

**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, 2023

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   
Non-accelerated filer   
Emerging growth company

Accelerated filer   
Smaller reporting company

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

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, 2023, the registrant had 151,605,805 shares of Class A common stock and 122,284,648 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 X (formerly known as Twitter) Account (<https://x.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;
- 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;
- 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 unstable market and economic conditions, including as a result of increases in inflation rates, higher interest rates, recent bank closures or instability, public health crises and geopolitical actions, such as war and terrorism or the perception that such hostilities may be imminent, on our business, financial condition and share price;
- 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, 2023	January 31, 2023
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 172,462	\$ 188,387
Marketable securities	483,969	390,239
Accounts receivable, net of allowance of \$4.9 million and \$3.2 million, respectively	153,660	205,038
Prepaid expenses and other current assets	77,228	78,865
Total current assets	887,319	862,529
Property and equipment, net	30,597	22,885
Goodwill and other intangible assets	50,221	50,349
Operating lease right-of-use assets	27,576	15,725
Other non-current assets	92,001	73,503
Total assets	\$ 1,087,714	\$ 1,024,991
<b>Liabilities and stockholders' equity</b>		
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 22,473	\$ 30,101
Accrued expenses and other current liabilities	72,781	97,524
Operating lease liabilities, current	6,208	7,134
Deferred revenue	297,130	324,140
Total current liabilities	398,592	458,899
Deferred revenue, non-current	1,155	1,371
Deferred tax liability, non-current	1,300	1,289
Operating lease liabilities, non-current	23,530	9,633
Other liabilities, non-current	4,933	4,467
Total liabilities	429,510	475,659
Commitments and contingencies (Note 8)		
Stockholders' equity:		
Class A common stock, \$0.00003 par value, 2,000,000,000 shares authorized; 140,081,156 and 119,477,713 shares issued and outstanding as of October 31, 2023 and January 31, 2023, respectively	4	3
Class B common stock, \$0.00003 par value, 310,000,000 shares authorized; 132,492,722 and 144,263,658 shares issued and outstanding as of October 31, 2023 and January 31, 2023, respectively	4	6
Treasury stock, at cost, 14,130,784 and 14,130,784 shares as of October 31, 2023 and January 31, 2023, respectively	(23,831)	(23,831)
Additional paid-in capital	1,153,761	1,074,149
Accumulated other comprehensive loss	(5,383)	(4,384)
Accumulated deficit	(466,351)	(496,611)
Total stockholders' equity	658,204	549,332
Total liabilities and stockholders' equity	\$ 1,087,714	\$ 1,024,991

See accompanying notes to the unaudited condensed consolidated financial statements

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

	<b>Three Months Ended October 31,</b>		<b>Nine Months Ended October 31,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Revenue:</b>				
Subscription	\$ 170,464	\$ 139,906	\$ 491,581	\$ 400,301
Professional services	15,861	17,345	46,572	52,558
Total revenue	186,325	157,251	538,153	452,859
<b>Costs of revenue:</b>				
Costs of subscription	29,877	26,249	85,136	76,759
Costs of professional services	16,571	14,271	46,716	47,641
Total costs of revenue	46,448	40,520	131,852	124,400
Gross profit	139,877	116,731	406,301	328,459
<b>Operating expense:</b>				
Research and development	23,146	19,208	68,230	56,531
Sales and marketing	75,446	79,538	244,766	253,418
General and administrative	28,096	22,588	77,820	67,916
Total operating expense	126,688	121,334	390,816	377,865
Operating income (loss)	13,189	(4,603)	15,485	(49,406)
Other income, net	6,328	1,093	18,324	1,304
Income (loss) before provision for income taxes	19,517	(3,510)	33,809	(48,102)
Provision for income taxes	2,550	2,350	3,549	6,973
Net income (loss)	<u>\$ 16,967</u>	<u>\$ (5,860)</u>	<u>\$ 30,260</u>	<u>\$ (55,075)</u>
Net income (loss) per share, basic	\$ 0.06	\$ (0.02)	\$ 0.11	\$ (0.21)
Weighted average shares used in computing net income (loss) per share, basic	271,202	260,285	268,596	258,677
Net income (loss) per share, diluted	\$ 0.06	\$ (0.02)	\$ 0.11	\$ (0.21)
Weighted average shares used in computing net income (loss) per share, diluted	288,121	260,285	285,985	258,677

See accompanying notes to the unaudited condensed consolidated financial statements

SPRINKLR, INC.

Condensed Consolidated Statements of Comprehensive Income (Loss)

(in thousands)

(unaudited)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2023	2022	2023	2022
Net income (loss)	\$ 16,967	\$ (5,860)	\$ 30,260	\$ (55,075)
Foreign currency translation adjustments	(1,368)	(1,831)	(1,300)	(4,873)
Unrealized gains (losses) on investments, net of tax	247	(446)	301	(1,751)
Total comprehensive income (loss), net of tax	<u>\$ 15,846</u>	<u>\$ (8,137)</u>	<u>\$ 29,261</u>	<u>\$ (61,699)</u>

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 Capital	Treasury Stock		Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount		Shares	Amount			
<b>Balance at July 31, 2023</b>	270,318	\$ 8	\$ 1,128,689	14,131	\$ (23,831)	\$ (4,262)	\$ (483,318)	\$ 617,286
Stock-based compensation - equity classified awards	—	—	14,091	—	—	—	—	14,091
Exercise of stock options and vesting of restricted stock units	2,256	—	10,981	—	—	—	—	10,981
Other comprehensive loss	—	—	—	—	—	(1,121)	—	(1,121)
Net income	—	—	—	—	—	—	16,967	16,967
<b>Balance at October 31, 2023</b>	<u>272,574</u>	<u>\$ 8</u>	<u>\$ 1,153,761</u>	<u>14,131</u>	<u>\$ (23,831)</u>	<u>\$ (5,383)</u>	<u>\$ (466,351)</u>	<u>\$ 658,204</u>
<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 restricted stock units	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>	<u>260,910</u>	<u>\$ 9</u>	<u>\$ 1,045,399</u>	<u>14,131</u>	<u>\$ (23,831)</u>	<u>\$ (7,444)</u>	<u>\$ (496,705)</u>	<u>\$ 517,428</u>



SPRINKLR, INC.

Condensed Consolidated Statements of Stockholders' Equity

(in thousands)

(unaudited)

	Class A and Class B Common Stock		Additional Paid-in Capital	Treasury Stock		Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount		Shares	Amount			
<b>Balance at January 31, 2023</b>	263,741	\$ 9	\$ 1,074,149	14,131	\$ (23,831)	\$ (4,384)	\$ (496,611)	\$ 549,332
Stock-based compensation - equity classified awards	—	—	43,310	—	—	—	—	43,310
Exercise of stock options and vesting of restricted stock units	8,305	—	32,331	—	—	—	—	32,331
Issuance of common shares upon ESPP purchases	528	—	3,970	—	—	—	—	3,970
Other adjustment	—	(1)	1	—	—	—	—	—
Other comprehensive loss	—	—	—	—	—	(999)	—	(999)
Net income	—	—	—	—	—	—	30,260	30,260
<b>Balance at October 31, 2023</b>	<u>272,574</u>	<u>\$ 8</u>	<u>\$ 1,153,761</u>	<u>14,131</u>	<u>\$ (23,831)</u>	<u>\$ (5,383)</u>	<u>\$ (466,351)</u>	<u>\$ 658,204</u>
<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 restricted stock units	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>	<u>260,910</u>	<u>\$ 9</u>	<u>\$ 1,045,399</u>	<u>14,131</u>	<u>\$ (23,831)</u>	<u>\$ (7,444)</u>	<u>\$ (496,705)</u>	<u>\$ 517,428</u>

See accompanying notes to the unaudited condensed consolidated financial statements

SPRINKLR, INC.

Condensed Consolidated Statements of Cash Flows

(in thousands)

(unaudited)

	Nine Months Ended October 31,	
	2023	2022
Cash flow from operating activities:		
Net income (loss)	\$ 30,260	\$ (55,075)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization expense	11,283	8,727
Bad debt expense	3,370	1,161
Stock-based compensation expense, net of amounts capitalized	42,105	39,920
Non-cash lease expense	6,102	4,759
Deferred income taxes	(3,205)	—
Net amortization/accretion on marketable securities	(12,379)	—
Other non-cash items, net	56	(549)
Changes in operating assets and liabilities:		
Accounts receivable	47,876	29,358
Prepaid expenses and other current assets	2,246	27,246
Other non-current assets	(8,424)	(5,782)
Accounts payable	(8,878)	(1,243)
Operating lease liabilities	(6,098)	(5,448)
Accrued expenses and other current liabilities	(23,744)	(625)
Litigation settlement	—	(12,000)
Deferred revenue	(26,807)	(24,578)
Other liabilities	399	(1,285)
Net cash provided by operating activities	<u>54,162</u>	<u>4,586</u>
Cash flow from investing activities:		
Purchases of marketable securities	(443,850)	(640,173)
Sales of marketable securities	5,375	2,838
Maturities of marketable securities	357,422	459,026
Purchases of property and equipment	(6,494)	(2,923)
Capitalized internal-use software	(8,791)	(7,733)
Net cash used in investing activities	<u>(96,338)</u>	<u>(188,965)</u>
Cash flow from financing activities:		
Proceeds from issuance of common stock upon exercise of stock options	32,331	15,997
Proceeds from issuance of common stock upon ESPP purchases	3,970	6,213
Net cash provided by financing activities	<u>36,301</u>	<u>22,210</u>
Effect of exchange rate fluctuations on cash, cash equivalents and restricted cash	(1,648)	(3,232)
Net change in cash, cash equivalents and restricted cash	(7,523)	(165,401)
Cash, cash equivalents and restricted cash at beginning of period	188,387	321,426
Cash, cash equivalents and restricted cash at end of period	<u>\$ 180,864</u>	<u>\$ 156,025</u>
Supplemental disclosure of cash flow information:		
Cash paid for income taxes, net of refunds	\$ 5,039	\$ 5,137
Supplemental disclosure for non-cash investing and financing:		
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 18,121	\$ 5,222
Accrued purchases of property and equipment	\$ 2,192	\$ 92
Stock-based compensation expense capitalized in internal-use software	\$ 1,956	\$ 1,898
Accrued for asset retirement obligation	\$ 117	\$ —

See accompanying notes to the unaudited condensed consolidated financial statements

## Notes to 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 19 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, 2023, 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, 2023 are not necessarily indicative of the results to be expected for the year ending January 31, 2024 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, 2023 in the Company’s Annual Report on Form 10-K (the “2023 10-K”) filed with the SEC on April 3, 2023.

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, 2023 included in the 2023 10-K, with the exception of the addition of restricted cash, which is discussed below.

***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, fair value assumptions for stock-based compensation, 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.

Notes to Unaudited Condensed Consolidated Financial Statements

**Segments**

The Company operates in one 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 (“CODM”), the chief executive officer, evaluates the Company’s financial information and assesses the performance of the Company on a consolidated basis. The CODM does not receive discrete financial information about asset allocation, expense allocation or profitability by product or geography. Because the Company operates in one operating segment, all required financial segment information can be found in the consolidated financial statements.

**Cash, Cash Equivalents and Restricted Cash**

The following table reconciles cash, cash equivalents and restricted cash from the condensed consolidated balance sheets to amounts reported in the condensed consolidated statements of cash flows:

<i>(in thousands)</i>	<b>October 31, 2023</b>	<b>January 31, 2023</b>
Cash and cash equivalents	\$ 172,462	\$ 188,387
Restricted cash included in prepaid expenses and other current assets <sup>(1)</sup>	1,491	—
Restricted cash included in other non-current assets <sup>(2)</sup>	6,911	—
Total cash, cash equivalents and restricted cash	<u>\$ 180,864</u>	<u>\$ 188,387</u>

<sup>(1)</sup>Consists primarily of cash that is restricted and is associated with certain credit card programs.

<sup>(2)</sup>Consists primarily of collateral for letters of credit issued in lieu of deposits on certain leases and customer contracts, as well as security deposits in lieu of letters of credit for customer contracts.

**Concentration of Risk and Significant Customers**

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.

To manage credit risk related to accounts receivable, the Company maintains an allowance for credit losses. The allowance is determined by applying a loss-rate method based on an aging schedule using the Company’s historical loss rate. The Company also considers reasonable and supportable current and forecasted information in determining its estimated loss rates, such as external forecasts, macroeconomic trends, or other factors, including customers’ credit risk and historical loss experience. The Company’s accounts receivable are derived from invoiced customers located primarily in North America and Europe.

No single customer accounted for more than 10% of total revenue during the three and nine months ended October 31, 2023 and 2022.

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.

**Recently Adopted Accounting Pronouncements**

In June 2016, the Financial Accounting Standards Board issued ASU 2016-13, with subsequent amendments, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (“Topic 326”). The Company adopted Topic 326 on January 31, 2023, with an effective date of February 1, 2022, which amended the impairment model by requiring entities to use a forward-looking approach based on expected losses rather than incurred losses to estimate credit losses on certain types of financial instruments, including trade receivables. The Company utilized the modified-retrospective approach at adoption, under which prior period comparable financial information was not adjusted. The adoption did not have a material impact on the consolidated financial statements and related disclosures.

Notes to Unaudited Condensed 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.

**Costs to Obtain Customer Contracts**

Costs to obtain customer contracts, including commissions earned, that are considered incremental and recoverable 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 currently estimates the period of benefit for which costs are amortized over to be five years. 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, 2023 were \$117.6 million, of which \$40.8 million is included in prepaid expenses and other current assets and \$76.8 million within other non-current assets. Capitalized costs to obtain customer contracts as of January 31, 2023 were \$113.5 million, of which \$44.1 million is included in prepaid expenses and other current assets and \$69.4 million within other non-current assets.

During the three months ended October 31, 2023 and 2022, the Company amortized \$12.2 million and \$11.3 million, respectively, of costs to obtain customer contracts, included in sales and marketing expense. During the nine months ended October 31, 2023 and 2022, the Company amortized \$36.4 million and \$33.5 million, respectively, of costs to obtain customer contracts, included in sales and marketing expense.

**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 \$149.5 million and \$131.0 million for the three months ended October 31, 2023, and 2022, respectively, and \$296.0 million and \$250.6 million for the nine months ended October 31, 2023, and 2022, 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, 2023 and January 31, 2023, contract assets were \$3.8 million and \$4.8 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, 2023, the Company’s RPO was \$774.5 million, approximately \$491.4 million of which the Company expects to recognize as revenue over the next 12 months and the remaining balance will be recognized thereafter.

**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.

The following table summarizes the revenue by region based on the shipping address of customers who have contracted to use the cloud-based software platform:

<i>(in thousands)</i>	<b>Three Months Ended October 31,</b>		<b>Nine Months Ended October 31,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Americas	\$ 110,096	\$ 104,932	\$ 321,013	\$ 295,288
EMEA	62,309	43,647	172,336	127,099
Other	13,920	8,672	44,804	30,472
	<u>\$ 186,325</u>	<u>\$ 157,251</u>	<u>\$ 538,153</u>	<u>\$ 452,859</u>

SPRINKLR, INC.

