual stockholder meeting, payable in arrears and pro-rated based on the number of actual days served by the Eligible Director on the Board or applicable committee during such quarter. All annual cash fees are vested upon payment.

1. Annual Board Service Retainer:
  - a. All Eligible Directors: \$35,000
2. Annual Committee Chair Service Retainer:
  - a. Chair of the Audit Committee: \$20,000
  - b. Chair of the Compensation Committee: \$15,000
  - c. Chair of the Nominating and Corporate Governance Committee: \$10,000
3. Annual Committee Member Service Retainer (not applicable to Committee Chairs):
  - a. Member of the Audit Committee: \$10,000
  - b. Member of the Compensation Committee: \$7,500
  - c. Member of the Nominating and Corporate Governance Committee: \$5,000

**Equity Compensation**

The equity compensation set forth below will be granted under the Company’s 2021 Equity Incentive Plan (the “*Plan*”). All equity awards granted under this Policy will be documented on the applicable form of equity award agreement most recently approved for use by the Board or the Compensation Committee for Eligible Directors.

1. Initial Grant: For each Eligible Director who is first elected or appointed to the Board following the Effective Date, on the date of such Eligible Director’s initial election or appointment to the Board (or, if such date is not a market trading day, the first market trading day thereafter), the Eligible Director will be automatically, and without further action by the Board or the Compensation Committee of the Board, granted a restricted stock unit award (“*RSU Award*”) with a grant date value of \$200,000 (the “*Initial Grant*”), calculated in accordance with Section 3 below. The Initial Grant will vest in full on the first anniversary of the date of grant, subject to the Eligible Director’s Continuous Service (as defined in the Plan) through such vesting date and will vest in full upon a

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1.

Change in Control (as defined in the Plan) prior to termination of such Eligible Director's Continuous Service.

2. **Annual Grants:** On the date of each annual stockholder meeting of the Company held after the Effective Date, each Eligible Director who continues to serve as a non-employee member of the Board following such stockholder meeting (excluding any Eligible Director who is first appointed or elected to the Board at such meeting) will be automatically, and without further action by the Board or the Compensation Committee of the Board, granted an RSU Award with a grant date value of \$200,000 (or, in the case of the Lead Independent Director, \$300,000) (the "**Annual Grant**"), calculated in accordance with Section 3 below. The Annual Grant will vest in full on the earlier of (x) the first anniversary of the date of grant or (y) the day prior to the date of the Company's next annual stockholder meeting, subject to the Eligible Director's Continuous Service through such vesting date, and will vest in full upon a Change in Control prior to termination of such Eligible Director's Continuous Service. With respect to an Eligible Director who, following the Effective Date, was first elected or appointed to the Board on a date other than the date of the Company's annual stockholder meeting, upon the Company's first annual stockholder meeting following such Eligible Director's first joining the Board, such Eligible Director's first Annual Grant will be prorated to reflect the time between such Eligible Director's election or appointment date and the date of such first annual stockholder meeting.
3. **Calculation of RSU Awards:** The number of shares of Common Stock (as defined in the Plan) subject to each Initial Grant and each Annual Grant shall be determined based on the Fair Market Value (as defined in the Plan) per share on the grant date (i.e., the stated value of each RSU Award will be divided by the Fair Market Value per share on the grant date), rounded down to the nearest whole share.

#### **Non-Employee Director Compensation Limit**

Notwithstanding the foregoing, the aggregate value of all compensation granted or paid, as applicable, to any individual for service as a Non-Employee Director (as defined in the Plan) shall in no event exceed the limits set forth in Section 3(d) of the Plan or any limitations contained in any successor plan.

#### **Expenses**

The Company will reimburse each Eligible Director for ordinary, necessary and reasonable out-of-pocket travel expenses to cover in-person attendance at and participation in Board and committee meetings; *provided*, that the Eligible Director timely submit to the Company appropriate documentation substantiating such expenses in accordance with the Company's travel and expense policy, as in effect from time to time.

#### **Election to Convert Annual Cash Compensation to Equity Compensation**

1. **Election to Receive Retainer Grant:** Each Eligible Director may elect to forego receiving payment of all of such director's compensation otherwise earned and payable in cash under "Annual Cash Compensation" above for an RSU Award (each, a "**Retainer Grant**") if such election is timely made in accordance with the requirements of this Policy (such election, a "**Retainer Grant Election**"). If an Eligible Director timely makes a Retainer Grant Election, then on the date of each annual stockholder meeting of the Company held after the Effective Date, and without any further action by the Board or the Compensation Committee, such Eligible Director automatically will be granted an

RSU Award, with the number of shares of Common Stock subject to the RSU Award equal to (a) the aggregate amount of annual cash compensation otherwise payable to such Eligible Director, divided by (b) the Fair Market Value per share on such date, rounded down to the nearest whole share. Each Retainer Grant will vest in full on the earlier of (x) the first anniversary of the date of grant or (y) the day prior to the date of the Company's next annual stockholder meeting, subject to the Eligible Director's Continuous Service through such vesting date, and will vest in full upon a Change in Control prior to termination of such Eligible Director's Continuous Service.

