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

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**FORM 10-Q**

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(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, 2024**

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**

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**Sprinklr, Inc.**

(Exact Name of Registrant as Specified in its Charter)

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**Delaware**

(State or other Jurisdiction of  
Incorporation or organization)

**441 9th Avenue, 12th Floor**

**New York, NY**

(Address of principal executive offices)

**45-4771485**

(IRS Employer  
Identification No.)

**10001**

(Zip Code)

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

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

**Title of each class**

Class A common stock, par value \$0.00003 per share

**Trading Symbol(s)**

CXM

**Name of each exchange on which registered**

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.

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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 29, 2024, the registrant had 138,048,271 shares of Class A common stock and 116,334,538 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;
- our ability to collect accounts receivable or satisfy revenue recognition criteria, especially in emerging markets;
- the costs and success of our marketing efforts and our ability to promote our brand;
- our growth strategies for our Unified Customer Experience Management (“Unified-CXM”) platform and our Contact Center as a Service (“CCaaS”);
- our reliance on key talent and our ability to identify, recruit and retain skilled personnel;
- our ability to effectively manage our growth, including any international expansion;
- our ability to obtain, maintain, protect, defend or enforce our intellectual property or other proprietary rights and any costs associated therewith;
- the effects of global economic uncertainty, including as a result of fluctuations in inflation and interest rates, and the Russia-Ukraine and Israel-Hamas wars (including an escalation or geographical expansion of these conflicts), 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 data)*  
*(unaudited)*

	October 31, 2024	January 31, 2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 93,239	\$ 164,024
Marketable securities	383,404	498,531
Accounts receivable, net of allowance of \$9.0 million and \$5.3 million, respectively	174,218	267,731
Prepaid expenses and other current assets	78,916	70,690
Total current assets	729,777	1,000,976
Property and equipment, net	33,146	32,176
Goodwill and other intangible assets	49,913	50,145
Operating lease right-of-use assets	47,467	31,058
Other non-current assets	109,998	108,755
<b>Total assets</b>	<b>\$ 970,301</b>	<b>\$ 1,223,110</b>
<b>Liabilities and stockholders' equity</b>		
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 32,693	\$ 34,691
Accrued expenses and other current liabilities	67,923	93,187
Operating lease liabilities, current	7,228	5,730
Deferred revenue	311,009	374,552
Total current liabilities	418,853	508,160
Deferred revenue, non-current	2,737	506
Deferred tax liability, non-current	1,475	1,474
Operating lease liabilities, non-current	43,930	27,562
Other liabilities, non-current	6,282	5,704
Total liabilities	473,277	543,406
Commitments and contingencies (Note 8)		
<b>Stockholders' equity:</b>		
Class A common stock, \$0.00003 par value, 2,000,000,000 shares authorized; 137,908,887 and 151,136,870 shares issued and outstanding as of October 31, 2024 and January 31, 2024, respectively	4	4
Class B common stock, \$0.00003 par value, 310,000,000 shares authorized; 116,390,373 and 122,128,581 shares issued and outstanding as of October 31, 2024 and January 31, 2024, respectively	4	4
Treasury stock, at cost, 14,130,784 and 14,130,784 shares as of October 31, 2024 and January 31, 2024, respectively	(23,831)	(23,831)
Additional paid-in capital	1,249,724	1,182,150
Accumulated other comprehensive loss	(4,031)	(3,836)
Accumulated deficit	(724,846)	(474,787)
Total stockholders' equity	497,024	679,704
<b>Total liabilities and stockholders' equity</b>	<b>\$ 970,301</b>	<b>\$ 1,223,110</b>

See accompanying notes to the unaudited condensed consolidated financial statements

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

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
Revenue:				
Subscription	\$ 180,634	\$ 170,464	\$ 535,856	\$ 491,581
Professional services	20,055	15,861	57,999	46,572
Total revenue	200,689	186,325	593,855	538,153
Costs of revenue:				
Costs of subscription	35,723	29,877	102,599	85,136
Costs of professional services	22,098	16,571	60,663	46,716
Total costs of revenue	57,821	46,448	163,262	131,852
Gross profit	142,868	139,877	430,593	406,301
Operating expense:				
Research and development	23,280	23,146	69,441	68,230
Sales and marketing	77,576	75,446	245,557	244,766
General and administrative	34,123	28,096	102,084	77,820
Total operating expense	134,979	126,688	417,082	390,816
Operating income	7,889	13,189	13,511	15,485
Other income, net	5,495	6,328	19,409	18,324
Income before provision for income taxes	13,384	19,517	32,920	33,809
Provision for income taxes	2,929	2,550	9,990	3,549
Net income	\$ 10,455	\$ 16,967	\$ 22,930	\$ 30,260
Net income per share, basic	\$ 0.04	\$ 0.06	\$ 0.09	\$ 0.11
Weighted average shares used in computing net income per share, basic	253,807	271,202	262,030	268,596
Net income per share, diluted	\$ 0.04	\$ 0.06	\$ 0.08	\$ 0.11
Weighted average shares used in computing net income per share, diluted	261,972	288,121	275,109	285,985

See accompanying notes to the unaudited condensed consolidated financial statements

SPRINKLR, INC.