Notes to Unaudited Condensed Consolidated Financial Statements

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, 2023 and 2022.

<i>(in thousands)</i>	Three Months Ended October 31,		Nine Months Ended October 31,	
	2023	2022	2023	2022
United States	\$ 101,848	\$ 99,844	\$ 301,253	\$ 278,352

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:

<i>(in thousands)</i>	October 31, 2023			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair value
Corporate bonds	\$ 86,108	\$ 4	\$ (90)	\$ 86,022
Municipal bonds	6,677	—	—	6,677
U.S. government and agency securities	164,259	22	(152)	164,129
Certificates of deposit	57,087	10	(18)	57,079
Commercial paper	170,224	2	(164)	170,062
Marketable securities	\$ 484,355	\$ 38	\$ (424)	\$ 483,969

<i>(in thousands)</i>	January 31, 2023			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair value
Corporate bonds	\$ 39,922	\$ 8	\$ (68)	\$ 39,862
Municipal bonds	12,429	22	—	12,451
U.S. government and agency securities	128,898	6	(367)	128,537
Certificates of deposit	59,546	28	(155)	59,419
Commercial paper	150,131	41	(202)	149,970
Marketable securities	\$ 390,926	\$ 105	\$ (792)	\$ 390,239

As of October 31, 2023 and January 31, 2023, the maturities of available-for-sale marketable securities did not exceed 12 months. Interest income from cash and cash equivalents and marketable securities was \$7.8 million and \$21.7 million for the three and nine months ended October 31, 2023, respectively, and \$2.5 million and \$4.1 million for the three and nine months ended October 31, 2022, respectively.

The estimated fair value of debt securities in an unrealized loss position for which an allowance for credit losses has not been recorded was \$393.3 million and \$220.9 million as of October 31, 2023 and January 31, 2023, respectively. There are no expected credit losses that have been recorded against the Company's investment securities as of October 31, 2023 and January 31, 2023.

Unrealized losses on the Company's debt securities are not considered to be credit-related based upon an analysis that considered the extent to which the fair value is less than the amortized basis of a security, adverse conditions specifically related to the security, changes to credit rating of the instrument subsequent to Company purchase, and the strength of the underlying collateral, if any.

Refer to Note 5, *Fair Value Measurements*, for information about the fair value of the Company's fair value hierarchy for short-term marketable securities.

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, 2023 and January 31, 2023, and indicate the fair value hierarchy of the valuation inputs utilized to determine such fair value:

(in thousands)	October 31, 2023			January 31, 2023		
	Level 1	Level 2	Total	Level 1	Level 2	Total
<b>Financial Assets:</b>						
Cash Equivalents:						
Money market funds	\$ 59,037	\$ —	\$ 59,037	\$ 73,851	\$ —	\$ 73,851
Marketable Securities:						
Corporate bonds	—	86,022	86,022	—	39,862	39,862
Municipal bonds	—	6,677	6,677	—	12,451	12,451
U.S. government and agency securities	—	164,129	164,129	—	128,537	128,537
Certificates of deposit	—	57,079	57,079	—	59,419	59,419
Commercial paper	—	170,062	170,062	—	149,970	149,970
Total financial assets	\$ 59,037	\$ 483,969	\$ 543,006	\$ 73,851	\$ 390,239	\$ 464,090

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 and municipal debt securities, U.S. government and agency securities and certificates of deposit 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. government and agency 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. As of October 31, 2023 and January 31, 2023, for fixed income securities that were in unrealized loss positions, the Company has determined that (i) it does not have the intent to sell any of these investments and (ii) it is not more likely than not that it will be required to sell any of these investments before recovery of the entire amortized cost basis. In addition, as of October 31, 2023, the Company anticipates that it will recover the entire amortized cost basis of such fixed income securities before 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 discussed in Note 4, *Marketable Securities*, as of October 31, 2023 and January 31, 2023, there were no securities that were in an unrealized loss position for more than 12 months. The Company has not recorded any impairments in the periods presented.

Notes to Unaudited Condensed Consolidated Financial Statements

**6. Balance Sheet Components**

***Prepaid Expenses and Other Current Assets***

Prepaid expenses and other current assets consisted of the following:

<i>(in thousands)</i>	<b>October 31, 2023</b>	<b>January 31, 2023</b>
Prepaid hosting and data costs	\$ 4,270	\$ 12,168
Prepaid software costs	8,296	6,079
Prepaid marketing	2,158	1,660
Capitalized commissions costs, current portion	40,780	44,051
Contract assets	3,831	4,785
Security deposits, short-term	3,105	3,136
Taxes recoverable	3,933	2,327
Restricted cash	1,491	—
Prepaid employee benefits	2,569	1,582
Other	6,795	3,077
Prepaid expenses and other current assets	<u>\$ 77,228</u>	<u>\$ 78,865</u>

***Depreciation and Amortization Expense***

Depreciation and amortization expense consisted of the following:

<i>(in thousands)</i>	<b>Three Months Ended October 31,</b>		<b>Nine Months Ended October 31,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Depreciation and amortization expense	\$ 1,454	\$ 1,634	\$ 4,493	\$ 4,646
Amortization expense for capitalized internal-use software	\$ 2,500	\$ 1,591	\$ 6,790	\$ 4,081

The Company capitalized internal-use software costs, including stock-based compensation, of \$3.4 million and \$3.7 million for the three months ended October 31, 2023 and 2022, respectively, and \$10.7 million and \$9.6 million for the nine months ended October 31, 2023 and 2022, respectively.



Notes to Unaudited Condensed Consolidated Financial Statements

*Accrued Expenses and Other Current Liabilities*

Accrued expenses and other current liabilities consisted of the following:

<i>(in thousands)</i>	<b>October 31, 2023</b>	<b>January 31, 2023</b>
Bonuses	\$ 18,224	\$ 25,057
Commissions	8,663	27,866
Employee liabilities <sup>(1)</sup>	17,354	16,374
Purchased media costs <sup>(2)</sup>	2,002	2,965
Accrued restructuring costs <sup>(3)</sup>	310	4
Accrued sales and use tax liability	7,025	7,336
Accrued income taxes	5,050	3,139
Accrued deferred contract credits	2,346	1,733
Vendor and travel costs payable	5,986	4,132
Professional services	659	784
Asset retirement obligation	881	1,011
Withholding taxes payable	681	2,702
Other	3,600	4,421
Accrued expenses and other current liabilities	<u>\$ 72,781</u>	<u>\$ 97,524</u>

<sup>(1)</sup> Includes \$3.2 million and \$1.4 million of accrued employee contributions under the Company's 2021 Employee Stock Purchase Plan ("ESPP") at October 31, 2023 and January 31, 2023, respectively.

<sup>(2)</sup> Purchased media costs consist of amounts owed to the Company's vendors for the purchase of advertising space on behalf of its customers.

<sup>(3)</sup> In February 2023, the Company implemented an approved plan for restructuring its global workforce by approximately 4% to reduce operating costs and better align its workforce with the needs of its business. The majority of the associated costs, including severance and benefits, were incurred in the first half of fiscal 2024. For the nine months ended October 31, 2023, the Company incurred a total of \$4.4 million in restructuring costs of which \$4.2 million and \$0.2 million are recorded within sales and marketing expense and general and administrative expense, respectively, on the Company's condensed consolidated statements of operations. As of October 31, 2023, \$4.1 million had been paid and the remaining \$0.3 million is recorded within accrued restructuring costs.

**7. Leases**

The Company has leases for corporate offices under non-cancelable operating leases with various expiration dates. The Company did not have any finance leases during the three and nine months ended October 31, 2023 and 2022.

On August 2, 2023, the Company entered into a 10-year operating lease agreement for a new corporate headquarters located in New York, NY. The Company has the option to extend the term for 60 months. The Company cannot take possession of the leased premises until the design and construction period ends, which is not anticipated to end until fiscal 2025. The annual lease payments will be approximately \$2.6 million once the lease commences.

The components of lease expense were as follows:

<i>(in thousands)</i>	<b>Three Months Ended October 31,</b>		<b>Nine Months Ended October 31,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Operating lease cost	\$ 2,877	\$ 2,107	\$ 8,160	\$ 5,902
Variable lease cost	328	277	937	849
Short-term lease cost	145	181	534	564
Total lease cost	<u>\$ 3,350</u>	<u>\$ 2,565</u>	<u>\$ 9,631</u>	<u>\$ 7,315</u>

**SPRINKLR, INC.**

**Notes to Unaudited Condensed Consolidated Financial Statements**

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

	<b>October 31, 2023</b>
Weighted average remaining lease term (years)	6.42
Weighted average discount rate	10.81 %

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

<i>(in thousands)</i>	<b>October 31, 2023</b>
Fiscal year ended January 31, 2024 (remaining three months)	\$ 3,441
2025	7,410
2026	6,029
2027	5,471
2028	3,881
2029	3,372
Thereafter	12,759
Total minimum lease payments <sup>(1)</sup>	42,363
Less: imputed interest	(12,625)
Total	\$ 29,738

<sup>(1)</sup> Excludes future payments related to the New York operating lease, which has been signed but not yet commenced as of October 31, 2023.

**8. Commitments and Contingencies**

***Letters of Credit***

In April 2023, the Company terminated its credit facility with Silicon Valley Bank (“SVB”), while keeping its existing letters of credit in lieu of deposits on certain leases. As the Company no longer has a credit facility with SVB, it was required to collateralize these letters of credit with cash, totaling approximately \$1.3 million, which the Company has therefore classified within restricted cash. Due to its long-term nature, this restricted cash is recorded within other non-current assets on the condensed consolidated balance sheets.

During 2023, the Company entered into cash collateral agreements with J.P. Morgan Bank in lieu of a letter of credit facility, through which approximately \$5.4 million is outstanding as of October 31, 2023. Due to its long-term nature, this restricted cash is recorded within other non-current assets on the condensed consolidated balance sheets.

***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, 2023, the Company had no provision for liability under existing litigation.

Notes to Unaudited Condensed Consolidated Financial Statements

**Other Contractual Commitments**

Other contractual commitments consist primarily of non-cancelable purchase commitments to support the Company’s data and hosting services. During the nine months ended October 31, 2023, the Company entered into new operating leases that would impact its cash requirements. See Note 7 for additional information. There were no other significant changes in the Company’s material cash requirements as compared to the material cash requirements from known contractual and other obligations described in the 2023 10-K.

**9. Stock-Based Compensation**

**Equity Award Plans**

The Company has two equity incentive plans, the Sprinklr, Inc. 2021 Equity Incentive Plan (the “2021 Plan”) and the Sprinklr, Inc. 2011 Equity Incentive Plan (the “2011 Plan”). The 2011 Plan was terminated as to future awards in June 2021 upon the adoption of the 2021 Plan, although it continues to govern the terms of any equity grants that remain outstanding under the 2011 Plan.

The 2021 Plan provides for the grant of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock awards, restricted stock units (“RSUs”), performance-based stock units (“PSUs”), and other forms of awards to employees, directors and consultants, including employees and consultants of the Company’s affiliates, as permitted by law.

In June 2021, the Company also adopted its ESPP, under which employees can purchase common stock through payroll deductions at a price equal to 85% of the lower of the fair market value of the Class A common stock on (i) the first trading day of each offering period and (ii) the last trading day of each related offering period.

**Summary of Stock Option Activity**

A summary of the Company’s stock option activity for the nine months ended October 31, 2023 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, 2023	33,049	\$ 6.11	6.6
Granted	1,512	12.85	
Exercised	(5,505)	5.86	
Cancelled/forfeited <sup>(1)</sup>	(3,602)	5.81	
Expired	(5)	0.25	
Outstanding as of October 31, 2023	25,449	\$ 6.61	5.9
Exercisable as of October 31, 2023	20,864	\$ 5.69	5.4
Vested and expected to vest as of October 31, 2023	24,844	\$ 6.52	5.8

<sup>(1)</sup> 2,318,632 options tied to market conditions were cancelled during the second quarter as the applicable market conditions were not met by May 1, 2023.

**Summary of Restricted Stock Unit Activity**

A summary of the Company’s RSU activity for the nine months ended October 31, 2023 is as follows:

	Number of restricted shares	Weighted Average Grant Date Fair Value
	(in thousands)	
Outstanding as of January 31, 2023	9,400	\$ 12.23
Granted	6,056	13.02
Released	(2,800)	12.63
Cancelled/forfeited	(2,152)	12.44
Outstanding as of October 31, 2023	10,504	\$ 12.54

SPRINKLR, INC.

Notes to Unaudited Condensed Consolidated Financial Statements

**Performance-Based Stock Units**

As of October 31, 2023, the Company had 780,000 PSUs outstanding. These awards vest over a five-year period if certain performance and market conditions are met. The performance condition was met in June 2021 and the market conditions have not yet been met as of October 31, 2023. If the market conditions are not met on or prior to January 28, 2026, the associated awards will not vest and will be subsequently cancelled.

**Stock-Based Compensation Expense**

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

<i>(in thousands)</i>	<b>Three Months Ended October 31,</b>		<b>Nine Months Ended October 31,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Costs of subscription	\$ 268	\$ 282	\$ 858	\$ 1,079
Costs of professional services	331	368	1,139	1,770
Research and development	2,128	2,204	9,092	7,700
Sales and marketing	6,132	5,071	18,398	18,736
General and administrative	5,071	3,284	12,618	10,635
Stock-based compensation, net of amounts capitalized	13,930	11,209	42,105	39,920
Capitalized stock-based compensation	412	1,023	1,956	1,898
Total stock-based compensation	\$ 14,342	\$ 12,232	\$ 44,061	\$ 41,818

SPRINKLR, INC.

Notes to Unaudited Condensed Consolidated Financial Statements

10. Net Income (Loss) Per Share

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. 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 income (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.

Basic income (loss) per share is computed by dividing net income (loss) attributable to common stockholders (the numerator) by the weighted-average number of common shares outstanding (the denominator) for the period. Diluted net income (loss) per share is calculated by giving effect to all potential dilutive common stock equivalents, which includes stock options, restricted stock units and other awards. In periods of net loss, 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.