2. Election Mechanics: Each Retainer Grant Election must be submitted to the Company's General Counsel (or such other individual as the Company designates) in writing prior to the applicable deadline specified by the Company's General Counsel (or such other individual as the Company designates) for making a Retainer Grant Election. An Eligible Director may only make a Retainer Grant Election during a period in which the Company is not in a quarterly or special blackout period and the Eligible Director is not aware of any material non-public information. Once a Retainer Grant Election is properly submitted, it will be in effect and automatically applicable to applicable cash compensation that would otherwise be earned and payable in cash under "Annual Cash Compensation" above unless and until the Eligible Director timely revokes such election in accordance with this Policy. An Eligible Director who fails to make a timely Retainer Grant Election will not receive a Retainer Grant and instead will receive the cash compensation under "Annual Cash Compensation" above.
3. Revocation Mechanics: The revocation of any previously submitted Retainer Grant Election must be submitted to the Company's General Counsel (or such other individual as the Company designates) in writing prior to the applicable deadline specified by the Company's General Counsel (or such other individual as the Company designates) for making such revocation election. An Eligible Director may only revoke a Retainer Grant Election during a period in which the Company is not in a quarterly or special blackout period and the Eligible Director is not aware of any material non-public information. Following such revocation, no Retainer Grant Election will be in effect for such Eligible Director unless and until the Eligible Director timely submits a new Retainer Grant Election in accordance with the election procedures specified above. Any revocation of any previously submitted Retainer Grant Election will only apply to such annual cash compensation not previously issued in the form of an RSU Award under "Election to Receive Retainer Grant" above.

September 23, 2022

Via Email (to [lucalazzaron@yahoo.it](mailto:lucalazzaron@yahoo.it))

Luca Lazzaron  
V. S. Leopoldo 1,  
Albignasego (PD)  
35020 Italy

**Re: Transition, Separation and Release of Claims**

Dear Luca:

This letter sets forth the terms of the transition and separation agreement (the “**Agreement**”) that Sprinklr Switzerland GmbH (“**Sprinklr Switzerland**”), and its parent and/or affiliate company, Sprinklr, Inc. (the “**Company**”), is offering to aid in your transition and separation of employment.

1. **Continued Employment.** Provided that you timely execute this Agreement and allow it to become effective by its terms, then your employment with Sprinklr Switzerland will terminate on December 31, 2022, which will become your employment termination date (the “**Separation Date**”), unless either you or Sprinklr Switzerland terminates your employment sooner as provided in Section 2. If termination occurs earlier than December 31, 2022, the actual date of termination shall become the “**Separation Date**” for purposes of this Agreement. For the avoidance of doubt, it is hereby agreed that the Separation Date will not be postponed due to any reason according to Art. 336c Code of Obligations, including incapacity for work due to illness or accident.
2. **Transition Period.**
  - a. **Duties.** Between October 1, 2022 and the Separation Date (the “**Transition Period**”), your title will be “Advisor” and you will transition your duties and responsibilities, be available as needed to ensure a smooth ramp up and transition of other Company personnel to replace your prior position, and provide services to Sprinklr Switzerland and the Company in any area of your expertise, as requested by the Chief Executive Officer of the Company (the “**CEO**”), to whom you will report. You will not be expected to attend meetings or otherwise engage in the day-to-day business of the Company, unless specifically requested, and you will be allowed a reasonable amount of time to pursue outside professional opportunities. You agree to perform your Transition Period services in good faith and to the best of your abilities. During the Transition Period, you must continue to comply with all of the Company’s policies and procedures and with all of your statutory and contractual obligations to Sprinklr Switzerland and to the Company, including, without limitation, the confidentiality obligations under your Contract of Employment dated October 5, 2017 (the “**Employment Contract**”), and any nondisclosure agreement you signed upon hire, which you acknowledge and agree are contractual commitments that remain binding upon you, both during and after the Transition Period.