Condensed Consolidated Statements of Comprehensive Income

(in thousands)

(unaudited)

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
Net income	\$ 10,455	\$ 16,967	\$ 22,930	\$ 30,260
Foreign currency translation adjustments	114	(1,368)	172	(1,300)
Unrealized gains (losses) on investments, net of tax	106	247	(367)	301
Total comprehensive income, net of tax	<u>\$ 10,675</u>	<u>\$ 15,846</u>	<u>\$ 22,735</u>	<u>\$ 29,261</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, 2024</b>	253,366	\$ 8	\$ 1,232,417	14,131	\$ (23,831)	\$ (4,251)	\$ (735,376)	\$ 468,967
Stock-based compensation - equity classified awards	—	—	15,623	—	—	—	—	15,623
Exercise of stock options and vesting of restricted stock units	933	—	1,684	—	—	—	—	1,684
Common stock repurchased, including accrued excise tax	—	—	—	—	—	—	75	75
Other comprehensive income	—	—	—	—	—	220	—	220
Net income	—	—	—	—	—	—	10,455	10,455
<b>Balance at October 31, 2024</b>	<u>254,299</u>	<u>\$ 8</u>	<u>\$ 1,249,724</u>	<u>14,131</u>	<u>\$ (23,831)</u>	<u>\$ (4,031)</u>	<u>\$ (724,846)</u>	<u>\$ 497,024</u>
<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>

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 January 31, 2024</b>	273,265	\$ 8	\$ 1,182,150	14,131	\$ (23,831)	\$ (3,836)	\$ (474,787)	\$ 679,704
Stock-based compensation - equity classified awards	—	—	45,252	—	—	—	—	45,252
Exercise of stock options and vesting of restricted stock units	6,039	—	18,919	—	—	—	—	18,919
Issuance of common shares upon ESPP purchases	455	—	3,403	—	—	—	—	3,403
Common stock repurchased, including accrued excise tax	(25,460)	—	—	—	—	—	(272,989)	(272,989)
Other comprehensive loss	—	—	—	—	—	(195)	—	(195)
Net income	—	—	—	—	—	—	22,930	22,930
<b>Balance at October 31, 2024</b>	<u>254,299</u>	<u>\$ 8</u>	<u>\$ 1,249,724</u>	<u>14,131</u>	<u>\$ (23,831)</u>	<u>\$ (4,031)</u>	<u>\$ (724,846)</u>	<u>\$ 497,024</u>
<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>

See accompanying notes to the unaudited condensed consolidated financial statements

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

	<b>Nine Months Ended October 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Cash flow from operating activities:</b>		
Net income	\$ 22,930	\$ 30,260
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization expense	13,815	11,283
Provision for credit losses	12,413	3,370
Stock-based compensation, net of amounts capitalized	44,177	42,105
Non-cash lease expense	6,186	6,102
Deferred income taxes	38	(3,205)
Net amortization/accretion on marketable securities	(9,830)	(12,379)
Other non-cash items, net	207	56
<b>Changes in operating assets and liabilities:</b>		
Accounts receivable	80,653	47,876
Prepaid expenses and other current assets	(9,129)	2,246
Other non-current assets	(1,867)	(8,424)
Accounts payable	(1,653)	(8,878)
Operating lease liabilities	(3,928)	(6,098)
Accrued expenses and other current liabilities	(21,929)	(23,744)
Deferred revenue	(60,462)	(26,807)
Other liabilities	604	399
Net cash provided by operating activities	<u>72,225</u>	<u>54,162</u>
<b>Cash flow from investing activities:</b>		
Purchases of marketable securities	(329,258)	(443,850)
Proceeds from sales and maturities of marketable securities	453,863	362,797
Purchases of property and equipment	(5,000)	(6,494)
Capitalized internal-use software	(9,609)	(8,791)
Net cash provided by (used in) investing activities	<u>109,996</u>	<u>(96,338)</u>
<b>Cash flow from financing activities:</b>		
Proceeds from issuance of common stock upon exercise of stock options	18,919	32,331
Proceeds from issuance of common stock upon ESPP purchases	3,403	3,970
Payments for repurchase of Class A common shares	(273,873)	—
Net cash (used in) provided by financing activities	<u>(251,551)</u>	<u>36,301</u>
Effect of exchange rate fluctuations on cash, cash equivalents and restricted cash	(1,596)	(1,648)
Net change in cash, cash equivalents and restricted cash	<u>(70,926)</u>	<u>(7,523)</u>
Cash, cash equivalents and restricted cash at beginning of period	172,429	188,387
Cash, cash equivalents and restricted cash at end of period	<u>\$ 101,503</u>	<u>\$ 180,864</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for income taxes, net of refunds	\$ 5,773	\$ 5,039
<b>Supplemental disclosure for non-cash investing and financing:</b>		
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 22,669	\$ 18,121
Accrued purchases of property and equipment	\$ 470	\$ 2,192
Stock-based compensation expense capitalized in internal-use software	\$ 1,825	\$ 1,956
Accrued asset retirement obligations	\$ —	\$ 117
Accrued excise tax on share repurchases	\$ 2,011	\$ —