The following table sets forth the computation of basic and diluted net income (loss) per share:

<i>(in thousands, except per share amounts)</i>	Three Months Ended October 31,		Nine Months Ended October 31,	
	2023	2022	2023	2022
Net income (loss) per share – basic:				
Numerator:				
Net income (loss)	\$ 16,967	\$ (5,860)	\$ 30,260	\$ (55,075)
Denominator:				
Weighted-average shares outstanding used in computing net income (loss) per share, basic	271,202	260,285	268,596	258,677
Net income (loss) per common share, basic	\$ 0.06	\$ (0.02)	\$ 0.11	\$ (0.21)
Net income (loss) per share – diluted:				
Numerator:				
Net income (loss)	\$ 16,967	\$ (5,860)	\$ 30,260	\$ (55,075)
Denominator:				
Weighted-average shares outstanding used in computing net income (loss) per share, basic	271,202	260,285	268,596	258,677
Weighted-average effect of diluted securities:				
Stock options	12,059	—	12,067	—
RSUs	4,072	—	4,743	—
Common stock warrants	742	—	579	—
ESPP	46	—	—	—
Weighted-average shares outstanding used in computing net income (loss) per share, diluted	288,121	260,285	285,985	258,677
Net income (loss) per common share, diluted	\$ 0.06	\$ (0.02)	\$ 0.11	\$ (0.21)

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

<i>(in thousands)</i>	Three Months Ended October 31,		Nine Months Ended October 31,	
	2023	2022	2023	2022
Stock options	2,544	36,033	2,832	36,033
PSUs and other performance-based awards	780	2,295	780	2,295
RSUs	19	9,202	466	9,202
ESPP	—	409	493	409
Warrants to purchase common stock	—	2,500	—	2,500
Total shares excluded from net income (loss) per share	3,343	50,439	4,571	50,439

## Notes to Unaudited Condensed Consolidated Financial Statements

**11. 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, 2023 and 2022, the Company recorded an income tax provision of \$2.6 million and \$2.4 million, respectively. During the nine months ended October 31, 2023 and 2022, the Company recorded an income tax provision of \$3.5 million and \$7.0 million, respectively.

The Company's effective tax rate generally differs from the U.S. federal statutory tax rate primarily due to a full valuation allowance related to the Company's U.S. deferred tax assets, partially offset by state taxes and the foreign tax rate differential on non-U.S. income. Additionally, following an assessment of the realizability of our deferred tax assets in Brazil and Japan, the Company released its previously established valuation allowances on these assets, resulting in a \$3.3 million tax benefit being recorded during the three months ended April 30, 2023.

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, 2023, the Company continues to maintain a full valuation allowance against the deferred tax assets of the U.S. entity only.

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 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 2024 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.

**12. Related Party Transactions**

The Company engaged Lyearn Inc. ("Lyearn"), 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 paid approximately \$0.2 million to Lyearn in connection with the digital training services provided to employees for the nine months ended October 31, 2023. There were no payments under this arrangement during each of the three months ended October 31, 2023 and 2022 and nine months ended October 31, 2022. The Company paid approximately \$0.1 million to Lyearn in connection with the digital training services provided to a customer during each of the nine months ended October 31, 2023 and 2022. There were no payments under this arrangement during the three months ended October 31, 2023 and 2022.

The Company recognized expenses of \$0.1 million during the three months ended October 31, 2023 and no expenses during the three months ended October 31, 2022 related to the arrangements. During each of the nine months ended October 31, 2023 and 2022, the Company recognized expenses of \$0.2 million related to the arrangements. As of October 31, 2023 and January 31, 2023, the Company had outstanding payables of \$0.2 million and \$0.4 million, respectively, related to the arrangements.

With regard to the development of certain human productivity features for the Company, the Company is leveraging its collaborative relationship with Lyearn to serve Company imperatives in the areas of employee assessment, goal-setting, and activity measurement against goals, and other employee feedback and assessment, to assist and accelerate the Company's efforts to identify the optimal tools and processes that will be deployed long-term to meet these business imperatives. These collaborative services are provided to the Company, by Lyearn, at no cost.

This related party transaction has been reviewed and approved by the audit committee of the Company's board of directors.

## 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, 2023 (the "2023 10-K"), filed with the Securities and Exchange Commission (the "SEC") on April 3, 2023. 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 Service to Marketing, to collaborate across internal silos, communicate across digital channels, and leverage a complete suite of 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 80 countries, and our AI powered CXM platform recognizes over 150 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, 2023, we had 123 large customers, compared to 107 as of October 31, 2022.

### 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 \$774.5 million and \$576.7 million as of October 31, 2023 and 2022, respectively. The aggregate transaction price of cRPO expected to be recognized as revenue in the next 12 months was \$491.4 million and \$412.7 million as of October 31, 2023 and 2022, respectively.

RPO and cRPO as of October 31, 2022 have been reduced from \$586.1 million and \$420.2 million previously reported, respectively, to \$576.7 million and \$412.7 million, respectively, in order to correct the treatment of an immaterial number of contracts previously included in the calculations of RPO and cRPO.

### ***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 most recent prior 12-month period by (ii) subscription revenue from the same customers in the preceding prior 12-month period. This calculation is net of upsells, contraction, cancellation or expansion during the period but excludes subscription revenue from new customers. Our net dollar expansion rate, on a trailing 12-month basis, was 117.7% and 124.5% for the 12-month periods ending October 31, 2023 and 2022, 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, recent bank closures, the Russia-Ukraine war and the Israel-Hamas 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. While we have experienced growing inflationary pressures on the cost of wages, rent and data, the net result of the inflationary impacts and our efforts to mitigate these impacts have not been material to us during the periods included in this report.

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 Form 10-Q and Part I, Item 1A of the 2023 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. 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, 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, and as a result 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.

**Operating Expenses**

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

**Research and Development Expense**

Research and development expense consists primarily of costs relating to the maintenance, continued development and enhancement of our cloud-based software platform and includes personnel-related expense 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 expense to increase in absolute dollars as we continue to invest in enhancing and expanding the capabilities of our Unified-CXM platform.

**Sales and Marketing Expense**

Sales and marketing expense consists 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. We continue to optimize our sales and marketing expense and seek efficiencies in our investments.

**General and Administrative Expense**

General and administrative expense includes 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 expense 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, which may cause our general and administrative expense to fluctuate as a percentage of revenue from period to period.

**Other Income (Expense), Net**

Other income (expense), net, consists of interest income on invested cash and cash equivalents and marketable securities, interest expense, 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 and discrete items relating to releases of valuation allowances in certain foreign jurisdictions.

## Results of Operations

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

<i>(in thousands)</i>	<b>Three Months Ended October 31,</b>		<b>Nine Months Ended October 31,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Revenue:</b>				
Subscription	\$ 170,464	\$ 139,906	\$ 491,581	\$ 400,301
Professional services	15,861	17,345	46,572	52,558
Total revenue	186,325	157,251	538,153	452,859
<b>Costs of revenue:</b>				
Costs of subscription <sup>(1)</sup>	29,877	26,249	85,136	76,759
Costs of professional services <sup>(1)</sup>	16,571	14,271	46,716	47,641
Total costs of revenue	46,448	40,520	131,852	124,400
Gross profit	139,877	116,731	406,301	328,459
<b>Operating expense:</b>				
Research and development <sup>(1)</sup>	23,146	19,208	68,230	56,531
Sales and marketing <sup>(1)</sup>	75,446	79,538	244,766	253,418
General and administrative <sup>(1)</sup>	28,096	22,588	77,820	67,916
Total operating expense	126,688	121,334	390,816	377,865
Operating income (loss)	13,189	(4,603)	15,485	(49,406)
Other income, net	6,328	1,093	18,324	1,304
Income (loss) before provision for income taxes	19,517	(3,510)	33,809	(48,102)
Provision for income taxes	2,550	2,350	3,549	6,973
Net income (loss)	\$ 16,967	\$ (5,860)	\$ 30,260	\$ (55,075)

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

<i>(in thousands)</i>	<b>Three Months Ended October 31,</b>		<b>Nine Months Ended October 31,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Costs of subscription	\$ 268	\$ 282	\$ 858	\$ 1,079
Costs of professional services	331	368	1,139	1,770
Research and development	2,128	2,204	9,092	7,700
Sales and marketing	6,132	5,071	18,398	18,736
General and administrative	5,071	3,284	12,618	10,635
Stock-based compensation expense, net of amounts capitalized	\$ 13,930	\$ 11,209	\$ 42,105	\$ 39,920

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,	
	2023	2022	2023	2022
<b>Revenue:</b>				
Subscription	91 %	89 %	91 %	88 %
Professional services	9 %	11 %	9 %	12 %
Total revenue	100 %	100 %	100 %	100 %
<b>Costs of revenue:</b>				
Costs of subscription	16 %	17 %	16 %	17 %
Costs of professional services	9 %	9 %	9 %	11 %
Total costs of revenue	25 %	26 %	25 %	28 %
<b>Operating expense:</b>				
Research and development	12 %	12 %	13 %	12 %
Sales and marketing	41 %	51 %	45 %	56 %
General and administrative	15 %	14 %	14 %	15 %
Total operating expense	68 %	77 %	72 %	83 %
Operating income (loss)	7 %	(3)%	3 %	(11)%
Other income, net	3 %	1 %	3 %	0 %
Income (loss) before provision for income taxes	10 %	(2)%	6 %	(11)%
Provision for income taxes	1 %	1 %	0 %	2 %
Net income (loss)	9 %	(3)%	6 %	(13)%

## Comparison of the Three Months Ended October 31, 2023 and 2022

### Revenue

<i>(in thousands)</i>	Three Months Ended October 31,		\$ Change	% Change
	2023	2022		
Subscription	\$ 170,464	\$ 139,906	\$ 30,558	22 %
Professional services	15,861	17,345	(1,484)	(9)%
Total revenue	\$ 186,325	\$ 157,251	\$ 29,074	18 %

The increase in subscription revenue was primarily due to (i) an increase in revenue from existing customers driven by the purchase of additional quantities of current subscription solutions and additional add-on solutions within our platform and (ii) an increase in demand for our solutions from new customers.

The decrease in professional services revenue was primarily due to decreases in implementation and managed services performed in the three months ended October 31, 2023 compared to the prior year period.

### Costs of Revenue and Gross Margin

<i>(in thousands)</i>	Three Months Ended October 31,		\$ Change	% Change
	2023	2022		
Costs of subscription revenue	\$ 29,877	\$ 26,249	\$ 3,628	14 %
Costs of professional services revenue	16,571	14,271	2,300	16 %
Total costs of revenue	\$ 46,448	\$ 40,520	\$ 5,928	15 %
Gross margin - subscription	82 %	81 %		
Gross margin - professional services	(4)%	18 %		

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 \$2.7 million increase in our data and hosting costs. Also contributing to the increase in costs of subscription revenue was a \$0.9 million increase in the amortization of capitalized research and development costs.

The increase in costs of professional service revenue was primarily due to a \$1.8 million increase in personnel costs due to increased headcount of professional services employees.

Gross margin for subscription increased by 1 percentage point, primarily driven by the growth in subscription revenue. Gross margin for professional services decreased by 22 percentage points, driven by investments in Sprinklr Service and our broader Contact Center as a Service (“CCaaS”) offering as we continue to scale that business.

### Research and Development Expense

<i>(in thousands)</i>	Three Months Ended October 31,		\$ Change	% Change
	2023	2022		
Research and development	\$ 23,146	\$ 19,208	\$ 3,938	21 %
% of revenue	12 %	12 %		

The increase in research and development expense was primarily due to a \$2.3 million increase in research and development personnel costs resulting from an increase in headcount of research and development employees as we continue to add to and enhance our product. Also contributing to the increase were higher rent and facilities-related costs of \$0.4 million.

### Sales and Marketing Expense

<i>(in thousands)</i>	Three Months Ended October 31,		\$ Change	% Change
	2023	2022		
Sales and marketing	\$ 75,446	\$ 79,538	\$ (4,092)	(5)%
% of revenue	41 %	51 %		

The decrease in sales and marketing expense was primarily due to decreases in (i) personnel costs of \$2.5 million as a result of lower headcount and (ii) software expenses of \$1.0 million.

### General and Administrative Expense

<i>(in thousands)</i>	Three Months Ended October 31,		\$ Change	% Change
	2023	2022		
General and administrative	\$ 28,096	\$ 22,588	\$ 5,508	24 %
% of revenue	15 %	14 %		

The increase in general and administrative expense was primarily due to increases in (i) personnel costs of \$3.0 million, driven by increased stock compensation expense primarily related to new grants during fiscal year 2024, and (ii) bad debt expense of \$2.2 million, largely related to one customer.

### Other Income, Net

<i>(in thousands)</i>	Three Months Ended October 31,		\$ Change	% Change
	2023	2022		
Other income, net	\$ 6,328	\$ 1,093	\$ 5,235	N.M.
% of revenue	3 %	1 %		

N.M.— Not Meaningful.

The increase in other income, net was primarily attributable to a \$5.4 million increase in interest income from our money market and short-term investment accounts.

### Provision for Income Taxes

<i>(in thousands)</i>	Three Months Ended October 31,		\$ Change	% Change
	2023	2022		
Provision for income taxes	\$ 2,550	\$ 2,350	\$ 200	9 %
% of revenue	1 %	1 %		

The tax provision in each of the three months ended October 31, 2023 and 2022 was related to foreign income tax liability on non-U.S. subsidiaries.

### Comparison of the Nine Months Ended October 31, 2023 and 2022

#### Revenue

<i>(in thousands)</i>	Nine Months Ended October 31,		\$ Change	% Change
	2023	2022		
Subscription	\$ 491,581	\$ 400,301	\$ 91,280	23 %
Professional services	46,572	52,558	(5,986)	(11)%
Total revenue	\$ 538,153	\$ 452,859	\$ 85,294	19 %

The increase in subscription revenue was primarily due to (i) an increase in revenue from existing customers driven by the purchase of additional quantities of current subscription solutions and additional add-on solutions within our platform and (ii) an increase in demand for our solutions from new customers.

The decrease in professional services revenue was primarily due to decreases in implementation and managed services performed in the nine months ended October 31, 2023 compared to the prior year period.

### Costs of Revenue and Gross Margin

(in thousands)	Nine Months Ended October 31,			
	2023	2022	\$ Change	% Change
Costs of subscription revenue	\$ 85,136	\$ 76,759	\$ 8,377	11 %
Costs of professional services revenue	46,716	47,641	(925)	(2)%
Total costs of revenue	\$ 131,852	\$ 124,400	\$ 7,452	6 %
Gross margin - subscription	83 %	81 %		
Gross margin - professional services	0 %	9 %		

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 \$6.3 million increase in our data and hosting costs. Also contributing to the change in costs of subscription revenue was a \$2.7 million increase in the amortization of capitalized research and development costs.

The decrease in costs of professional services revenue was partially due to a \$3.3 million decline in subcontractor costs. This decrease was partially offset by increases of (i) \$1.3 million in personnel-related costs due to an increase in headcount, (ii) \$0.6 million in travel and entertainment expenses and (iii) \$0.5 million associated with rent and facilities-related costs.

Gross margin for subscription increased by 2 percentage points, primarily driven by the growth in subscription revenue. Gross margin for professional services decreased by 9 percentage points as the reduction in revenue outweighed the reduction in costs due to investment in CCaaS.

### Research and Development Expense

(in thousands)	Nine Months Ended October 31,			
	2023	2022	\$ Change	% Change
Research and development	\$ 68,230	\$ 56,531	\$ 11,699	21 %
% of revenue	13 %	12 %		

The increase in research and development expense was primarily due to (i) a \$9.2 million increase in research and development personnel costs resulting from an increase in headcount of research and development employees as we continue to add to and enhance our product and (ii) a \$1.3 million increase in rent and facilities-related costs.