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- b. **Compensation & Benefits.** During the Transition Period, you will continue to be paid at your current base salary rate (which will be paid according to Sprinklr Switzerland's regular payroll practices) and will remain eligible to participate in Company benefit plans pursuant to the terms of those plans. Except as expressly set forth in this paragraph, you will not be able to participate in any additional bonus, commissions, or incentive program.
  - c. **Termination.** As part of this Agreement, Sprinklr Switzerland agrees that it will not terminate your employment other than for Cause (as defined herein) before December 31, 2022. During the Transition Period you are entitled to resign your employment for any reason with immediate effect. If prior to December 31, 2022, Sprinklr Switzerland terminates your employment with Cause or you resign your employment, then you will not be entitled to any further compensation or benefits, including without limitation, the Severance Benefits defined below. For purposes of this Agreement, "**Cause**" for termination will be any one or more of the following: (i) the indictment of or plea of guilty or no contest by you to any felony involving dishonesty; (ii) participation in any fraud against the Company; (iii) material breach of your contractual duties to the Company (including any material violation of any provision or obligation under this Agreement); (iv) failure to perform your Transition Period duties as requested by the Company; or (v) your willful misconduct or other willful violation of Company policy that causes or could reasonably cause material harm to the Company.
  - d. **Other Work Activities / Non-Competition.** Throughout the Transition Period, you retain the right to engage in employment, consulting, or other work relationships in addition to your work for the Company, provided such activity does not materially impede your ability to fulfill your obligations as set forth herein. In order to protect the trade secrets and confidential and proprietary information of the Company, you agree that, during the Transition Period, you will not obtain employment with or perform competitive work for any business entity or engage in any other work activity that is competitive with the Company.
  - e. **Acknowledgement regarding Notice Period.** You represent, acknowledge and agree that the Transition Period terms and other provisions of this Agreement satisfy and exceed any termination and/or notice obligations of Sprinklr Switzerland and the Company to provide you with advance notice of your employment termination, whether under the Employment Contract or otherwise.
3. **Final Pay.** On the Separation Date, Sprinklr Switzerland will pay you all accrued salary earned through the Separation Date, subject to standard payroll deductions and withholdings. You are entitled to this payment regardless of whether or not you sign this Agreement. You acknowledge and agree that, consistent with our non-accrual of paid time off, as of the Separation Date you will not have any accrued but unused vacation, holiday entitlements, or paid time off for which you are entitled to payment.
4. **Severance Benefits.** If you (i) timely return this fully signed Agreement to the Company and allow it to become effective; (ii) comply fully with your obligations hereunder (including without limitation satisfactorily transitioning your duties during the Transition Period); (iii) remain employed with Sprinklr Switzerland and perform the Transition Period services as set forth above through December 31, 2022, and (iv) after December 1, 2022 and on or before
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December 13, 2022, execute and return to the Company the release of claims in the form attached hereto as **Exhibit A** (the “**Separation Date Release**”), then Sprinklr Switzerland will provide you the following as your sole severance benefits (the “**Severance Benefits**”):

- a. **Base Salary Severance.** Sprinklr Switzerland will pay you an amount equal to six (6) months of your base salary rate in effect as of the Separation Date (in the total amount of CHF 231,000, payable in a lump sum on or before December 31, 2022 (but in no event earlier than the Release Effective Date (as defined in the Separation Date Release))).
  - b. **Target Bonus Severance.** Sprinklr Switzerland will pay you an amount equal to the prorated target annual bonus for the fiscal year in which the Separation Date occurs based upon the number of days you were employed by Sprinklr Switzerland during such year (in the total amount of CHF 379,346.30, less withholdings and deductions, which will be paid in a lump sum on or before December 31, 2022 (but in no event earlier than the effective date of the Separation Date Release)).
  - c. **Health Insurance.** Sprinklr Switzerland will reimburse you for the cost of your current monthly health insurance premiums until the earlier to occur of (i) the date that is six (6) months following the Separation Date and (ii) the date you obtain alternative health insurance coverage. You must submit proof of your health premium payments to the Company to receive the reimbursements. Requests for reimbursement (along with such proof of payment of the premium amounts that the Company may reasonably request) must be provided to Company within ninety (90) days after you make the premium payments to be reimbursable. You agree to promptly notify the Company if you obtain alternative health insurance coverage.
  - d. **Equity Awards and Vesting.** You have been granted certain time-based vesting restricted stock units (“**RSUs**”), performance-based vesting restricted stock units (“**PSUs**”) and options to purchase shares of the Company’s Class A common stock (“**Options**” and together with the RSUs and PSUs, the “**Equity Awards**”), pursuant to the Company’s applicable equity incentive plan(s), Option agreements, PSU agreements or RSU agreements and other grant documents (collectively, the “**Award Documents**”). Effective as of December 16, 2022 (the “**Acceleration Date**”) and as an additional Severance Benefit for you, the Company will accelerate the vesting of your Options and RSUs outstanding as of the Acceleration Date, such that the number of shares that would have vested in accordance with the applicable vesting schedule if you had continued providing service to the Company for an additional six (6) months following the Acceleration Date will be deemed vested and, if applicable, exercisable (such options and time-vested restricted stock units, “**Accelerated Equity**”). Notwithstanding the foregoing, in no event will the accelerated vesting result in you holding Accelerated Equity with intrinsic value in excess of \$2.25 million as of the Acceleration Date (the “**Maximum Value**”), with such value to be calculated based on the closing price of the Company’s Class A common stock on the Acceleration Date. Should the intrinsic value of your Accelerated Equity exceed the Maximum Value, the number of shares subject to the accelerated vesting will be reduced until the intrinsic value of the Accelerated Equity equals, as closely as possible, the Maximum Value, with the method of such reduction determined by the Company in its sole discretion. Except as expressly set forth in this paragraph, the Equity Awards remain subject to the terms of the Award Documents. The Company shall use all reasonable efforts to promptly pre-clear any proposed transaction(s) in the Company’s securities, in accordance with the Company’s Insider Trading Policy, prior to the end of the
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Transition Period, assuming that the Company's trading window is open at such time(s).