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. (“Sprinklr” or 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 (“Unified CXM”) software platform.

The Company was incorporated in Delaware in 2011 and is headquartered in New York, New York, USA with 20 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, 2024, 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, 2024 are not necessarily indicative of the results to be expected for the year ending January 31, 2025 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, 2024 in the Company’s Annual Report on Form 10-K (the “2024 10-K”) filed with the SEC on March 29, 2024.

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, 2024 included in the 2024 10-K.

*Use of Estimates*

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. Significant estimates and assumptions made in the accompanying condensed consolidated financial statements include, but are not limited to, revenue recognition, fair value assumptions for stock-based compensation, software costs eligible for capitalization and the allowance on the Company’s accounts receivable. The Company evaluates its estimates and assumptions on an ongoing basis using historical experience and on assumptions that it believes are reasonable and adjusts those estimates and assumptions when facts and circumstances dictate. Actual results could differ materially from those estimates and assumptions.

*Segments*

The Company operates in one operating segment because the Company’s offerings operate on its single Customer Experience Management Platform, the Company’s products are deployed in a similar way, and the Company’s chief operating decision maker (“CODM”) 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 condensed consolidated financial statements.

Notes to Unaudited Condensed 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, 2024</b>	<b>January 31, 2024</b>
Cash and cash equivalents	\$ 93,239	\$ 164,024
Restricted cash included in prepaid expenses and other current assets <sup>(1)</sup>	1,563	1,494
Restricted cash included in other non-current assets <sup>(2)</sup>	6,701	6,911
Total cash, cash equivalents and restricted cash	<u>\$ 101,503</u>	<u>\$ 172,429</u>

<sup>(1)</sup> At October 31, 2024, consisted of collateral for letters of credit issued in lieu of deposits on certain leases and customer contracts. At January 31, 2024, consisted primarily of cash that is restricted and is associated with certain credit card programs, which were closed in the second quarter of fiscal year 2025.

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

**Accounts Receivable and Allowance**

Changes in the allowance account for the periods presented were as follows:

<i>(in thousands)</i>	<b>Nine Months Ended October 31,</b>	
	<b>2024</b>	<b>2023</b>
Allowance, beginning of period	\$ 5,267	\$ 3,156
Write-offs of uncollectible accounts, net	(8,382)	(1,311)
Provision for expected credit losses	12,102	3,021
Allowance, end of period	<u>\$ 8,987</u>	<u>\$ 4,866</u>

**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 at October 31, 2024 are derived from invoiced customers located primarily in North America, Asia (which includes the Middle East), and Europe.

No single customer accounted for more than 10% of total revenue during the three and nine months ended October 31, 2024 and 2023.

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 Issued Accounting Pronouncements Pending Adoption**

In November 2023, the FASB issued Accounting Standards Update 2023-07, *Segment Reporting - Improvements to Reportable Segment Disclosures* ("ASU 2023-07"), requiring an enhanced disclosure of significant segment expenses on an annual and interim basis. ASU 2023-07 is effective for the Company's annual periods beginning fiscal year 2025 and interim periods beginning in the first quarter of fiscal year 2026 on a retrospective basis. Early adoption is permitted. The Company is currently evaluating the impact ASU 2023-07 will have on its disclosures within its consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes - Improvements to Income Tax Disclosures* ("ASU 2023-09"), requiring enhancements and further transparency to certain income tax disclosures, most notably the tax rate reconciliation and income taxes paid. ASU 2023-09 is effective for the Company's annual periods beginning fiscal year 2026, on a prospective basis and retrospective application is permitted. The Company is currently evaluating the impact ASU 2023-09 will have on its disclosures within its consolidated financial statements.