### Sales and Marketing Expense

(in thousands)	Nine Months Ended October 31,			
	2023	2022	\$ Change	% Change
Sales and marketing	\$ 244,766	\$ 253,418	\$ (8,652)	(3)%
% of revenue	45 %	56 %		

The decrease in sales and marketing expense was primarily due to a decrease of \$12.5 million in personnel costs as a result of lower headcount. This decrease was partially offset by (i) a \$3.0 million increase in costs associated with trade shows and other event and (ii) increased travel-related expenses of \$2.5 million.

### General and Administrative Expense

(in thousands)	Nine Months Ended October 31,			
	2023	2022	\$ Change	% Change
General and administrative	\$ 77,820	\$ 67,916	\$ 9,904	15 %
% of revenue	14 %	15 %		

The increase in general and administrative expense was primarily due to increases of (i) \$3.4 million in bad debt expense, largely related to one customer, (ii) \$3.2 million associated with personnel-related costs driven by increased stock compensation expense primarily related to new grants during fiscal year 2024 and (iii) \$2.2 million related to consulting and professional fees.

### Other Income, Net

(in thousands)	Nine Months Ended October 31,		\$ Change	% Change
	2023	2022		
Other income, net	\$ 18,324	\$ 1,304	\$ 17,020	1,305 %
% of revenue	3 %	— %		

The increase in other income, net was primarily attributable to a \$17.9 million increase in interest income from our money market and short-term investment accounts.

### Provision for Income Taxes

(in thousands)	Nine Months Ended October 31,		\$ Change	% Change
	2023	2022		
Provision for income taxes	\$ 3,549	\$ 6,973	\$ (3,424)	(49)%
% of revenue	— %	2 %		

The decrease in the tax provision for the nine months ended October 31, 2023 compared to the nine months ended October 31, 2022 was primarily related to a \$3.3 million release of the valuation allowance in certain foreign subsidiaries.

### Non-GAAP Financial Measures

In addition to our results determined in accordance with U.S. GAAP, we believe that the following non-GAAP financial measures associated with our condensed consolidated statements of operations are useful in evaluating our operating performance:

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

We define these non-GAAP financial measures as the respective U.S. 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 periods of net loss, we calculate non-GAAP net income (loss) per share by using non-GAAP net income (loss) divided by basic weighted average shares for the period regardless of whether we are in a non-GAAP net income or (loss) position and assuming that all potentially dilutive securities are anti-dilutive.

In addition, we believe that free cash flow is also a useful indicator of liquidity as it measures our ability to generate cash, or our need to access additional sources of cash, to fund operations and investments. Free cash flow is defined as net cash provided by (used in) operating activities less cash used for purchases of property and equipment and capitalized internal-use software. 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 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 U.S. 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 U.S. GAAP.

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

<i>(in thousands)</i>	<b>Three Months Ended October 31,</b>		<b>Nine Months Ended October 31,</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Non-GAAP gross profit and non-GAAP gross margin:</b>				
U.S. GAAP gross profit	\$ 139,877	\$ 116,731	\$ 406,301	\$ 328,459
Stock-based compensation expense-related charges <sup>(1)</sup>	612	682	2,035	2,925
Non-GAAP gross profit	\$ 140,489	\$ 117,413	\$ 408,336	\$ 331,384
Gross margin	75 %	74 %	75 %	73 %
Non-GAAP gross margin	75 %	75 %	76 %	73 %
<b>Non-GAAP operating income (loss):</b>				
U.S. GAAP operating income (loss)	\$ 13,189	\$ (4,603)	\$ 15,485	\$ (49,406)
Stock-based compensation expense-related charges <sup>(2)</sup>	14,204	11,341	44,043	40,659
Amortization of acquired intangible assets	50	133	150	399
Non-GAAP operating income (loss)	\$ 27,443	\$ 6,871	\$ 59,678	\$ (8,348)
Operating margin	7 %	(3)%	3 %	(11)%
Non-GAAP operating margin	15 %	4 %	11 %	(2)%

<sup>(1)</sup> Employer payroll tax related to stock-based compensation for the periods ended October 31, 2023 and 2022 was immaterial as it relates to the impact to gross profit.

<sup>(2)</sup> Includes \$0.3 million and \$0.1 million of employer payroll tax related to stock-based compensation expense for the three months ended October 31, 2023 and 2022, respectively, and \$1.9 million and \$0.7 million of employer payroll tax related to stock-based compensation expense for the nine months ended October 31, 2023 and 2022, respectively.



	Three Months Ended October 31,					
	2023			2022		
	(in thousands)	Per Share-Basic	Per Share-Diluted	(in thousands)	Per Share-Basic	Per Share-Diluted
<b>Non-GAAP Net Income reconciliation to Net Income (Loss)</b>						
Net income (loss)	\$ 16,967	\$ 0.06	\$ 0.06	\$ (5,860)	\$ (0.02)	\$ (0.02)
<b>Add:</b>						
Stock-based compensation expense-related charges	14,204	0.06	0.05	11,341	0.04	0.04
Amortization of acquired intangible assets	50	0.00	0.00	133	0.00	0.00
Total additions, net	14,254	0.06	0.05	11,474	0.04	0.04
<b>Non-GAAP Net Income</b>	<b>\$ 31,221</b>	<b>\$ 0.12</b>	<b>\$ 0.11</b>	<b>\$ 5,614</b>	<b>\$ 0.02</b>	<b>\$ 0.02</b>
Weighted-average shares outstanding used in computing net income (loss) per share, basic	271,202			260,285		
Weighted average shares outstanding used in computing net income (loss) per share, diluted	288,121			260,285		

	Nine Months Ended October 31,					
	2023			2022		
	(in thousands)	Per Share-Basic	Per Share-Diluted	(in thousands)	Per Share-Basic	Per Share-Diluted
<b>Non-GAAP Net Income (Loss) reconciliation to Net Income (Loss)</b>						
Net income (loss)	\$ 30,260	\$ 0.11	\$ 0.11	\$ (55,075)	\$ (0.21)	\$ (0.21)
<b>Add:</b>						
Stock-based compensation expense-related charges	44,043	0.17	0.15	40,659	0.16	0.16
Amortization of acquired intangible assets	150	0.00	0.00	399	0.00	0.00
Total additions, net	44,193	0.17	0.15	41,058	0.16	0.16
<b>Non-GAAP Net Income (Loss)</b>	<b>\$ 74,453</b>	<b>\$ 0.28</b>	<b>\$ 0.26</b>	<b>\$ (14,017)</b>	<b>\$ (0.05)</b>	<b>\$ (0.05)</b>
Weighted-average shares outstanding used in computing net income (loss) per share, basic	268,596			258,677		
Weighted average shares outstanding used in computing net income (loss) per share, diluted	285,985			258,677		

(in thousands)

**Free cash flow:**

	Nine Months Ended October 31,	
	2023	2022
Net cash provided by operating activities	\$ 54,162	\$ 4,586
Purchase of property and equipment	(6,494)	(2,923)
Capitalized internal-use software	(8,791)	(7,733)
Free cash flow	<u>\$ 38,877</u>	<u>\$ (6,070)</u>

## Liquidity and Capital Resources

### Overview

As of October 31, 2023, our principal sources of liquidity were \$172.5 million of cash and cash equivalents and \$484.0 million of highly liquid marketable securities. 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.

### Letters of Credit and Restricted Cash

In April 2023, we terminated our credit facility with Silicon Valley Bank (“SVB”), while keeping our existing letters of credit in lieu of deposits on certain leases. As we no longer have a credit facility with SVB, we were required to collateralize these letters of credit with cash, totaling approximately \$1.3 million, which we therefore have classified within restricted cash. Due to its long-term nature, this restricted cash is recorded within other non-current assets on the condensed consolidated balance sheets.

During 2023, we entered into cash collateral agreements with J.P. Morgan Bank in lieu of a credit facility, through which approximately \$5.4 million is outstanding as of October 31, 2023. Due to its long-term nature, this restricted cash is recorded within other non-current assets on the condensed consolidated balance sheets.

### Material Cash Requirements

Our expected material cash requirements consist 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 2028, which totaled \$220.9 million as of January 31, 2023, of which \$86.9 million is due within twelve months. We had no material changes to these purchase commitments as of October 31, 2023. In addition, we lease certain office facilities under operating lease arrangements that expire on various dates through fiscal year 2028. Refer to Note 7, *Leases*, included in Part I, Item 1 of this Form 10-Q for a discussion of our leases. In August 2023, we signed a 10-year lease for a new corporate headquarters in New York, NY, which has not yet commenced. The annual lease payments will be approximately \$2.6 million once the lease commences.

### 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 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:

<i>(in thousands)</i>	Nine Months Ended October 31,	
	2023	2022
Net cash provided by operating activities	\$ 54,162	\$ 4,586
Net cash used in investing activities	\$ (96,338)	\$ (188,965)
Net cash provided by financing activities	\$ 36,301	\$ 22,210

Our net income (loss) and cash flows provided by operating activities are influenced significantly by our investments in headcount to support growth and in costs of revenue to deliver our services. During the first three quarters of fiscal year 2024, our shift into net income was the result of our increased subscription revenue and related billings, increased interest income from our marketable securities, as well as the amount of non-cash charges that we incur. Non-cash charges primarily include depreciation and amortization, stock-based compensation, and non-cash lease expense. 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, 2023, cash provided by operating activities was \$54.2 million, which consisted of net income of \$30.3 million, adjusted for non-cash expenses of \$47.3 million and \$23.4 million of net cash flows used as a result of changes in operating assets and liabilities. The \$23.4 million of net cash flows used as a result of changes in our operating assets and liabilities reflected a \$47.9 million decrease in accounts receivable due to increased collections. This increase to cash flow from operations was partially offset by (i) a \$26.8 million decrease in deferred revenue as a result of revenue recognized on the deferred revenue balances at the beginning of the fiscal year and timing of billings, (ii) a \$23.7 million decrease in accrued expenses and other current liabilities primarily due to the timing of bonus and commission payments, (iii) an \$8.9 million decrease in accounts payable due to timing of vendor payments, (iv) an \$8.4 million increase in other non-current assets due to an increase in capitalized commissions and collateral for letters of credit issued in lieu of deposits on certain leases and customer contracts, as well as security deposits in lieu of letters of credit for customer contracts, and (v) a \$6.1 million decrease in operating lease liabilities due to ongoing payments for leased properties.

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 (i) a \$29.4 million decrease in accounts receivable due to increased collections and (ii) 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 flows from operations were partially offset by (i) 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, (ii) a \$12.0 million cash outflow from a litigation settlement, (iii) a \$5.8 million increase in other non-current assets largely driven by the capitalization of costs to obtain customer contracts, (iv) a \$5.4 million decrease in operating lease liabilities as a result of on-going payments on our leases, (v) a \$1.3 million decrease in accrued expenses and other current liabilities, and (vi) a \$1.2 million decrease in accounts payable.

#### *Investing Activities*

For the nine months ended October 31, 2023, cash used in investing activities was \$96.3 million and primarily consisted of \$443.9 million of purchases of marketable securities, partially offset by \$357.4 million of maturities of marketable securities.

For the nine months ended October 31, 2022, cash used in investing activities was \$189.0 million and primarily consisted of \$640.2 million of purchases of marketable securities, partially offset by \$459.0 million of maturities of marketable securities.

#### *Financing Activities*

For the nine months ended October 31, 2023, cash provided by financing activities was \$36.3 million, which consisted of proceeds from the exercise of stock options of \$32.3 million and proceeds from purchases of stock under our ESPP of \$4.0 million.

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 the exercise of stock options and \$6.2 million of proceeds from purchases of stock under our ESPP.

### **Critical Accounting Estimates**

Our interim condensed consolidated financial statements have been prepared in accordance with U.S. GAAP. The preparation of the condensed 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. Critical accounting estimates are those estimates that, in accordance with U.S. 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 and stock-based compensation expense. 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 2023 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.

### **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, 2023, as disclosed in the 2023 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 Securities Exchange Act of 1934, as amended (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, 2023. 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, 2023 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, 2023, we identified a material weakness related to the ineffective controls over our process to manage and record commissions. Specifically, we did not design and/or implement process level controls to:

- (i) ensure sufficient user-acceptance testing was performed in the configuration of commission calculations within our commission software;
- (ii) identify all relevant data elements (or inputs) used in our commission calculations; and
- (iii) ensure data inputs used in our commission calculations are complete and accurate.

The material weakness resulted in several immaterial errors that were corrected in the financial statements for the year ended January 31, 2023.

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

We have initiated a remediation plan for the above noted material weakness that includes the following steps:

- (i) Performing a detailed user acceptance testing prior to loading the commission plan calculation configurations to our commission software to ensure the system produces the intended results.
- (ii) Ensuring each relevant data element that is an input in the commission calculations is identified, subject to an approval process and agrees to the commission software.
- (iii) Performing recalculations of the commissions earned output from the software to ensure they are calculated in accordance with the criteria defined in our approved commission plans.

While we have initiated a remediation plan to remediate this material weakness, 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. As of October 31, 2023, management has continued with the remediation efforts described above. 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, 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, 2023 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 principal executive officer and principal financial officer, 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 8, *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 may 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.
- Our results of operations and financial metrics may be difficult to predict. As a result, we may fail to meet or exceed the expectations of investors or securities analysts, which could cause our stock price to decline.
- Any failure of our Unified Customer Experience Management ("Unified-CXM") 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, develops in a way that we do not expect, or if we do not compete effectively, our business could 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.
- 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.
- 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 or mass arbitration demands, 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.
- 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.
- 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 their respective affiliates are able to exert significant control over us, which limits your ability to influence the outcome of important transactions, including a change of control.
- Unstable market and economic conditions and catastrophic events may have serious adverse consequences on our business, financial condition and share price.

#### **Risks Related to Our Growth**

***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 \$186.3 million and \$157.3 million for the three months ended October 31, 2023 and 2022, respectively, and \$538.2 million and \$452.9 million for the nine month ended October 31, 2023 and 2022, 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 may 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 a net loss of \$55.7 million for the year ended January 31, 2023. We had an accumulated deficit of \$466.4 million and \$496.6 million as of October 31, 2023 and January 31, 2023, respectively. We expect that our costs will increase over time and our losses may 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 and sell subscriptions in more than 80 countries. 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 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.

In addition, we have expanded and 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.

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

#### ***Our actual operating results may differ significantly from any guidance provided.***

Our guidance, including forward-looking statements, is prepared by management and is qualified by, and subject to, a number of assumptions and estimates that, while presented with numerical specificity, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Many of these uncertainties and contingencies are beyond our control and are based upon specific assumptions with respect to future business decisions, some of which will change. We generally state possible outcomes as high and low ranges, which are intended to provide a sensitivity analysis as variables are changed but are not intended to represent that actual results could not fall outside of the suggested ranges.

Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions of the guidance furnished by us will not materialize or will vary significantly from actual results. In particular, guidance offered in periods of extreme uncertainty, such as the uncertainty caused by macroeconomic conditions, is inherently more speculative in nature than guidance offered in periods of relative stability. Accordingly, any guidance with respect to our projected financial performance is necessarily only an estimate of what management believes is realizable as of the date the guidance is given. Actual results will vary from the guidance and the variations may be material. Investors should also recognize that the reliability of any forecasted financial data will diminish the farther in the future that the data is forecasted.

Actual operating results may be different from our guidance, and such differences may be adverse and material. In light of the foregoing, investors are urged to put the guidance in context and not to place undue reliance on it. In addition, the market price of our Class A common stock may reflect various market assumptions as to the accuracy of our guidance. If our actual results of operations fall below the expectations of investors or securities analysts, the price of our Class A common stock could decline substantially.

#### ***Our results of operations and financial metrics may be difficult to predict. As a result, we may fail to meet or exceed the expectations of investors or securities analysts, which could cause our stock price to decline.***

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.

***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, develops in a way that we do not expect, or if we do not compete effectively, our business could be adversely affected.***

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.

The market for Unified-CXM solutions is also 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.

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 service and support solutions, 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. 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 also are 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.

***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.

***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 centers 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 cloud 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.

***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.

Similarly, 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.

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.

***We use artificial intelligence in our products, which may result in operational challenges, legal liability, reputational concerns and competitive risks.***

In addition to the use of our own artificial intelligence ("AI") features within our products, we have also incorporated generative artificial intelligence ("Generative AI") processes and algorithms into our product offerings through third party partners integrated with our products, which may result in adverse effects to our financial condition, results or reputation. Generative AI features and services leverage existing and widely available technologies, such as those owned by OpenAI or alternative large language model providers. The use of Generative AI processes at scale is relatively new and may lead to challenges, concerns and risks that are significant or that we may not be able to predict, especially if our use of these technologies in our products and services becomes more important to our operations over time.

Use of AI or Generative AI in our products and services may be difficult to deploy successfully due to operational issues inherent to the nature of such technologies, including the development, maintenance and operation of deep learning datasets, and our customers failing to adopt or implement our new products as intended. For example, AI and Generative AI algorithms use machine learning and/or content creation which, depending on the reliability of the model, may lead to flawed, biased, unexplained, and inaccurate results, which could lead to customer rejection or skepticism of such products. Emerging ethical issues surround the use of AI or Generative AI more specifically, and if our deployment or use of AI or Generative AI becomes controversial, we may be subject to reputational risk. Any sensitive information (including confidential, competitive, proprietary, or personal data) that we or our customers input into the third-party Generative AI features in our products could be leaked or disclosed to others, including if sensitive information is used to train the third parties' Generative AI models, in breach of our contractual agreements. Additionally, where the product ingests personal data or where it makes connections using such data, these AI or Generative AI processes may reveal other personal or sensitive information generated by the AI or Generative AI solution, or could lead us to be unable to fulfill certain data subject requests in compliance with certain privacy laws, such as requests to delete certain personal data ingested by the product. Further, unauthorized use or misuse of Generative AI by our employees or others, including violation of internal policies or procedures or guidelines, may result in disclosure of confidential company and customer data, reputational harm, privacy law violations, legal liability, or regulatory actions, including algorithmic disgorgement. Improper use of AI and Generative AI could result in biased results and could lead us to make decisions that could bias certain individuals (or classes of individuals), and adversely impact their rights, employment, and ability to obtain certain pricing, products, services, or benefits. In addition, our use of Generative AI may also lead to novel and urgent cybersecurity risks (such as if a bad actor "poisons" the Generative AI with bad inputs or logic), including the misuse of personal or business confidential data, which may adversely affect our operations and reputation.

As a result, the integration of Generative AI into our products and operations may not be successful despite expending significant time and monetary resources to attempt to do so. Our investments in deploying such technologies may be substantial, and they may be more expensive than anticipated. If we fail to deploy Generative AI as intended, our competitors may incorporate Generative AI technology into their products or services more successfully than we do, which may impair our ability to effectively compete in the market.

Uncertainty in the legal regulatory regime relating to AI may require significant resources to modify and maintain business practices to comply with U.S. and non-U.S. laws, the nature of which cannot be determined at this time as they continue to evolve and solidify. Several jurisdictions around the globe have already proposed or enacted laws or guidelines governing AI. For example, the Biden administration recently issued an executive order on AI that requires companies developing certain types of AI models to notify the federal government of certain safety test results and other information. As another example, European regulators have proposed an AI regulation that, if adopted, could impose onerous obligations related to the use of AI-related systems, and we expect that other jurisdictions will adopt similar laws. Other jurisdictions may decide to adopt similar or more restrictive legislation that may render the use of such technologies challenging. Additionally, certain privacy laws extend rights to consumers (such as the right to delete certain personal data) and regulate automated decision making, which may be incompatible with our AI features or our use of Generative AI, and therefore use cases must be carefully assessed. These obligations may make it harder for us to conduct our business using AI or Generative AI, lead to regulatory fines or penalties, require us to change our business practices, retrain our AI, prevent or limit our use of AI or Generative AI, or disgorge certain algorithms. For example, the US Federal Trade Commission has required other companies to turn over or delete (disgorge) valuable insights or trainings generated through the use of AI, or the AI models or algorithms themselves, where they allege the company has violated privacy and consumer protection laws. If we cannot use AI or Generative AI, or that use is restricted, our business may be less efficient, or we may be at a competitive disadvantage.

***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, X (formerly known as 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 X (formerly known as 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.

***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, the functionality of our platform 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 and performance issues, as well as customer terminations. Such issues 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;
- exposure to damages for breach of contract, early termination of customer agreements, or loss of customers;
- loss of trust;
- 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. If our customers fail to use our solution according to our specifications, our customers may suffer a security incident on their own systems or other adverse consequences. Even if such an incident is unrelated to our security practices, it could result in our incurring significant economic and operational costs in investigating, remediating, and implementing additional measures to further protect our customers from their own vulnerabilities, and could result in reputational harm.

***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, 2023 and 2022, 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.

***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.

***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. 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. These transactions, even if announced, may not be completed.

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.

***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 nine months ended October 31, 2023, approximately 40% 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;
- 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;
- 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 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 we may do so in the 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.

#### **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, 2023, we owned 37 U.S. issued patents and 11 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 parties 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 the 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.

***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.

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

***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.

***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 Privacy, 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 maintain the availability of our products through certain controls, such as business continuity and disaster recovery plans, 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, 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 or mass arbitration demands, 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 process confidential information and personal data. Additionally, our customers can utilize our Unified-CXM platform to use, collect, manage, store, transmit and otherwise process personal data and/or confidential information of their employees, customers, partners and other individuals. 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 and personal data 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, including wiretapping laws. For example, various privacy laws and other obligations may require us to obtain consents to process personal data in certain circumstances. For example, some of our data processing practices may be challenged under wiretapping laws, as we obtain customer information from third parties through various methods, including chatbot and session replay providers, or via third-party marketing pixels. Our inability or failure to do so could result in adverse consequences, including class action litigation and mass arbitration demands. In the past few years, numerous U.S. states—including California, Virginia, Colorado, Connecticut, and Utah—have enacted comprehensive privacy laws that impose certain obligations on covered businesses, including providing specific disclosures in privacy notices and affording

residents with certain rights concerning their personal data. As applicable, such rights may include the right to access, correct, or delete certain personal data, and to opt-out of certain data processing activities, such as targeted advertising, profiling, and automated decision-making. The exercise of these rights may impact our business and ability to provide our products and services. These state laws also allow for statutory fines for noncompliance. For example, under the California Consumer Privacy Act of 2018, as amended by the California Privacy Rights Act of 2020 (collectively, “CCPA”) noncompliance may carry fines of up to \$7,500 per violation; the CCPA also allows for a private right of action for certain data breaches. These laws, as well as other 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, may result in further uncertainty with respect to data privacy and security issues, and will require us to incur additional resource, 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, foreign or other state laws, which may complicate compliance efforts. The federal government is also considering comprehensive privacy legislation.

In addition, as we continue to expand our business activities, we are accessing additional types and greater volumes of potentially sensitive information that may subject us to additional privacy and security laws and obligations. For example, in certain limited instances, we may agree with specific customers to permit the exchange of protected health information through certain approved platform components. Our access to protected health information for specific agreed use cases on behalf of those customers that are covered entities and therefore subject to the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act (collectively, “HIPAA”), may subject us to HIPAA’s specific requirements relating to the privacy, security, and transmission of protected health information. To the extent that we become subject to HIPAA, our failure to comply could result in significant penalties. Additionally, to the extent that additional customers with whom we did not agree to permit the exchange of protected health information through our platforms in their capacity as covered entities nonetheless provide such information in violation of their contractual obligations with us, we could also be subject to additional compliance risks. Similar privacy, security, and transmission obligations may apply to us outside the United States if we process health information and other categories of sensitive data and our failure to comply could result in significant penalties.

Outside of the United States, an increasing number of laws, regulations, and industry standards apply to data privacy and security. Some examples of these laws include the European Union’s General Data Protection Regulation (“EU GDPR”), the United Kingdom’s GDPR (“UK GDPR” and, together with EU GDPR, “GDPR”), Brazil’s General Data Protection Law (Lei Geral de Proteção de Dados Pessoais) (Law No. 13,709/2018), China’s Personal Information Protection Law, India’s Digital Personal Data Protection Act, and Japan’s Protection of Personal Information. These laws all impose strict requirements for processing personal data. For example, noncompliance with the EU GDPR carries fines of up to the greater of €20 million or 4% of global annual turnover (and under the UK GDPR, up to the greater of £17.5 million or 4% of global annual turnover) and can result in data processing bans, other administrative penalties and litigation brought by classes of data subjects or consumer protection organizations authorized at law to represent their interests, together with associated damage to our reputation.

Europe and other jurisdictions have enacted laws (not just privacy laws) requiring data to be localized in some limited circumstances or limiting the transfer of personal data to other countries. In particular, European and other data protection laws, including the GDPR, restrict the ability of companies to transfer personal data to the United States and other countries, and there are rigorous restrictions regarding transfers of personal data from China. Other jurisdictions may adopt similarly stringent interpretations of their data localization and cross-border data transfer laws and, in some circumstances, these may be requirements outside of the scope of privacy law, but industry specific requirements. Although there are currently various mechanisms that may be used to enable the transfer of personal data from the European Economic Area (“EEA”) and UK to the United States in compliance with the law, such as the EU-US Data Privacy Framework and the UK extension thereto (to which we are an active participant) and the the EU and UK’s standard contractual clauses, these mechanisms are subject to legal challenges, and there is no continued assurance that we can satisfy or rely on these measures to lawfully transfer personal data to the United States or other countries with “inadequate” data protection regimes without the potential for future challenge. If there is no lawful manner for us to transfer personal data from the EEA, the UK, or other jurisdictions, outside of the origin territory, or if the requirements for a legally-compliant transfer are too onerous, we could face significant adverse consequences, including the prohibition on further transfers, the interruption or degradation of our operations, the need to relocate part of or all of our business or data processing activities to other jurisdictions at significant expense, increased exposure to regulatory actions, substantial fines and penalties, the inability to transfer data and work with partners, vendors and other third parties, and injunctions against our processing or transferring of personal data necessary to operate our business. Additionally, companies that transfer personal data out of the EEA and UK to other jurisdictions, particularly to the United States, are subject to increased scrutiny from regulators, individual litigants, and activist groups.

We may also become subject to new laws in the EEA that regulate cybersecurity and non-personal data, such as the European Data Act. Depending on how these laws are interpreted, we may have to adapt our business practices and products to comply with such obligations.

UK and EEA data privacy regulations in relation to electronic communications also require opt-in consent to send marketing emails or other electronic communications to individuals or for the use of 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 European Union, known as the ePrivacy Regulation, makes these requirements, as well as requirements around tracking technologies, such as cookies, more stringent and increases the penalties for violating them. Such restrictions could increase our exposure to regulatory enforcement action, increase our compliance costs, and adversely affect our business.

We sometimes rely on data obtained from third-party data suppliers, and the sale of data to third parties has become subject to increased regulatory scrutiny. Therefore, obtaining information from third parties carries risk to us as a data purchaser. Regulators are increasingly scrutinizing the activities of third-party data suppliers, as well as those using the data from those third parties, and laws in the United States (including the CCPA and California Delete Act) and other jurisdictions, such as Europe (including GDPR, ePrivacy Directive), are likewise regulating such activity. These laws pose additional, material compliance risks to such suppliers, and these suppliers may not be able to supply us with personal data in compliance with these laws. Such laws may make it difficult for our suppliers to provide the data as the costs associated with the data materially increase. For example, some data suppliers are required to register as data brokers under California, Vermont, Texas and Oregon law and file reports with regulators, which exposes them to increased scrutiny. Additionally, the California Delete Act requires the California Privacy Protection Agency (“CPPA”) to establish by January 1, 2026 a mechanism to allow California consumers to submit a single, verifiable request to delete all of their personal data held by all registered data brokers and their service providers. Moreover, third-party data suppliers have recently been subject to increased litigation under various claims of violating certain state privacy laws. These laws and challenges may make it so difficult for our suppliers to provide the data that the costs associated with the data materially increase or may materially decrease the availability of data that our data suppliers can provide us. In addition, we may face compliance risks and limitations on our ability to use certain data provided by our third-party suppliers if those suppliers have not complied with applicable privacy laws, provided appropriate notice to data subjects, obtained necessary consents, or established a legal basis for the transfer and processing of the data by us, or if there are restrictions in their terms of use of which we are not aware.

In addition to data privacy and security laws, 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. For example, certain data privacy and security laws, such as the GDPR and the CCPA, require us to impose specific contractual restrictions on our 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, with which we may be contractually bound to comply. As an example, we enter contractual relationships requiring us to comply with 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.

Moreover, we are certified or assessed to be compliant with UK Cyberessentials, SOC 1, SOC 2, SOC 3, ISO 27001, PCI-DDS 3.2, HIPPA (under SSAE 21 reporting), and maintain a FedRAMP LI-SaaS Authority to Operate (ATO). 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.

Furthermore, we make numerous statements in our privacy policies and terms of service, through our certifications to certain industry standards and in our marketing materials that describe the security and privacy practices of our Unified-CXM platform, including detailed descriptions of security measures we employ. Although we endeavor to comply with our public statements and documentation, we may at times fail to do so or be alleged to have failed to do so. Our privacy policies and other statements regarding data privacy and security can subject us to potential government or legal action if they are found to be deceptive, unfair, or misrepresentative of our actual practices. Should any of these statements prove to be untrue or be perceived as untrue, even though circumstances beyond our reasonable control, we may face 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, which could adversely affect our business, reputation, results of operations and financial condition.

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 obligations relating to data privacy and security changing and imposing new and stringent obligations, and with some 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 data privacy or security 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 and mass arbitration demands, 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. In particular, plaintiffs have become increasingly more active in bringing privacy-related claims against companies, including class claims and mass arbitration demands. Some of these claims allow for the recovery of statutory damages on a per violation basis, and, if viable, carry the potential for monumental statutory damages, depending on the volume of data and the number of violations.