- e. **Tax Treatment.** You will be responsible for all taxes with respect to the Severance Benefits and any other aspect of this Agreement, and you agree to indemnify, hold harmless and defend Sprinklr Switzerland and the Company from any and all claims, liabilities, damages, taxes, fines or penalties sought or recovered by any governmental entity, including any governmental taxing authority, arising out of or in connection with this Agreement.
  5. **No Other Compensation or Benefits.** You acknowledge that, except as expressly provided in this Agreement, you have not earned, will not earn and will not receive any additional compensation, severance, or benefits from Sprinklr Switzerland and/or the Company, on or after the Separation Date. You further acknowledge and agree that: the benefits provided by and as set forth in this Agreement satisfy in full and exceed any and all obligations of Sprinklr Switzerland and/or the Company to provide you with any benefits, compensation, or severance in connection with your employment termination, whether pursuant to the Severance and Change in Control Plan adopted by the Company and applicable to you, effective May 1, 2019, your Employment Contract, any other offer letter agreement or employment agreement between you and Sprinklr Switzerland and/or the Company, or otherwise; to the extent this Agreement differs from any severance or other separation benefits you may be eligible to receive under any agreement, plan or policy, this Agreement nevertheless supersedes Sprinklr Switzerland's and/or the Company's obligation to provide you any such benefits; and upon your execution of this Agreement, any and all of Sprinklr Switzerland's and/or the Company's obligations to provide you any severance or other separation benefits, and your eligibility to participate in any severance plan or other agreement or policy providing for potential severance benefits, shall be waived and extinguished.
  6. **Expense Reimbursements.** You agree that, within 15 days after the Separation Date, you will submit your final documented expense reimbursement statement reflecting all business expenses you incurred through the Separation Date, if any, for which you seek reimbursement. The Company will reimburse you for these expenses pursuant to its regular business practice.
  7. **Return of Company Property.** On or before the Separation Date, or earlier if requested by the Company, you shall return to the Company all Company documents (and all copies thereof) and other Company property in your possession or control, including, but not limited to, Company files, notes, financial and operational information, customer lists and contact information, product and services information, login and password information for any Company-issued or related equipment and accounts, research and development information, drawings, records, plans, forecasts, reports, payroll information, spreadsheets, studies, analyses, compilations of data, proposals, agreements, sales and marketing information, personnel information, specifications, code, software, databases, computer-recorded information, tangible property and equipment (including, but not limited to, computers, facsimile machines, mobile telephones, tablets, handheld devices, and servers), credit cards, entry cards, identification badges and keys; and any materials of any kind which contain or embody any proprietary or confidential information of the Company and all reproductions thereof in whole or in part and in any medium. You agree that you will make a diligent search to locate any such documents, property and information within the timeframe referenced above. In addition, if you have used any personally owned computer, server, or e-mail system to receive, store, review, prepare or transmit any confidential or proprietary data, materials or
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information of the Company, then on or before the Separation Date (or earlier if requested by the Company), you must provide the Company with a computer-useable copy of such information and then permanently delete and expunge such confidential or proprietary information from those systems without retaining any reproductions (in whole or in part); and you agree to provide the Company access to your system, as requested, to verify that the necessary copying and deletion is done. Your entitlement to and receipt of the benefits provided herein are expressly conditioned upon your return of all property as set forth in this paragraph.