**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, 2024 were \$132.6 million, of which \$37.2 million is included in prepaid expenses and other current assets and \$95.3 million within other non-current assets. Capitalized costs to obtain customer contracts as of January 31, 2024 were \$135.8 million, of which \$42.5 million is included in prepaid expenses and other current assets and \$93.4 million within other non-current assets.

During the three months ended October 31, 2024 and 2023, the Company amortized \$12.1 million and \$12.2 million, respectively, of costs to obtain customer contracts, included in sales and marketing expense. During the nine months ended October 31, 2024 and 2023, the Company amortized \$35.9 million and \$36.4 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 \$172.9 million and \$149.5 million for the three months ended October 31, 2024, and 2023, respectively, and \$73.8 million and \$296.0 million for the nine months ended October 31, 2024, and 2023, 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, 2024 and January 31, 2024, contract assets were \$2.9 million and \$4.3 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, 2024, the Company's RPO was \$906.3 million, approximately \$545.6 million of which the Company expects to recognize as revenue over the next 12 months and the remaining balance will be recognized thereafter.

SPRINKLR, INC.

Notes to Unaudited Condensed Consolidated Financial Statements

**Disaggregation of Revenues**

The Company disaggregates its revenue from contracts with customers by geographic region, as it believes that 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>	Three Months Ended October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
Americas	\$ 117,150	\$ 110,096	\$ 347,795	\$ 321,013
EMEA	67,659	62,309	200,764	172,336
Other	15,880	13,920	45,296	44,804
Total revenue	\$ 200,689	\$ 186,325	\$ 593,855	\$ 538,153

The United States was the only country that represented more than 10% of the Company's revenues, comprising \$08.7 million and \$101.8 million during the three months ended October 31, 2024 and 2023, respectively, and \$323.6 million and \$301.3 million during the nine months ended October 31, 2024 and 2023, respectively.

**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, 2024			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair value
Corporate bonds	\$ 97,583	\$ 64	\$ (45)	\$ 97,602
Municipal bonds	13,772	—	(18)	13,754
U.S. government and agency securities	148,858	49	(109)	148,798
Certificates of deposit	35,954	51	(1)	36,004
Commercial paper	87,252	34	(40)	87,246
Marketable securities	\$ 383,419	\$ 198	\$ (213)	\$ 383,404

  

<i>(in thousands)</i>	January 31, 2024			
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair value
Corporate bonds	\$ 98,642	\$ 71	\$ (10)	\$ 98,703
Municipal bonds	982	3	—	985
U.S. government and agency securities	185,464	140	(33)	185,571
Certificates of deposit	46,496	48	(1)	46,543
Commercial paper	166,595	155	(21)	166,729
Marketable securities	\$ 498,179	\$ 417	\$ (65)	\$ 498,531

As of October 31, 2024 and January 31, 2024, the maturities of available-for-sale marketable securities did not exceed 12 months. Interest income from cash and cash equivalents and marketable securities was \$5.6 million and \$20.9 million for the three and nine months ended October 31, 2024, respectively, and \$7.8 million and \$21.7 million for the three and nine months ended October 31, 2023, respectively.

There were 44 and 64 debt securities in an unrealized loss position as of October 31, 2024 and January 31, 2024, respectively. The estimated fair value of these debt securities, for which an allowance for credit losses has not been recorded, was \$159.8 million and \$178.7 million as of October 31, 2024 and January 31, 2024, respectively. There were no expected credit losses recorded against the Company's investment securities as of October 31, 2024 and January 31, 2024.

SPRINKLR, INC.

Notes to Unaudited Condensed Consolidated Financial Statements

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 Company's fair value hierarchy for short-term marketable securities.

**5. Fair Value Measurements**

The following table presents information about the Company's financial assets and liabilities that have been measured at fair value on a recurring basis as of October 31, 2024 and January 31, 2024, and indicate the fair value hierarchy of the valuation inputs utilized to determine such fair value:

(in thousands)	October 31, 2024			January 31, 2024		
	Level 1	Level 2	Total	Level 1	Level 2	Total
<b>Financial Assets:</b>						
Cash Equivalents:						
Money market funds	\$ 12,413	\$ —	\$ 12,413	\$ 52,647	\$ —	\$ 52,647
Commercial paper	—	1,754	1,754	—	—	—
Marketable Securities:						
Corporate bonds	—	97,602	97,602	—	98,703	98,703
Municipal bonds	—	13,754	13,754	—	985	985
U.S. government and agency securities	—	148,798	148,798	—	185,571	185,571
Certificates of deposit	—	36,004	36,004	—	46,543	46,543
Commercial paper	—	87,246	87,246	—	166,729	166,729
Total financial assets	\$ 12,413	\$ 385,158	\$ 397,571	\$ 52,647	\$ 498,531	\$ 551,178

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, 2024 and January 31, 2024, 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, 2024, 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, 2024 and January 31, 2024, 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.