The cost 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 process personal data 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, as well as changes in consumer expectations concerning data privacy may cause concerns regarding data privacy and may cause our data vendors, 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.

***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, of ours or our customers (collectively, confidential information). Use of our Unified-CXM platform also involves processing our customers' information, including personal data regarding their customers, employees or other individuals.

Cyberattacks, malicious internet-based activity, and online offline fraud and other similar activities threaten the confidentiality, integrity and availability of our confidential information, are prevalent and continue to increase in frequency, intensity and sophistication. Further, these threats are becoming increasingly difficult to detect and come from a variety of sources, including traditional computer "hackers," threat actors, "hacktivists," organized crime 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 cyber-attacks, including, without limitation, nation-state actors for geopolitical reasons and in conjunction with military conflicts and defense activities. During times of war and other major conflicts, we, the third parties upon which we rely, and our customers may be vulnerable to a heightened risk of these attacks, including retaliatory cyber-attacks, that could materially disrupt our systems and operations, supply chain, and ability to produce, sell and distribute our goods and 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 deep fakes, which may be increasingly more difficult to identify as fake, and phishing attacks), malicious code (such as viruses and worms), malware (including as a result of advanced persistent threat intrusions), volumetric or application-level denial-of-service attacks, credential stuffing attacks, credential harvesting, personnel misconduct or error, ransomware attacks, supply-chain attacks, software bugs, server malfunctions, misconfiguration, software or hardware failures, access deprovisioning failures, loss of data or other information technology assets, attacks enhanced or facilitated by AI. In particular, ransomware attacks, including by organized criminal threat actors, nation-states, and nation-state-supported actors, are 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. Adware, telecommunications failures, earthquakes, fires, floods, adverse weather events, and man-made disasters may also impact the availability of our systems and operations.

Furthermore, our services are critical to the internal processes of a large number of companies worldwide and, as a result, if our products are compromised, a significant number or, in some instances, all of our customers and their data could be simultaneously affected, which could cause serious disruption and harm. The potential liability and associated consequences we could suffer as a result could be significant.

Our remote workforce poses increased risks to our information technology systems and data, as more of our employees utilize network connections, computers, and devices outside our premises or network, including while working from home, while in transit, and in public locations. 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. We may also discover security issues that were not identified during due diligence of such acquired or integrated entities, and it may be difficult to integrate other companies into our information technology environment and security program.

We 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 and give contractual commitments to us regarding their data processing activities, our ability to monitor these third parties' information security practices is limited, and despite such assurance and commitments, these third parties may not have, or may not continue to have, adequate information security measures in place. If our third-party service providers experience a security incident or other interruption, we could experience adverse consequences. While we may be entitled to damages if our third-party service providers fail to satisfy their privacy or security-related obligations to us, any award may be insufficient to cover our damages or protect our reputation, or we may be unable to recover any such awarded damages. Moreover, 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 vulnerabilities, 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.

Additionally, the reliability and continuous availability of our platform is critical to our success. However, software such as ours contains errors, defects, security vulnerabilities, or software bugs that are difficult to detect and correct, and some of these may pose a significant risk to our business and ability to provide our products and services, particularly when such vulnerabilities are first introduced or when new versions or enhancements of our platform are released. 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 vulnerabilities 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 and related unauthorized access in our information technology systems (including our products), our efforts may not be successful. Further, in some cases, these vulnerabilities may require immediate attention, but we may still experience delays in developing and deploying remedial measures designed to address any such vulnerabilities. Additionally, even if we are able to develop a patch or other fix to address such vulnerabilities, such fix may be difficult to push out to our customers or otherwise be delayed. These remedial measures may not also negate any access an adversary has to our network, systems, or data.

Any of the previously identified or similar threats could cause a security incident or other interruption that 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. 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 in the past and may in the future be subject to attempted or successful 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.

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.

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 also may result in a compromise to our information technology systems or a security incident, or 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. Such an event may also result in a compromise to our information technology systems or a security incident.

Applicable data privacy and security obligations, both legally and contractually, may require us to notify relevant stakeholders of security incidents. Such notifications are costly, and the notifications 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 prevent or 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.

In addition to experiencing a security incident, third parties may gather, collect, or infer sensitive information about us from public sources, data brokers, or other means that reveals competitively sensitive details about our organization and could be used to undermine our competitive advantage or market position.

#### **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 for other reasons, states or local governments have adopted and begun to enforce, and other 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 VAT, digital service, or similar taxes, on companies despite not having a physical presence in the non-U.S. jurisdiction.

We collect sales, VAT or similar transaction taxes in a number of jurisdictions. It is possible, however, that we could face sales tax, VAT, GST or similar tax audits and that our liability for these taxes could exceed our estimates if state, local, and non-U.S. tax authorities 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. For example, recent legislation in the United States, commonly referred to as the Inflation Reduction Act, enacts a minimum tax equal to 15 percent of the adjusted financial statement income of certain large U.S. corporations, for tax years beginning after December 31, 2022, as well as a one percent excise tax on stock repurchases imposed on public corporations making such repurchases after December 31, 2022. It is possible that the Inflation Reduction Act could increase our tax liability. 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, may expire. Certain of our federal NOLs will begin to expire in fiscal year 2032 and our state NOLs began to expire in 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 (the “Code”), as amended, if a corporation undergoes an “ownership change,” its ability to use its pre-change net operating loss carryforwards and other tax attributes 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 our 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.

***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, 2023, we identified a material weakness in our process to manage and record commission and bonus expense. We found that we did not design or maintain effective controls over commission expense. Specifically, we did not design and/or implement process level controls to (i) ensure sufficient user-acceptance testing was performed in the configuration of commission calculations within our commission software, (ii) identify all relevant data elements (or inputs) used in our commission calculations and (iii) ensure data inputs used in our commission calculations were complete and accurate.

We have initiated several steps to design and implement new controls to remediate this material weakness. These steps included (i) performing a detailed user acceptance testing prior to loading the commission plan calculation configurations to our commission software to ensure the system produces the intended results, (ii) ensuring each relevant data element that is an input in the commission calculations are identified, subject to an approval process and agrees to the commission software and (iii) performing recalculations of the commissions earned output from the software to ensure they are calculated in accordance with the criteria defined in our approved commission plans.

While we have designed new controls to remediate this material weakness, we are in the process of implementing and will ensure that they are in operation for a sufficient period of time before concluding on the remediation of the material weakness. 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 our process to manage and record commission expense, 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.

#### **Risks Related to Being a Public Company, Ownership of Our Class A Common Stock and Other General Risks**

##### ***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 or decline 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, including:

- 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 recent bank closures, public health crises or geographical tensions and wars, such as the Russia-Ukraine war and the Israel-Hamas war; and
- "flash crashes," "freeze flashes" or other glitches that disrupt trading on the securities exchange on which we are listed.

The market for technology stocks and the stock market in general have recently experienced significant price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies, including our own. These fluctuations have often been unrelated or disproportionate to the operating performance of these companies. Broad market and industry fluctuations, as well as general economic, political, regulatory and market conditions, may continue to negatively impact investor confidence and the market price of equity securities, including our Class A common stock. 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.

***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, 2023 beneficially held approximately 48.6% of our outstanding capital stock, but controlled approximately 90.4% 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.

***Our directors, executive officers and their respective affiliates are able to exert significant control over us, which limits your ability to influence the outcome of important transactions, including a change of control.***

As of October 31, 2023, our directors, executive officers and their respective affiliates beneficially owned, in the aggregate, approximately 97.9% of our Class B common stock, and controlled approximately 89.6% of the voting power of our outstanding capital stock. As a result, our directors, executive officers 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 will limit the ability of other stockholders to influence corporate matters and may cause us to make strategic decisions that could involve risk to holders of our Class A common stock or that may not be aligned to the interest of holders of our Class A common stock, including decisions to 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 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 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. In addition, pursuant to Section 404 of the Sarbanes Oxley-Act, we are required to perform system and process evaluation and testing of our internal control over financial reporting to allow our management to furnish a report on, among other things, the effectiveness of our internal control over financial reporting, and we are also required to have our independent registered public accounting firm issue an opinion on the effectiveness of our internal control over financial reporting on an annual basis.

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.

If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an opinion on the effectiveness of our internal control over financial reporting, investors could lose confidence in the reliability of our financial statements, the market price of our common shares could decline and we could be subject to sanctions or investigations by the New York Stock Exchange, the SEC or other regulatory authorities. 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.

***Unstable market and economic conditions and catastrophic events 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, disruptions in access to bank deposits or lending commitments due to bank failures 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, the Russia-Ukraine war has also added to, and the Israel-Hamas war and related regional tensions may add to, the 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 recent bank closures, public health crises, or 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. To the extent that these 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.

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.

***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: (i) any derivative action or proceeding brought on our behalf; (ii) 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; (iii) 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 (iv) 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.



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

### Use of Proceeds

None.

## Item 5. Other Information

### Insider Trading Arrangements

During our last fiscal quarter, our directors and officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated the contracts, instructions or written plans for the purchase or sale of the Company's securities set forth in the table below.

Name and Position	Action	Adoption/ Termination Date	Type of Trading Arrangement		Total Shares of Class A Common Stock to be Sold	Expiration Date
			Rule 10b5-1*	Non- Rule 10b5-1**		
Manish Sarin, Chief Financial Officer	Adoption	September 15, 2023	X		200,000	March 29, 2024
Manish Sarin, Chief Financial Officer	Termination <sup>(1)</sup>	October 12, 2023	X		200,000	March 29, 2024
Manish Sarin, Chief Financial Officer	Adoption <sup>(1)</sup>	October 12, 2023	X		Up to 254,087 <sup>(2)</sup>	April 12, 2024

\* Contract, instruction or written plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act.

\*\* "Non-Rule 10b5-1 trading arrangement" as defined in Item 408(c) of Regulation S-K under the Exchange Act.

<sup>(1)</sup> Represents the modification, as described in Rule 10b5-1(c)(1)(iv) under the Exchange Act, of a written plan adopted on September 15, 2023 that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c), as then in effect, under the Exchange Act.

<sup>(2)</sup> Includes (i) 80,000 shares that may have been previously sold pursuant to Mr. Sarin's Rule 10b5-1 trading arrangement adopted on June 21, 2023, which expires on December 20, 2023, and (ii) up to 151,041 shares subject to RSUs previously granted to Mr. Sarin that will vest and be released to Mr. Sarin on or prior to March 15, 2024. The actual number of shares underlying such RSUs that will be released to Mr. Sarin and sold under the Rule 10b5-1 trading arrangement will be net of the number of shares withheld to satisfy tax withholding obligations arising from the vesting of such shares and is not determinable at this time.

**Item 6. Exhibits.**

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>Separation Agreement, by and between Pavitar Singh and Sprinklr Middle East, dated September 22, 2023.</u></a>
10.2#+	<a href="#"><u>Sprinklr, Inc. Severance and Change in Control Plan.</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.

+ Certain portions of this exhibit have been omitted by redacting a portion of the text.

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

**SIGNATURES**

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

**Sprinklr, Inc.**

Date: December 6, 2023

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

Date: December 6, 2023

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

CERTAIN IDENTIFIED CONFIDENTIAL INFORMATION HAS BEEN REDACTED FROM THIS EXHIBIT BECAUSE DISCLOSURE OF THAT INFORMATION WOULD CONSTITUTE A CLEARLY UNWARRANTED INVASION OF PERSONAL PRIVACY. “[\*\*\*]” INDICATES THAT INFORMATION HAS BEEN REDACTED.

September 22, 2023

Via Email to [\*\*\*]

Pavitar Singh

[\*\*\*]  
[\*\*\*]  
[\*\*\*]

**Re: Separation Agreement**

Dear Pavitar

This letter sets forth the terms of the separation agreement (the “**Agreement**”) between you, Sprinklr Middle East (“**Sprinklr UAE**”), and its parent and/or affiliate company, Sprinklr, Inc. (the “**Company**”). The Agreement, *inter alia*, reflects the parties’ intention to reaffirm the surviving obligations of your Contract of Employment with Sprinklr UAE, dated February 2, 2023 (the “**Employment Contract**”), except as modified below, sets forth terms in relation to your Equity Awards (*defined below*), and provides certain mutual releases and waivers.

**1. Definitions and Interpretation.**

**Group Company** means the Company and/or Sprinklr UAE, any partnership, corporation and/or undertaking that is authorized to carry the name “Sprinklr” and any company, partnership, sole establishment or other entity controlled by, controlling or in common control with, the Company and/or Sprinklr UAE or, if applicable, their parent. A person, company, partnership or other entity shall be deemed to control another person, company, partnership or other entity if the former person, company, partnership or other entity possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the other person, company, partnership or other entity whether through the ownership of voting securities or partnership interests, representation on its board of directors or similar governing body, by contract or otherwise, and Group Companies shall be interpreted accordingly.

**Labour Law** means UAE Federal Law No. 33 of 2021, as amended.

**Relevant Personnel** means any former or existing partner, member, officer, employee, or consultant of the Company, Sprinklr UAE and/or any Group Company.

**2. Separation Date.** On July 18, 2023, you resigned from your role as the Chief Technology Officer of the Company (“**CTO**”), and the resignation was accepted by the Company. Accordingly, your employment with Sprinklr UAE was terminated effective on August 18, 2023 (the “**Separation Date**”).

**3. Equity.** 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 B common stock (“**Options**” and together with the RSUs and PSUs, the “**Equity Awards**”) pursuant to the Company’s applicable equity incentive plan(s), RSU agreements, PSU agreements, or Option agreements, and other grant documents (collectively, the “**Award Documents**” and each individually, an “**Award Document**”).

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The Equity Awards have ceased vesting as of the Separation Date.

Reference is made to your Rule 10b5-1 Trading Plan (“**Trading Plan**”), which was adopted on April 14, 2023, and terminated early by you, in accordance with its terms, as of the close of business on September 13, 2023. Notwithstanding the 45-day waiting period set forth in Part III, Section D(4)(b) of the Trading Plan, the Company and Sprinklr UAE acknowledge and agree that you may freely purchase, sell, convert or transfer any Company securities, subject to applicable legal requirements, as of Tuesday, October 17, 2023. The Company and Sprinklr UAE will promptly, and no later than 2 (two) days from the date hereof, notify the foregoing to MSSB (as defined in the Trading Plan) and do all such other reasonable acts to give effect to the foregoing.

Effective as of the Separation Date, the Company will extend the period of time during which you are permitted to exercise all of your vested Options until August 18, 2024. Except as expressly set forth in this Agreement and subject to Clause 6 of this Agreement, the Equity Awards remain subject to the terms of the Award Documents.