8. **Confidential Information.** You agree that at all times during the term of your employment, and at all times thereafter, to hold in strictest confidence, and not to use, except for the benefit of the Company, or to disclose to any person, firm or corporation without written authorization of the CEO or the CEO's designee, any Confidential Information (as defined below), except as such disclosure, use or publication may be required in connection with my work for the Company. "**Confidential Information**" shall mean any and all confidential and/or proprietary knowledge, data or information of the Company, including, without limitation, all trade secrets, proprietary information relating to products, processes, know-how, designs, formulas, developmental or experimental work, computer programs (including source code and object code), data bases, other original works of authorship, customer lists or prospect lists in any form, pricing information, business plans, financial information or other subject matter pertaining to any business of the Company or any of its prospects, clients, customers, consultants or licensees, in whatever form. Notwithstanding the foregoing, "Confidential Information" shall not include (i) information which is at the time of disclosure, or which subsequently becomes through no fault of yours, generally available to the public; (ii) information which you received from third parties who were not under any direct or indirect obligation of confidentiality; and (iii) information which the Company has disclosed to third parties without any obligation of confidentiality.
9. **Nondisparagement.** You agree not to disparage the Company and/or Sprinklr Switzerland, including any of their respective officers, directors, employees, shareholders, parents, subsidiaries, affiliates, and agents, in any manner likely to be harmful to them or their business, business reputation or personal reputation. The Company agrees to instruct the Company's current Executive Leadership Team not to disparage you in any manner likely to be harmful to you or your business or personal reputation. Notwithstanding the foregoing in this paragraph, either you or the Company (including each of the Company's current Executive Leadership Team individually) may respond accurately and fully to any question, inquiry, or request for information when required by legal process. In addition, nothing in this provision or this Agreement is intended to prohibit or restrain you in any manner from making disclosures that are protected under the whistleblower provisions of any applicable law or regulation or as set forth in the Section of this Agreement entitled "Protected Activity."

**10. Nonsolicitation.**

- a. You agree that for the one (1) year period after the Separation Date, you will not, as an officer, director, employee, consultant, owner, partner, or in any other capacity, either directly or through others, without prior written consent of the CEO, solicit, induce, encourage, or participate in soliciting, inducing or encouraging any person then employed by the Company or who has left the employment of the Company within the preceding six months, or any person or entity engaged by the Company as a consultant or independent contractor or who/which has ceased a service relationship with the Company within the preceding six months, to terminate such person's or entity's relationship with the Company, even if you did not initiate the discussion or seek out
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the contact. The Company is entitled to claim compensation for any damages suffered due to any breach of this nonsolicitation provision. Moreover, the Company is entitled to, and may seek to obtain, injunctive relief to enforce your compliance with your nonsolicitation undertaking.

- b. You agree that for the one (1) year period after the Separation Date, you will not, as an officer, director, employee, consultant, owner, partner, or in any other capacity, either directly or through others, solicit, canvas, induce, encourage, or participate in soliciting, canvassing, inducing or encouraging any clients or prospective clients of the Company to terminate such entity's relationship with Company, even if you did not initiate the discussion or seek out the contact. The Company is entitled to claim compensation for any damages suffered due to any breach of this nonsolicitation provision. Moreover, the Company is entitled to, and may seek to obtain, injunctive relief to enforce your compliance with your nonsolicitation undertaking.

**11. No Admissions.** The promises and payments in consideration of this Agreement shall not be construed to be an admission of any liability or obligation by either party to the other party, and neither party makes any such admission.

**12. Release of Claims.**

- a. **General Release.** In exchange for the consideration provided to you under this Agreement to which you would not otherwise be entitled, you hereby generally and completely release the Company, Sprinklr Switzerland, and each of their respective affiliated, related, parent and subsidiary entities, their current and former directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, insurers, affiliates, and assigns (collectively, the "**Released Parties**") from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date you sign this Agreement (collectively, the "**Released Claims**").
  - b. **Scope of Release.** The Released Claims include, but are not limited to: (i) all claims arising out of or in any way related to your employment with Sprinklr Switzerland and the Company or the decision to terminate that employment; (ii) all claims related to compensation or benefits from Sprinklr Switzerland and the Company, including salary, bonuses, commissions, vacation, paid time off, sick time, expense reimbursements, severance pay, fringe benefits, stock, stock options, or any other ownership, equity, or profits interests in the Company; (iii) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (iv) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (v) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys' fees, or other claims arising under the laws of any jurisdiction in which you have provided services to Sprinklr Switzerland or the Company. Not included in the Released Claims are any rights which are not waivable as a matter of applicable law. You hereby represent and warrant that you are not aware of any claims that you have or might have against any of the Released Parties that are not included in the Released Claims.
  - c. **ADEA Waiver.** You acknowledge that you are knowingly and voluntarily waiving and releasing any rights you may have under the Age Discrimination in Employment
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Act (the “ADEA”), and that the consideration given for the waiver and release in this section is in addition to anything of value to which you are already entitled. You further acknowledge that you have been advised, as required by the ADEA, that: (i) your waiver and release do not apply to any rights or claims that may arise after the date that you sign this Agreement; (ii) you should consult with an attorney prior to signing this Agreement (although you may choose voluntarily not to do so); (iii) you have twenty-one (21) days to consider this Agreement (although you may choose voluntarily to sign it earlier); (iv) you have seven (7) days following the date you sign this Agreement to revoke it (by providing written notice of your revocation to me); and (v) this Agreement will not be effective until the date upon which the revocation period has expired, which will be the eighth day after the date that this Agreement is signed by you provided that you do not revoke it.