SPRINKLR, INC.

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, 2024</b>	<b>January 31, 2024</b>
Prepaid hosting and data costs	\$ 13,949	\$ 1,673
Prepaid software costs	9,483	4,854
Prepaid marketing	2,831	1,208
Capitalized commissions costs, current portion	37,195	42,486
Contract assets	2,930	4,326
Security deposits, short-term	1,473	1,923
Taxes recoverable	2,993	3,561
Restricted cash	1,563	1,494
Employee advances	2,573	2,614
Other	3,926	6,551
Prepaid expenses and other current assets	<u>\$ 78,916</u>	<u>\$ 70,690</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>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Depreciation and amortization expense	\$ 1,405	\$ 1,454	\$ 4,511	\$ 4,493
Amortization expense for capitalized internal-use software	\$ 3,292	\$ 2,500	\$ 9,304	\$ 6,790

The Company capitalized internal-use software costs, including stock-based compensation, of \$3.9 million and \$3.4 million for the three months ended October 31, 2024 and 2023, respectively, and \$11.4 million and \$10.7 million for the nine months ended October 31, 2024 and 2023, 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>	October 31, 2024	January 31, 2024
Bonuses	\$ 15,409	\$ 23,314
Commissions	7,945	18,502
Employee liabilities <sup>(1)</sup>	17,361	19,019
Purchased media costs <sup>(2)</sup>	1,635	1,683
Accrued restructuring costs <sup>(3)</sup>	414	—
Accrued sales and use tax liability	7,470	8,522
Accrued income taxes	8,044	4,529
Accrued deferred contract credits	1,123	2,204
Vendor and travel costs payable	1,918	4,160
Professional services	709	1,142
Asset retirement obligation	270	400
Withholding taxes payable	1,499	944
Other	4,126	8,768
Accrued expenses and other current liabilities	<u>\$ 67,923</u>	<u>\$ 93,187</u>

<sup>(1)</sup> Includes \$2.3 million and \$1.4 million of accrued employee contributions under the Company's 2021 Employee Stock Purchase Plan ("ESPP") at October 31, 2024 and January 31, 2024, 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 May 2024, the Company implemented an approved plan for restructuring its global workforce by approximately 3% to reduce operating costs and better align its workforce with the needs of its business. Refer to Note 13, *Restructuring Charges*, for additional information.

**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, 2024 and 2023.

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, which is not included in our right-of-use assets and lease liabilities as the lease renewal is not reasonably certain to be exercised. The lease commenced on April 29, 2024, with payments beginning in December 2024.

The components of lease expense were as follows:

<i>(in thousands)</i>	Three Months Ended October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
Operating lease cost	\$ 3,132	\$ 2,877	\$ 9,326	\$ 8,160
Variable lease cost	358	328	1,006	937
Short-term lease cost	111	145	374	534
Total lease cost	<u>\$ 3,601</u>	<u>\$ 3,350</u>	<u>\$ 10,706</u>	<u>\$ 9,631</u>

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

	October 31, 2024	January 31, 2024
Weighted average remaining lease term (years)	7.22	6.20
Weighted average discount rate	8.69 %	10.11 %

Notes to Unaudited Condensed Consolidated Financial Statements

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

(in thousands)

Fiscal year ended January 31, 2025 (remaining three months)	\$	2,581
2026		11,689
2027		10,645
2028		8,656
2029		7,281
2030		6,150
Thereafter		23,059
Total minimum lease payments		70,061
Less: imputed interest		(18,903)
Total	\$	51,158

**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 outstanding as of October 31, 2024 and January 31, 2024, which the Company has therefore classified within restricted cash. As of October 31, 2024, \$0.6 million of this restricted cash is recorded within prepaid expenses and other current assets and \$0.7 million is recorded within other non-current assets on the condensed consolidated balance sheets. As of January 31, 2024, all of the restricted cash was recorded within other non-current assets on the condensed consolidated balance sheets, due to its long-term nature.