**4. Continuing Obligations.**

- I. You acknowledge and agree that the confidentiality obligations under Clause 14 of your Employment Contract will continue to apply after the Separation Date. You also acknowledge and agree that in the event any future cooperation is provided by you to any Group Company, without having any obligation to do so, in respect of any pending or future matter in which you have knowledge or information shall amount to “Confidential Information” for the purposes Clause 14 of the Employment Contract. Notwithstanding anything contained herein or in the Employment Contract, it is agreed and acknowledged that you shall be permitted at all times to:
  - (a) report a suspected criminal offence to the police or any law enforcement agency or co-operate with the police or any law enforcement agency regarding a criminal investigation or prosecution; and/or
  - (b) whether required to or not, make a disclosure to, or co-operate with any investigation by a regulator or supervisory authority regarding any misconduct, wrongdoing or serious breach of regulatory requirements (including giving evidence at a hearing); and/or
  - (c) disclose any information to your professional advisors, legal counsel and/or consultants; and/or
  - (d) disclose any information for the purpose of exercising or enforcing any rights available to you under this Agreement or the Employment Contract or otherwise under law or contract; and/or
  - (e) make any disclosure as required by law.
- II. You acknowledge and agree that the obligations to return property belonging to Sprinklr UAE under clause 16 of your Employment Contract will continue to apply after the Separation Date and, in particular, your obligation to return any laptops which are owned by Sprinklr UAE. The Relevant Personnel and Group Company, as applicable, will procure and facilitate the deletion of your personal and/or family data not related to your

employment (for example, medical records, personal financial data and information, photographs, and other reasonable personal material), at the time of return of such equipment and laptops.

III. You acknowledge and agree that the restrictive covenants under Clause 17 of your Employment Contract will continue to apply after the Separation Date, and you agree to continue to adhere to these provisions for a period of 12 (twelve) months from the Separation Date. It is hereby agreed and acknowledged that the restrictive covenants under Clause 17 of your Employment Contract shall cease to be binding on you upon the expiry of 12 (twelve) months from the Separation Date.

5. **No Admissions or waiver.** Other than as expressly set forth herein, the promises and payments in consideration of this Agreement shall not be construed to be an admission or waiver of any liability or obligation by either party to the other party, and neither party makes any such admission or waiver.

6. **Mutual Waiver of Claims.**

I. In consideration of our waiver at Clause 6(II) and promises by Sprinklr UAE and the Company pursuant to Clause 3, you hereby confirm and accept (unconditionally and irrevocably) that the terms of this Agreement are in full and final settlement of any and all claims, costs, expenses or rights of action of any kind, whether contractual, statutory (whether under the Labour Law or otherwise), common law or otherwise, whether or not they are or could be in the contemplation of the parties at the date of this Agreement, and whether having already occurred in the UAE or in any other country in the world or not, which you have or may have against any Group Company or any Relevant Personnel arising out of or in connection with your employment with any Group Company and/or its termination, with the exception of claims arising out of or attributable to: (i) any Group Company's or Relevant Personnel's breach of any terms and conditions of this Agreement; (ii) any commission by any Group Company or Relevant Personnel of criminal activities and/or fraud; and (iii) any claims that cannot be released as a matter of law.

II. In consideration for your promises and acknowledgements under this Agreement and waiver at Clause 6(I), the Company and Sprinklr UAE (including on behalf of each Group Company) hereby confirm and accept (unconditionally and irrevocably) that the terms of this Agreement are in full and final settlement of any and all claims, costs, expenses or rights of action of any kind, whether contractual, statutory (whether under the Labour Law or otherwise), common law or otherwise, whether or not they are or could be in the contemplation of the parties at the date of this Agreement, and whether having already occurred in the UAE or in any other country in the world or not, which any Group Company has or may have against you arising out of or in connection with your employment with any Group Company and/or its termination with the exception of claims arising out of or attributable to: (i) your breach of any terms and conditions of this Agreement and, in particular, a breach of your obligations under Clause 4 and/or Clause 7; (ii) any commission by you of criminal activities and/or fraud that occurred during your employment with any Group Company; and (iii) any claims that cannot be released as a matter of law.

**7. Intellectual property.**

- I. As provided in your Employment Contract, you agree that any work products, including patents, designs, copyright and trade marks (the “**Intellectual Property**”) created by you or with your assistance in the course of your employment with any Group Company are, from the date of creation, the sole and exclusive property of the Group Company, free of any claim or right of retention by you.
  - II. You acknowledge that all right, title and interest in and to the Intellectual Property are related to the activities of the Group Company and that you have been directly or indirectly instructed by the Group Company to develop the Intellectual Property. You acknowledge that you have used the experience, information, tools, machines, or materials of the Group Company to create the Intellectual Property. You acknowledge that such Intellectual Property rights vest absolutely and automatically in the Group Company as from the date of creation. You agree that you will not, at any time, during or after the term of this Agreement, dispute such ownership.
  - III. To the extent that the applicable laws of any country do not permit any of the Intellectual Property Rights in the Intellectual Property to vest in the Group Company immediately from the date of creation, from the time of creation until any formal assignment of those rights to the Group Company, you agree to grant to the Group Company an exclusive, fully paid-up, royalty-free, transferable, global, perpetual, irrevocable license for any purpose whatsoever including, but not limited to, the right to exploit, copy, use, reproduce, distribute, publicly display, modify and sub-license such rights through multiple tiers of sub-licensees, the Intellectual Property Rights in the Intellectual Property to the fullest extent permitted by applicable law.
  - IV. You agree that you will provide full and clear disclosure (including written code in respect of computer software, drawings, technical instructions, application instructions etc. to the extent that may be available with you) relating to the Intellectual Property by the Separation Date to enable the Group Company to exploit the Intellectual Property and to enable registration of the Intellectual Property. You agree also to provide these materials and any related information or data to the Group Company, on the request of the Group Company should further information be necessary for the purposes of registering the Intellectual Property rights. You undertake to hand over all records and information relating to Intellectual Property whether in physical or machine readable form as may be available with you. You further undertake that you will not keep a copy of any Intellectual Property, or records and information relating thereto.
  - V. At the request and sole expense of the Group Company, you agree that you will execute all documents and do all things which may, in the opinion of the Group Company, be necessary or desirable for obtaining patent or other protection for the Intellectual Property and for vesting the same in the Group Company. You further agree that you will, if requested, assist the Group Company (at the Group Company’s sole cost) in protecting the Intellectual Property.
- 8. Miscellaneous.** This Agreement constitutes the complete, final and exclusive embodiment of the entire agreement between you, Sprinklr UAE and the Company (including on behalf of each Group Company) with regard to this subject matter. This Agreement reaffirms the

surviving obligations of the Employment Contract, except as modified, waived or released herein, and supersedes all previous agreements, understandings or discussions (whether oral or written) 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 each of the Company and Sprinklr UAE. This Agreement will bind the heirs, personal representatives, successors and assigns, as the case may be, of both you, the Company and/or Sprinklr UAE and each Group Company, and inure to the benefit of both you and the Company and/or Sprinklr UAE, yours and their heirs, successors and assigns, as the case may be. 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 the UAE as applicable in the Emirate of Dubai without regard to conflicts of law principles. The parties agree that the Dubai courts shall have exclusive jurisdiction to settle any dispute or claim that arise out of or in connection with this Agreement or its subject matter or formation (including non-contractual disputes or claims). Any waiver of a breach of this 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 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 by September 22, 2023.

We wish you the best in your future endeavors.

Sincerely,

**Sprinklr Middle East                      Understood and Agreed:**

/s/ Laura Acton    /s/ Pavitar Singh  
Laura Acton                      Pavitar Singh  
By way of Power of Attorney

**Sprinklr, Inc.**

/s/ Jacob Scott  
Jacob Scott  
General Counsel and Corporate Secretary



CERTAIN IDENTIFIED CONFIDENTIAL INFORMATION HAS BEEN REDACTED FROM THIS EXHIBIT BECAUSE DISCLOSURE OF THAT INFORMATION WOULD CONSTITUTE A CLEARLY UNWARRANTED INVASION OF PERSONAL PRIVACY. “[\*\*\*]” INDICATES THAT INFORMATION HAS BEEN REDACTED.

**SPRINKLR, INC.**  
**SEVERANCE AND CHANGE IN CONTROL PLAN**

**(Effective May 1, 2019, as amended September 24, 2023)**

Sprinklr, Inc. (the “**Company**”) has adopted this Executive Severance and Change in Control Plan (this “**Plan**”) for the benefit of the Company’s eligible Executives. Capitalized terms shall have the meanings set forth in Section 1 herein.

This Plan is intended to secure the continued services and ensure the continued dedication and objectivity of the Executives (as defined herein) in the event of certain terminations of employment or any threat or occurrence of, or negotiation or other action that could lead to, or create the possibility of, a Change in Control (as defined herein).

This Plan is intended to qualify as an unfunded plan maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees as described in sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended.

1. Definitions. As used in this Plan, the following terms shall have the respective meanings set forth below:

(a) “**Accrued Benefits**” has the meaning set forth in Section 3.

(b) “**Affiliate**” means any entity that directly or indirectly controls, or is controlled by, or is under common control with the Company.

(c) “**Board**” means the Board of Directors of the Company.

(d) “**Cause**” means a Participant’s (i) conviction of, or the entry of a plea of guilty or no contest to, a felony or other crime that causes the Company or its Affiliates public disgrace or disrepute, or materially and adversely affects the Company’s or its Affiliates’ operations or financial performance or the relationship the Company has with its customers, (ii) gross negligence or willful misconduct with respect to the Company or any of its Affiliates, including, without limitation fraud, embezzlement, theft or proven dishonesty in the course of his/her employment or other service; (iii) alcohol abuse or use of controlled drugs other than in accordance with a physician’s prescription; (iv) refusal to perform any lawful, material obligation or fulfill any duty (other than any duty or obligation of the type described in clause (vi) below) to the Company or its Affiliates (other than due to a Disability), which refusal, if curable, is not cured within fifteen (15) days after delivery of written notice thereof; (v) material breach of any agreement with or duty owed to the Company or any of its Affiliates, which breach, if curable, is not cured within fifteen (15) days after the delivery of written notice thereof or (vi) any breach of any obligation or duty to the Company or any of its Affiliates (whether arising or statute, common law or agreement) relating to confidentiality, noncompetition, nonsolicitation or proprietary rights; or (vii) a material violation of Company policies and procedures including race, sex, national origin, religion, disability, or age-based discrimination, or sexual harassment, which after investigation, counsel to the Company reasonably concludes may result in material liability being imposed on the Company and/or the Participant or may result in material exposure to the Company’s business reputation.

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(e) “**Change in Control**” means with respect to any entity: (i) the sale, transfer, assignment or other disposition (including by merger or consolidation, but excluding any sales by stockholders made as part of an underwritten public offering of the common stock of the entity) by stockholders of the entity, in one transaction or a series of related transactions, of more than 50% of the voting power represented by the then outstanding capital stock of the entity to one or more Persons, or (ii) the sale of all or substantially all of the assets of the entity (other than a transfer of financial assets made in the ordinary course of business for the purpose of securitization). Notwithstanding the foregoing, a “Change in Control” shall not be deemed to occur upon completion of a Venture Capital Financing. For purposes hereof, the term “**Venture Capital Financing**” means the sale and issuance by the Company, to one or more investors, of the Company’s Common Stock, securities convertible into Common Stock or other equity securities of the Company, for financing purposes in a transaction exempt from the registration requirements of the Securities Act.

(f) “**CIC Qualifying Termination**” means a termination of the Executive’s employment (1) by the Company without Cause during the CIC Period, or (2) by the Executive for Good Reason during the CIC Period.

(g) “**CIC Period**” means the period commencing three (3) months prior to a Change in Control and ending on the first anniversary of the Change in Control.

(h) “**Code**” means the Internal Revenue Code of 1986, as amended, and all interpretive and regulatory guidance issued thereunder.

(i) “**Committee**” means the Compensation Committee of the Board.

(j) “**Company**” means Sprinklr, Inc., a Delaware corporation.

(k) “**Delay Period**” has the meaning set forth in Section 8(c).

(l) “**Executive**” means any person who is employed in a position identified on Exhibit A; provided that (i) an Executive shall not be entitled to any benefits payable upon a Qualifying Termination or CIC Qualifying Termination under this Plan in the event that he/she is party to an individual contractual arrangement with the Company relating to the provision of severance benefits (unless such individual contract has been superseded by the Plan).

(m) “**Good Reason**” means during the CIC Period, and without an Executive’s express written consent, the occurrence of any of the following events, to the extent not cured by the Company within thirty (30) days of Executive’s written notification to the Company that a condition constituting Good Reason exists, which written notification must be provided by the Executive to the Company within thirty (30) days of the initial existence of the condition constituting Good Reason:

(1) a substantial adverse change in the nature or scope of the Executive’s authority, powers, functions, duties or responsibilities; or

(2) a material reduction by the Company in the Executive’s rate of annual base salary or target bonus opportunity (except for any reduction that applies generally to members of the senior executive team); or

(3) a material change in the geographic location of Executive's primary employment location from the primary location of the Executive's employment at the time of such Change in Control.

(n) "**Nonqualifying Termination**" means the termination of an Executive's employment (1) by the Company for Cause, (2) by the Executive for any reason other than Good Reason, (3) as a result of the Executive's death, or (4) by the Company due to the Executive's absence from the Executive's duties with the Company on a full-time basis for at least one hundred and eighty (180) consecutive days as a result of the Executive's incapacity due to physical or mental illness.

Section 9. (o) "**Plan Administrator**" means the Committee or such other person or persons appointed by the Committee as described in

(p) "**Qualifying Termination**" means the termination of an Executive's employment by the Company without Cause.

(q) "**Release**" has the meaning set forth in Section 6.

(r) "**Section 409A**" means Section 409A of the Code and all interpretative and regulatory guidance issued thereunder.

(s) "**Severance Benefits**" has the meaning set forth in Section 4 or Section 5, as applicable.

(t) "**Sprinklr**" means Sprinklr, Inc.

(u) "**Subsidiary**" means Sprinklr or any corporation or other entity in which the Company has a direct or indirect ownership interest of 50% or more of the total combined voting power of the then outstanding securities of such corporation or other entity entitled to vote generally in the election of directors.

(v) "**Termination Date**" with respect to an Executive means the date on which the Executive's employment is terminated for any reason.

## 2. Termination of Employment.

(a) The Company may terminate an Executive's employment at any time for Cause, or as a result of the Executive's absence from his/her duties with the Company on a full-time basis for at least one hundred and eighty (180) days as a result of the Executive's incapacity due to physical or mental illness.

(b) The Company may terminate an Executive's employment at any time without Cause.

(c) An Executive may terminate his/her employment at any time with or without Good Reason. Notice provided by the Executive of the events giving rise to Good Reason shall count towards satisfaction of this notice requirement.

3. Payments and Benefits Upon a Nonqualifying Termination. In the event of an Executive's Nonqualifying Termination, the Company shall pay to the Executive (or to the

Executive's beneficiary or estate, as the case may be), all base salary, benefits, and other compensation entitlements that are accrued or vested but unpaid through and including the Termination Date (the "**Accrued Benefits**"), which shall be payable within the time period required by applicable law and/or the terms of the applicable benefit plans or programs.