**d. Waiver of Unknown Claims.** YOU UNDERSTAND THAT THIS AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS, EVEN IF THOSE UNKNOWN CLAIMS THAT, IF KNOWN BY YOU, WOULD AFFECT YOUR DECISION TO ACCEPT THIS AGREEMENT. In giving the release herein, which includes claims which may be unknown to you at present, you hereby expressly waive and relinquish all rights and benefits under any law of any jurisdiction with respect to your release of any unknown or unsuspected claims herein.

**13. Protected Activity.** Notwithstanding any provision in this Agreement (including any exhibits) to the contrary, nothing herein shall prevent or prohibit you from: (a) disclosing the fact or terms of this Agreement as part of any government investigation; (b) filing a charge, complaint, or report with, or otherwise communicating with, providing information to, cooperating with, or participating in any investigation or proceeding by or before any federal, state or local government agency or commission; or (c) making truthful statements or disclosures about alleged unlawful discrimination, harassment, or retaliation. While this Agreement does not limit your right to receive an award for information provided to the United States Securities and Exchange Commission, you are otherwise waiving, to the fullest extent permitted by law, any and all rights you may have to individual relief based on any claims that you have released and any rights you have waived by signing this Agreement.

**14. Representations.** You hereby represent that you have been paid all compensation owed and for all hours worked, you have received all the leave and leave benefits and protections for which you are eligible and any applicable law or Company policy, and you have not suffered any on-the-job injury about which you have not already notified the Company.

**15. Miscellaneous.** This Agreement, including its exhibits, constitutes the complete, final and exclusive embodiment of the entire agreement between you and Sprinklr Switzerland and the Company with regard to this subject matter. It is entered into without reliance on any promise or representation, written or oral, other than those expressly contained herein, and it supersedes any other such promises, warranties or representations. This Agreement may not be modified or amended except in a writing signed by both you and a duly authorized officer of the Company. This Agreement will bind the heirs, personal representatives, successors and assigns of both you and the Company, and inure to the benefit of both you and the Company, their heirs, successors and assigns. If any provision of this Agreement is determined to be invalid or unenforceable, in whole or in part, this determination will not affect any other provision of this Agreement and the provision in question will be modified by the court so as to be rendered enforceable to the fullest extent permitted by law, consistent with the intent of the parties. This Agreement shall be construed and enforced in accordance with the laws of Switzerland without regard to conflicts of law principles. Any waiver of a breach of this

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Agreement, or rights hereunder, shall be in writing and shall not be deemed to be a waiver of any successive breach or rights hereunder. This agreement may be executed in counterparts which shall be deemed to be part of one original, and facsimile and electronic image copies of signatures (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000) or other transmission method shall be equivalent to original signatures.

If this Agreement is acceptable to you, please sign and date below and return the original to me within twenty-one (21) days of your receipt. The offer from Sprinklr Switzerland and the Company contained herein will automatically expire if we do not receive the fully signed Agreement within this timeframe.

We wish you the best in your future endeavors.

Sincerely,

**Sprinklr Switzerland GmbH**

/s/ Daniel Haley

Daniel Haley  
Managing Director

**Exhibit A – Separation Date Release**

**Understood and Agreed:**

/s/ Luca Lazzaron  
Luca Lazzaron

10/3/22  
Date

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## Exhibit A

### SEPARATION DATE RELEASE

(To be signed and returned after December 1, 2022 and on or before December 13, 2022.)