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 \$9 million and \$5.4 million is outstanding as of October 31, 2024 and January 31, 2024, respectively. As of October 31, 2024, \$0.9 million of this restricted cash is recorded within prepaid expenses and other current assets and \$6.0 million is recorded within other non-current assets on the condensed consolidated balance sheets. As of January 31, 2024, all of the restricted cash was recorded within other non-current assets on the condensed consolidated balance sheets, due to its long-term nature.

*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 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.

On August 13, 2024, a putative securities class action (the “Action”) was filed in the U.S. District Court for the Southern District of New York, captioned *Boshart v. Sprinklr, Inc. et al*, Case No. 1:24-cv-06132, naming the Company and certain of its officers as defendants. The plaintiff purports to bring suit on behalf of those who purchased or otherwise acquired the Company’s securities between March 29, 2023 and June 5, 2024 (the “Class Period”). The complaint asserts claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended, and Rule 10b-5 promulgated thereunder, for alleged false and misleading statements during the putative Class Period about the Company’s business, operations and management, and primarily seeks compensatory damages for all affected members of the putative class. On November 22, 2024, the Court appointed a lead plaintiff for the putative class, changed the case title to *In re Sprinklr, Inc. Securities Litigation*, and directed the lead plaintiff to inform the Court by December 3, 2024 whether he seeks leave to file a superseding amended complaint and if so by what date he proposes to do so. The Company

**Notes to Unaudited Condensed Consolidated Financial Statements**

intends to vigorously defend this lawsuit. Given the nature of the case, including that the proceedings are in their early stages, the Company is unable to predict the ultimate outcome of the case or estimate the range of potential loss, if any.

**Other Contractual Commitments**

Other contractual commitments consist primarily of non-cancelable minimum guaranteed purchase commitments for various data, hosting and software services, which the Company may renew as part of the normal course of business. During the nine months ended October 31, 2024, the lease for the new corporate headquarters located in New York, NY commenced, which impacts the Company's cash requirements. See Note 7 *Leases* 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 2024 10-K.

**9. Stockholders' Equity**

On January 4, 2024, the Company announced that its board of directors authorized and approved a share repurchase plan (the "2024 Share Repurchase Program"), which authorized the Company to periodically repurchase up to \$100 million of its Class A common stock through December 31, 2024. On both March 26, 2024 and June 3, 2024, the Company's board of directors approved an additional \$100 million of repurchases under the 2024 Share Repurchase Program, bringing the total amount authorized for purchase under the 2024 Share Repurchase Program to \$300 million. Repurchases are executed from time to time, subject to general business and market conditions and other investment opportunities, through open market or negotiated off market purchases effected pursuant to a written trading plan under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended.

During the nine months ended October 31, 2024 the Company repurchased 25,460,052 shares of its Class A common stock for a cost of \$71.0 million, including commissions. There were no share repurchases during the three months ended October 31, 2024. All of the Company's repurchases are subject to a one percent excise tax enacted by the Inflation Reduction Act of 2022 (the "IRA"). The Company recorded excise taxes of \$(0.1) million and \$2.0 million during the three and nine months ended October 31, 2024, respectively, as part of the cost basis of shares acquired in its consolidated statement of stockholders' equity. All of the shares repurchased have been returned to the Company's authorized but unissued share reserve. During the second quarter of fiscal year 2025, the Company completed the full purchase authorization of \$300 million under the 2024 Share Repurchase Program.

**10. 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.

SPRINKLR, INC.

Notes to Unaudited Condensed Consolidated Financial Statements

**Summary of Stock Option Activity**

A summary of the Company's stock option activity for the nine months ended October 31, 2024 is as follows:

	Number of Stock Options <i>(in thousands)</i>	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life <i>(in years)</i>
Outstanding as of January 31, 2024	23,267	\$ 6.66	5.9
Exercised	(3,361)	5.59	
Forfeited	(864)	11.19	
Expired	—	0.58	
Outstanding as of October 31, 2024	<u>19,042</u>	<u>\$ 6.65</u>	5.0
Exercisable as of October 31, 2024	17,523	\$ 6.20	4.8
Vested and expected to vest as of October 31, 2024	18,974	\$ 6.64	5.0

**Summary of Restricted Stock Unit Activity**

A summary of the Company's RSU activity for the nine months ended October 31, 2024 is as follows:

	Number of Restricted Stock Units <i>(in thousands)</i>	Weighted Average Grant Date Fair Value
Outstanding as of January 31, 2024	9,259	\$ 12.61
Granted	10,682	10.53
Released	(2,678)	12.74
Forfeited	(2,728)	12.20
Outstanding as of October 31, 2024	<u>14,535</u>	<u>\$ 11.13</u>