4. Payments and Benefits Upon a Qualifying Termination. In the event that an Executive experiences a Qualifying Termination, the Company shall pay to the Executive (or the Executive's beneficiary or estate, as the case may be) the Accrued Benefits and the Severance Benefits described below:

(a) An amount equal to one hundred percent (100%) (for the CEO) and seventy-five percent (75%) (for all other Executives) of the Executive's annual base salary (as in effect immediately prior to the Termination Date), payable in each case in accordance with the Company's regular payroll schedule, with the first payment commencing on the payroll date coinciding with or next following the sixtieth (60th) day following the Termination Date;

(b) A pro rated target annual bonus for the fiscal year in which the Termination Date occurs, with the proration equal to the number of days elapsed during the fiscal year through the Termination Date divided by 365, payable on the same date as the first severance payment is paid;

(c) If the Executive timely elects coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), and subject to any legal limitations under Section 105(h) of the Code, Section 2716 of the Public Health Service Act, or other applicable laws, such COBRA coverage for medical and dental coverage will continue for Executive and his/her eligible dependents (as applicable) at active employee rates ("**Subsidized COBRA**") for up to twelve (12) months (for the CEO) and up to nine (9) months (for all other Executives), subject to normal COBRA termination rules.

5. Payments and Benefits Upon a CIC Qualifying Termination. In the event that an Executive experiences a CIC Qualifying Termination, the Company shall pay to the Executive (or Executive's beneficiary or estate, as the case may be) the Accrued Benefits and the Severance Benefits described below:

(a) An amount equal to one hundred fifty percent (150%) of the Executive's base salary plus one hundred fifty percent (150%) of the Executive's target annual bonus (for the CEO) and one hundred percent (100%) of Executive's base salary plus one hundred (100%) of Executive's target annual bonus (for all other Executives), with the first payment commencing on the payroll date coinciding with or next following the sixtieth (60th) day following the Termination Date;

(b) Subsidized COBRA for up to eighteen (18) months (for the CEO) and twelve (12) months (for all other Executives), subject to normal COBRA termination rules.

(c) Full vesting of all outstanding time vested equity awards. Any performance vested equity awards will be subject to the terms and conditions of the award agreements for such performance vested awards.

6. Release of Claims. Any Severance Benefits payable to an Executive under the Plan shall only be paid contingent upon the Executive's (or, in the event of the Executive's death or incapacity, that of the Executive's executor or other legal representative) execution and non-

revocation of the Company's standard non-competition, non-solicitation of clients and employees, and confidentiality agreement and release of claims, as modified in the Company's sole discretion to preserve the enforceability of such agreement under applicable local law (the "**Release**") within twenty-one (21) or forty-five (45) days, as applicable, following the Termination Date. The Executive shall forfeit the Severance Benefits in the event that the Executive fails to execute and deliver the Release to the Company in accordance with the timing and other provisions of this Section or revokes such Release prior to the date it becomes effective.

7. Reduction of Payments. Anything in this Plan to the contrary notwithstanding, in the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise, but determined without regard to any adjustment required under this Section) (in the aggregate, the "**Total Payments**") would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties are incurred by the Executive with respect to such excise tax (such excise tax, together with any such interest and penalties, are hereinafter referred to as the "**Excise Tax**"), and if it is determined that (a) the amount remaining, after the Total Payments are reduced by an amount equal to all applicable federal and state taxes (computed at the highest applicable marginal rate), including the Excise Tax, is less than (b) the amount remaining, after taking into account all applicable federal and state taxes (computed at the highest applicable marginal rate), after payment or distribution to or for the benefit of the Executive of the maximum amount that may be paid or distributed to or for the benefit of the Executive without resulting in the imposition of the Excise Tax, then the payments due hereunder shall be reduced so that the Total Payments are One Dollar (\$1) less than such maximum amount. All determinations to be made pursuant to this Section 7 shall be made by the public accounting firm that serves as the Company's auditor.

8. Section 409A.

(a) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Plan providing for the payment of any amounts or benefits that are subject to the requirements of Section 409A upon or following a termination of employment, unless such termination is also a "separation from service" within the meaning of Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment," or like terms shall mean "separation from service" within the meaning of Section 409A.

(b) Each payment to be made to an Executive under this Plan shall be treated as a "separate payment" for purposes of Section 409A.

(c) In the event that any payment or distribution or portion of any payment or distribution to be made to the Executive hereunder cannot be characterized as a "short term deferral" for purposes of Section 409A or is not otherwise exempt from the provisions of Section 409A, and the Executive is determined to be a "specified employee" under Section 409A, such portion of the payment shall be delayed until the earlier to occur of the Executive's death or the date that is six (6) months and one day following the Executive's "separation from service" within the meaning of Section 409A (the "**Delay Period**"). Upon the expiration of the Delay Period, the payments delayed pursuant to this subsection shall be paid to the Executive or his/her beneficiary in a lump sum, and any remaining payments due under this Plan shall be payable in accordance with their original payment schedule.

(d) To the extent that the reimbursement of any expenses or the provision of any in-kind benefits under this Plan is subject to Section 409A, (i) the amount of such expenses eligible for reimbursement, or in-kind benefits to be provided, during any one calendar year shall not affect the amount of such expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (ii) reimbursement of any such expense shall be made by no later than December 31 of the year following the year in which such expense is incurred; and (iii) the Executive's right to receive such reimbursements of in-kind benefits shall not be subject to liquidation or exchange for another benefit.

(e) The time or schedule of any payment or amount scheduled to be paid pursuant to the terms of this Plan may not be accelerated except as otherwise permitted under Section 409A.

(f) The parties intend that this Plan and the benefits provided hereunder be interpreted and construed to comply with Section 409A to the extent applicable thereto, including the exceptions for short-term deferrals, separation pay arrangements, reimbursements, and in-kind distributions. Notwithstanding any provision of the Plan to the contrary, the Plan shall be interpreted and construed consistent with this intent, provided that the Company shall not be required to assume any increased economic burden in connection therewith. To the extent that any provision of this Plan would fail to comply with the applicable requirements of Section 409A, the Company may, in its sole and absolute discretion, make such modifications to the Plan and/or payments to be made thereunder to the extent it determines necessary or advisable to comply with the requirements of Section 409A; provided, however, that the Company shall in no event be obligated to pay any interest, compensation, or penalties in respect of any such modifications. Although the Company intends to administer the Plan so that it will comply with the requirements of Section 409A, the Company does not represent or warrant that the Plan will comply with Section 409A or any other provision of federal, state, local, or non-United States law. Neither the Company, its Subsidiaries, nor their respective directors, officers, employees or advisers shall be liable to the Executive (or any other individual claiming a benefit through the Executive) for any tax, interest, or penalties the Executive may owe as a result of compensation paid under the Plan, and the Company and its Subsidiaries shall have no obligation to indemnify or otherwise protect the Executive from the obligation to pay any taxes pursuant to Section 409A.

9. Plan Administration; Claims Procedure.

(a) This Plan shall be interpreted and administered by the Committee, or if the Committee has delegated its authority to interpret and administer this Plan, by the person or persons appointed by the Committee from time to time to interpret and administer this Plan (the "**Plan Administrator**"), who shall have complete authority, in the Plan Administrator's sole discretion subject to the express provisions of this Plan, to make all determinations necessary or advisable for the administration of this Plan. All questions arising in connection with the interpretation of this Plan or its administration shall be submitted to and determined by the Plan Administrator in a fair and equitable manner in accordance with the procedure for claims and appeals described below.

(b) Any Executive whose employment has terminated who believes that he or she is entitled to receive benefits under this Plan, including benefits other than those initially determined by the Plan Administrator to be payable, may file a claim in writing with the Plan Administrator, specifying the reasons for such claim. The Plan Administrator shall, within ninety (90) days after receipt of such written claim (unless special circumstances require an

extension of time, but in no event more than one hundred and eighty (180) days after such receipt), send a written notification to the Executive as to the disposition of such claim. Such notification shall be written in a manner calculated to be understood by the claimant and in the event that such claim is denied in whole or in part, shall (i) state the specific reasons for the denial, (ii) make specific reference to the pertinent Plan provisions on which the denial is based, (iii) provide a description of any additional material or information necessary for the Executive to perfect the claim and an explanation of why such material or information is necessary, and (iv) set forth the procedure by which the Executive may appeal the denial of such claim. The Executive (or his/her duly authorized representative) may request a review of the denial of any such claim or portion thereof by making application in writing to the Plan Administrator within sixty (60) days after receipt of such denial. Such Executive (or his/her duly authorized representative) may, upon written request to the Plan Administrator, review any documents pertinent to such claim, and submit in writing issues and comments in support of such claim. Within 60 days after receipt of a written appeal (unless special circumstances require an extension of time, but in no event more than one hundred and twenty (120) days after such receipt), the Plan Administrator shall notify the Executive of the final decision with respect to such claim. Such decision shall be written in a manner calculated to be understood by the claimant and shall state the specific reasons for such decision and make specific references to the pertinent Plan provision on which the decision is based.

(c) The Plan Administrator may from time to time delegate any duties hereunder to such person or persons as the Plan Administrator may designate. The Plan Administrator is empowered, on behalf of this Plan, to engage accountants, legal counsel and such other persons as the Plan Administrator deems necessary or advisable for the performance of the Plan Administrator's duties under this Plan. The functions of any such persons engaged by the Plan Administrator shall be limited to the specified services and duties for which they are engaged, and such persons shall have no other duties, obligations or responsibilities under this Plan. Such persons shall exercise no discretionary authority or discretionary control respecting the administration of this Plan. All reasonable fees and expenses of such persons shall be borne by the Company.

10. Withholding Taxes. The Company may withhold from all payments due under this Plan to each Executive (or the Executive's beneficiary or estate) all taxes which, by applicable federal, state, local or other law, the Company is required to withhold therefrom.

11. Amendment and Termination. The Company shall have the right, in its sole discretion, pursuant to action by the Board, to approve the amendment or termination of this Plan, which amendment or termination shall not become effective until the date fixed by the Board for such amendment or termination, which date, in the case of an amendment which would be materially adverse to the interests of any Executive or in the case of termination, shall be at least one (1) year after notice thereof is given by the Company to the Executives; provided, however, that no such action shall be taken by the Board during any period when the Board has actual knowledge that any person has taken steps reasonably calculated to effect a Change in Control until, in the opinion of the Board, such person has abandoned or terminated its efforts to effect a Change in Control; and provided further, that during the CIC Period or any period thereafter during which payments or benefits payable under the terms of this Plan as a result of a CIC Qualifying Termination, in no event shall this Plan be amended in a manner materially adverse to the interests of any Executive or terminated.

12. Offset; Mitigation. In no event shall an Executive be obligated to seek other employment or to take other action by way of mitigation of the amounts payable and the benefits

provided to such Executive under any of the provisions of this Plan, and such amounts and benefits shall not be reduced whether or not such Executive obtains other employment, except as otherwise provided in Section 5(d) hereof.

13. Unfunded Plan. This Plan shall not be funded. No Executive entitled to benefits hereunder shall have any right to, or interest in, any specific assets of the Company or any of its Subsidiaries, but an Executive shall have only the rights of a general creditor of the Company to receive benefits on the terms and subject to the conditions provided in this Plan.

14. Payments to Minors, Incompetents and Beneficiaries. Any benefit payable to or for the benefit of a minor, an incompetent person or other person incapable of giving a receipt therefor shall be deemed paid when paid to such person's guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Company, its Subsidiaries, the Plan Administrator and all other parties with respect thereto. If an Executive shall die while any amounts would be payable to the Executive under this Plan had the Executive continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to such person or persons appointed in writing by the Executive to receive such amounts or, if no person is so appointed, to the estate of the Executive.

15. Non-Assignability. None of the payments, benefits or rights of any Executive shall be subject to any claim of any creditor, and, in particular, to the fullest extent permitted by law, all such payments, benefits and rights shall be free from attachment, garnishment, trustee's process or any other legal or equitable process available to any creditor of such Executive. Except as otherwise provided herein or by law, no right or interest of any Executive under this Plan shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including without limitation by execution, levy, garnishment, attachment or pledge; no attempted assignment or transfer thereof shall be effective; and no right or interest of any Executive under this Plan shall be subject to any obligation or liability of such Executive.

16. No Rights to Continued Employment. Neither the adoption of this Plan, nor any amendment hereof, nor the creation of any fund, trust or account, nor the payment of any benefits, shall be construed as giving any Executive the right to be retained in the service of the Company or any of its Subsidiaries, and all Executives shall remain subject to discharge to the same extent as if this Plan had not been adopted.

17. Successors; Binding Agreement. This Plan shall inure to the benefit of and be binding upon the beneficiaries, heirs, executors, administrators, successors and assigns of the parties, including each Executive, present and future, and any successor to the Company or one of its Subsidiaries. This Plan shall not be terminated by any merger or consolidation of the Company whereby the Company is or is not the surviving or resulting corporation or as a result of any transfer of all or substantially all of the assets of the Company. In the event of any such merger, consolidation or transfer of assets, the provisions of this Plan shall be binding upon the surviving or resulting corporation or the person or entity to which such assets are transferred. The Company agrees that concurrently with any merger, consolidation or transfer of assets referred to in this Section, it will cause any surviving or resulting corporation or transferee unconditionally to assume all of the obligations of the Company hereunder.

18. Headings. The headings and captions herein are provided for reference and convenience only, shall not be considered part of this Plan and shall not be employed in the construction of this Plan.



19. Notices. Any notice or other communication required or permitted pursuant to the terms hereof shall have been duly given when delivered personally or by email or mailed by United States mail, first class, postage prepaid, addressed to (a) with respect to the Executive, his/her last known address on file in the Company's records, or (b) with respect to the Company, to Deborah Snow at [\*\*\*]. The Committee may revise such notice period from time to time. Any notice required under the Plan may be waived by the person entitled to notice.

20. Effective Date. This Plan shall be effective as of the date hereof and shall remain in effect unless and until terminated by the Company in accordance with this Plan.

21. Employment with, and Action by, Subsidiaries. For purposes of this Plan, any references to employment with the Company or actions taken or to be taken by the Company with respect to or otherwise relating to the Executive's employment shall include employment with or actions taken or be taken by any Subsidiary.

22. Governing Law; Validity. This Plan shall be governed by, and construed and enforced in accordance with, the internal laws of the State of Delaware (without regard to principles of conflicts of laws) to the extent not preempted by federal law, which shall otherwise control. If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, and this Plan shall be construed and enforced as if such provision had not been included.

Exhibit A

Chief Executive Officer

Chief Financial Officer

Chief Culture and Talent Officer

Chief Marketing Officer

Chief Operating Officer

Chief Revenue Officer

Chief Technology Officer

General Counsel and Corporate Secretary

President

Executive Vice President, Customer Operations

**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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (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(s) 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, 2023

By: /s/ Ragy Thomas

Name: Ragy Thomas

Title: Founder, Chairman and Chief Executive Officer

*(Principal Executive Officer)*



**CERTIFICATIONS 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**

Ragy Thomas, Founder, 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, 2023 (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, 2023

/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)