In consideration for the benefits provided to me by Sprinklr Switzerland GmbH (“**Sprinklr Switzerland**”), and its parent and/or affiliate company, Sprinklr, Inc. (the “**Company**”), pursuant to the terms of the transition, separation and release agreement between me and the Company to which this Exhibit A is attached (the “**Agreement**”), I agree to the terms below. I understand this Separation Date Release will be effective as of the date I sign (the “**Release Effective Date**”).

In exchange for the consideration to which I am not otherwise entitled, as defined in and to be provided to me by the Company under the terms of the Agreement, I hereby generally and completely release the Company, Sprinklr Switzerland, and each of their respective affiliated, related, parent and subsidiary entities, and their current and former directors, officers, employees, shareholders, partners, agents, attorneys, predecessors, successors, insurers, affiliates, and assigns (collectively, the “**Released Parties**”) from any and all claims, liabilities and obligations, both known and unknown, that arise out of or are in any way related to events, acts, conduct, or omissions occurring prior to or on the date that I sign this Separation Date Release (the “**Release**”). This general release includes, but is not limited to: (i) all claims arising out of or in any way related to my employment with the Company or the termination of that employment; (ii) all claims related to my compensation or benefits from the Company, including salary, bonuses, commissions, vacation pay, paid time off, sick time, expense reimbursements, severance pay, fringe benefits, and contributions to retirement plan; (iii) all claims for breach of contract, wrongful termination, and breach of the implied covenant of good faith and fair dealing; (iv) all tort claims, including claims for fraud, defamation, emotional distress, and discharge in violation of public policy; and (v) all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys’ fees, or other claims arising under the all federal, state, and local statutory claims, including claims for discrimination, harassment, retaliation, attorneys’ fees, or other claims arising under the laws of any jurisdiction in which you have provided services to the Company.

I am not releasing the following (the “**Excluded Claims**”): (i) any rights or claims for indemnification I may have pursuant to any written indemnification agreement with the Company to which I am a party or under applicable law; (ii) any rights which are not waivable as a matter of law; and (iii) any claims for breach of this Release. I hereby represent and warrant that, other than the Excluded Claims, I am not aware of any claims I have or may have against any of the Released Parties that are not included in the Release. I understand that nothing in this Release (or the Agreement) prevents or prohibits me from: (a) disclosing the fact or terms of this Release (or the Agreement) as part of any government investigation; (b) filing a charge, complaint, or report with, or otherwise communicating with, providing information to, cooperating with, or participating in any investigation or proceeding by or before the Equal Employment Opportunity Commission, the United States Department of Labor, the National Labor Relations Board, the Occupational Safety and Health Administration, the New York State Department of Labor, the Securities and Exchange Commission (the “**SEC**”), or any other federal, state or local government agency or commission; or (c) making truthful statements or disclosures about alleged unlawful discrimination, harassment, or retaliation. While this Release (and the Agreement) does not limit my right to receive an award for information provided to the SEC, I understand and agree that, to maximum extent permitted by law, I am otherwise waiving any and all rights I may have to individual relief based on any claims that I have released and any rights I have waived by signing this Release (and the Agreement).

I UNDERSTAND THAT THIS RELEASE INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS, EVEN IF THOSE UNKNOWN CLAIMS THAT, IF KNOWN BY ME, WOULD AFFECT MY DECISION TO ACCEPT THIS RELEASE. In giving the release herein,

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which includes claims which may be unknown to me at present, I hereby expressly waive and relinquish all rights and benefits under any law of any jurisdiction with respect to my release of any unknown or unsuspected claims herein.

I agree not to disparage Sprinklr Switzerland, the Company or the Company's officers, directors, employees, shareholders, parents, subsidiaries, affiliates, and agents, in any manner likely to be harmful to them or their business, business reputation or personal reputation; provided that I may respond accurately and fully to any question, inquiry or request for information when required by legal process. In addition, nothing in this provision or this Release is intended to prohibit or restrain me in any manner from making disclosures that are protected under the whistleblower provisions of federal or state law or regulation or otherwise as expressly allowed under this Release.

I hereby represent that I have been paid all compensation owed and for all time worked, I have received all the leave and leave benefits and protections for which I am eligible, pursuant any statutory leave act, the Company's policies, applicable law, or otherwise, and I have not suffered any on-the-job injury or illness. I represent that I have no lawsuits, claims or actions pending in my name, or on behalf of any other person or entity, against Sprinklr Switzerland, the Company or any other person or entity subject to the release granted in this Release.