**Performance-Based Stock Units**

As of October 31, 2024, 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, 2024. 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>	Three Months Ended October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
Costs of subscription	\$ 335	\$ 268	\$ 945	\$ 858
Costs of professional services	400	331	1,081	1,139
Research and development	2,896	2,128	8,304	9,092
Sales and marketing	5,091	6,132	16,497	18,398
General and administrative	6,508	5,071	17,350	12,618
Stock-based compensation, net of amounts capitalized	15,230	13,930	44,177	42,105
Capitalized stock-based compensation	643	412	1,825	1,956
Total stock-based compensation	<u>\$ 15,873</u>	<u>\$ 14,342</u>	<u>\$ 46,002</u>	<u>\$ 44,061</u>

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Notes to Unaudited Condensed Consolidated Financial Statements

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

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

<i>(in thousands, except per share data)</i>	Three Months Ended October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
Net income per share – basic:				
Numerator:				
Net income	\$ 10,455	\$ 16,967	\$ 22,930	\$ 30,260
Denominator:				
Weighted-average shares outstanding used in computing net income per share, basic	253,807	271,202	262,030	268,596
Net income per common share, basic	\$ 0.04	\$ 0.06	\$ 0.09	\$ 0.11
Net income per share – diluted:				
Numerator:				
Net income	\$ 10,455	\$ 16,967	\$ 22,930	\$ 30,260
Denominator:				
Weighted-average shares outstanding used in computing net income per share, basic	253,807	271,202	262,030	268,596
Weighted-average effect of diluted securities:				
Stock options	5,701	12,059	8,024	12,067
RSUs	2,464	4,072	4,971	4,743
Common stock warrants	—	742	68	579
ESPP	—	46	16	—
Weighted-average shares outstanding used in computing net income per share, diluted	261,972	288,121	275,109	285,985
Net income per common share, diluted	\$ 0.04	\$ 0.06	\$ 0.08	\$ 0.11

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,	
	2024	2023	2024	2023
Stock options	5,909	2,544	5,127	2,832
PSUs	780	780	780	780
RSUs	7,156	19	2,300	466
ESPP	16	—	—	493
Warrants to purchase common stock	628	—	—	—
Total shares excluded from net income per share	14,489	3,343	8,207	4,571

## Notes to Unaudited Condensed Consolidated Financial Statements

**12. Income Taxes**

The Company computes its year-to-date provision for income taxes by applying the estimated annual effective tax rate to year-to-date pretax income or loss and adjusts the provision for discrete tax items recorded in the period. During the three months ended October 31, 2024 and 2023, the Company recorded an income tax provision of \$2.9 million and \$2.6 million, respectively. During the nine months ended October 31, 2024 and 2023, the Company recorded an income tax provision of \$0.0 million and \$3.5 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 nine months ended October 31, 2023.

The Company maintains a full valuation allowance against its U.S. deferred tax assets as of October 31, 2024 and regularly assesses the need for a valuation allowance against its deferred tax assets. In making that assessment, the Company considers both positive and negative evidence related to the likelihood of realization of the deferred tax assets to determine, based on the weight of available evidence, whether it is more likely than not that some or all of the deferred tax assets will not be realized. Due to cumulative losses in the U.S. during the prior three years, including tax deductible stock compensation, and based on all available positive and negative evidence, the Company has determined that it is more likely than not that its U.S. deferred tax assets will not be realized as of October 31, 2024. However, given the Company's current earnings and anticipated future earnings, it believes that there is a reasonable possibility that within the next 12 months, sufficient positive evidence may become available to allow the Company to reach a conclusion that the U.S. valuation allowance will no longer be needed. Release of the valuation allowance would result in the recognition of material U.S. federal and state deferred tax assets and a corresponding income tax benefit for the period the release is recorded.

The 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 one percent excise tax on stock buybacks, additional IRS funding to improve taxpayer compliance, and other items. As of October 31, 2024, the Company has accrued \$2.0 million of excise taxes associated with the 2024 Share Repurchase Program. At this time, none of the IRA tax provisions are expected to have a material impact to the Company's fiscal year 2025 tax provision. The Company will continue to monitor for updates to the Company's business along with guidance issued with respect to the IRA.

**13. Restructuring Charges**

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 year 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 statement of operations. As of January 31, 2024, all of these restructuring costs had been paid.

In May 2024, the Company implemented an approved plan for restructuring its global workforce by approximately 3% 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 second quarter of fiscal year 2025. For the nine months ended October 31, 2024, the Company incurred a total of \$3.0 million in restructuring costs, \$2.2 million of which are recorded within sales and marketing expense on the Company's condensed consolidated statements of operations and \$0.4 million, \$0.3 million, and \$0.1 million being recorded within research and development, costs of professional services, and general and administrative, respectively. As of October 31, 2024, \$2.6 million had been paid and the remaining \$0.4 million is recorded within accrued expenses and other current liabilities, the majority of which is expected to be paid in the fourth quarter of fiscal 2025.