By:\_\_\_  
Luca Lazzaron

Date:\_\_\_\_\_

October 7, 2022

Via Email (to [lucalazzaron@yahoo.it](mailto:lucalazzaron@yahoo.it))

Luca Lazzaron  
V. S. Leopoldo 1,  
Albignasego (PD)  
35020 Italy

**Re: First Amendment to Transition, Separation and Release of Claims Agreement**

Dear Luca:

This First Amendment to the Transition, Separation and Release of Claims Agreement (the “**Amendment**”) is by and between you and Sprinklr Switzerland GmbH (“**Sprinklr Switzerland**”).

Whereas, you and Sprinklr Switzerland entered into a Transition, Separation and Release of Claims Agreement dated October 3, 2022 (the “**Agreement**”);

Whereas, you and Sprinklr Switzerland desire to clarify and amend certain terms in the Agreement as set forth below; and

Whereas, Section 16 of the Agreement provides for the amendment of the Agreement in accordance with the terms set forth therein.

Now, therefore, in consideration of the mutual representations and covenants contained in this Amendment, and subject to the conditions set forth herein, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. **References.** All capitalized terms used but not defined in this Amendment shall have the same meaning as prescribed in the Agreement.
2. **Amendment:** Section 4(d) of the Agreement is hereby deleted and replaced in its entirety as follows:

**d. Equity Awards and Vesting.** You have been granted certain time-based vesting restricted stock units (“**RSUs**”), performance-based vesting restricted stock units (“**PSUs**”) and options to purchase shares of the Company’s Class A common stock (“**Options**” and together with the RSUs and PSUs, the “**Equity Awards**”), pursuant to the Company’s applicable equity incentive plan(s), Option agreements, PSU agreements or RSU agreements and other grant documents (collectively, the “**Award Documents**”). Effective as of December 16, 2022 (the “**Acceleration Date**”) and as an additional Severance Benefit for you, the Company will accelerate the vesting of your Options and RSUs outstanding as of the Acceleration Date, such that the number of shares that would have vested in accordance with the applicable vesting schedule if you had continued providing service to the Company through and including June 30, 2023 will be deemed vested and, if applicable, exercisable (such options and time-vested restricted stock units, “**Accelerated Equity**”). Notwithstanding the foregoing, in no event will the accelerated vesting result in you holding Accelerated Equity with intrinsic value in excess of \$2.25 million as of the Acceleration Date (the “**Maximum Value**”), with such value to be calculated based on the closing price of the Company’s Class A common stock on the

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Acceleration Date. Should the intrinsic value of your Accelerated Equity exceed the Maximum Value, the number of shares subject to the accelerated vesting will be reduced until the intrinsic value of the Accelerated Equity equals, as closely as possible, the Maximum Value, with the method of such reduction determined by the Company in its sole discretion. Except as expressly set forth in this paragraph, the Equity Awards remain subject to the terms of the Award Documents. The Company shall use all reasonable efforts to promptly pre-clear any proposed transaction(s) in the Company's securities, in accordance with the Company's Insider Trading Policy, prior to the end of the Transition Period, assuming that the Company's trading window is open at such time(s).

3. **No Other Changes.** Upon signing, this Amendment is incorporated into the Agreement by reference herein, and except as expressly modified hereby, all other terms of the Agreement shall remain in full force and effect.

In witness whereof, each of the parties has executed this Amendment as of the date set forth below.

**Sprinklr Switzerland GmbH**

/s/ Daniel Haley \_\_\_\_\_ Date 10/7/22 \_\_\_\_\_  
Daniel Haley  
Managing Director

/s/ Luca Lazzaron \_\_\_\_\_ Date 10/7/22 \_\_\_\_\_  
**Luca Lazzaron**

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER  
THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ragy Thomas, certify that:

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

Date: December 6, 2022

By: /s/ Ragy Thomas  
Name: Ragy Thomas  
Title: Founder, Chairman and Chief Executive Officer  
(Principal Executive Officer)

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND 15d-14(a) UNDER  
THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Manish Sarin, certify that:

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

Date: December 6, 2022

/s/ Manish Sarin  
\_\_\_\_\_  
By: Manish Sarin  
Name: Chief Financial Officer  
Title: *(Principal Financial and Accounting Officer)*

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

Ragy Thomas, Chairman and Chief Executive Officer of Sprinklr Inc. (the "Company"), and Manish Sarin, Chief Financial Officer of the Company, each hereby certifies, to the best of his knowledge and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- the Quarterly Report on Form 10-Q of the Company for the period ended October 31, 2022 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 6, 2022

/s/ Ragy Thomas

\_\_\_\_\_  
Ragy Thomas  
Founder, Chairman and Chief Executive Officer  
(Principal Executive Officer)

/s/ Manish Sarin

\_\_\_\_\_  
Manish Sarin  
Chief Financial Officer  
(Principal Financial and Accounting Officer)