Notes to Unaudited Condensed Consolidated Financial Statements

**14. 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 Co-Chief Executive Officer as of October 31, 2024, in connection with the provision of digital training services to the Company’s employees and certain Sprinklr customers. The Company paid approximately \$0.1 million and \$0.2 million to Lyearn in connection with the digital training services provided to employees during the nine months ended October 31, 2024 and 2023, respectively. There were no payments in connection with the digital training services provided to employees during each of the three months ended October 31, 2024 and 2023. 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, 2024 and 2023. There were no payments in connection with the digital training services provided to a customer during each of the three months ended October 31, 2024 and 2023.

The company recognized expenses of \$0.1 million during each of the three months ended October 31, 2024 and 2023 related to the arrangements. The Company recognized expenses of \$0.2 million during each of the nine months ended October 31, 2024 and 2023 related to the arrangements. As of October 31, 2024 and January 31, 2024, the Company had outstanding payables of \$0.1 million and \$0.2 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.

**15. Subsequent Events**

On October 31, 2024, the Company’s board of directors appointed Rory Reid to serve as its President and Chief Executive Officer and principal executive officer, effective as of November 5, 2024. In connection with this appointment Mr. Reid was granted 2,137,500 RSUs and 2,137,500 PSUs with certain performance requirements.

## **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, 2024 (the "2024 10-K"), filed with the Securities and Exchange Commission (the "SEC") on March 29, 2024. 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. Sprinklr has four main product suites: Sprinklr Social, Sprinklr Insights, Sprinklr Marketing and, our newest offering, Sprinklr Service. We believe that these four suites enable the world's largest and leading brands to better reach, engage and listen to their customers on the channel of their choice. We continue to invest in the unified platform and develop new features and enhancements to each suite as our customers' needs evolve.

Our Unified-CXM platform utilizes an architecture purpose-built for managing Customer Experience Management ("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, 2024, we had 147 large customers, compared to 123 as of October 31, 2023.

### **Recent Events**

On October 31, 2024, our board of directors appointed Rory Read to serve as our President and Chief Executive Officer and principal executive officer, effective as of November 5, 2024 (the "Effective Date"). Mr. Read was also appointed, as of the Effective Date, to serve as a member of our board of directors as a Class III director. Mr. Read will succeed Ragy Thomas and Trac Pham. Mr. Thomas has transitioned from his Co-CEO role to Advisor to the CEO and will work closely with Mr. Read while continuing to serve as Founder and Chairman of the Board. Trac Pham will transition from his Co-CEO and Board of Directors roles to an advisory role.

### **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 decisions.

#### ***RPO and cRPO***

Remaining Performance Obligation ("RPO") represents contracted revenue that has 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 has not yet been recognized and includes deferred revenue and amounts that will be invoiced and recognized in the next 12 months. As of October 31, 2024, our RPO expected to be recognized as revenue was \$906.3 million and our cRPO was \$545.6 million.



### ***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 NDE, on a trailing 12-month basis, was 107.3% and 117.7% for the 12-month periods ending October 31, 2024 and 2023, respectively. The decrease year-over-year was driven by a combination of elevated churn exacerbated by the current macroeconomic environment.

### **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 fluctuations in inflation and interest rates and the Russia-Ukraine and Israel-Hamas wars (including an escalation or geographical expansion of these conflicts), 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 inflationary impacts and our efforts to mitigate these impacts have not been material to us during the periods included in this report. In addition, general economic weakness may lead to longer collection cycles for payments due from our customers and an increase in customer bad debt, as well as restructuring initiatives and associated expenses, and customers and potential customers may require extended financial concessions.

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 the section titled “Risk Factors” included in Part II, Item 1A of this Form 10-Q and Part I, Item 1A of the 2024 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 and stock-based compensation, professional fees, software costs, travel expenses, the amortization of our capitalized internal-use software and allocated overhead expenses, including facilities costs for our subscription and support operations. We expect that costs of subscription revenue will increase in absolute dollars as we expand our customer base and make continued investments in our cloud infrastructure and support organization.

#### *Costs of Professional Services Revenue*

Costs of professional services revenue consists primarily of personnel-related expenses for our professional services personnel, including salaries, benefits, bonuses and stock-based compensation, 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 continue to increase our use of partners in the delivery of implementation services and 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.

#### **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, including salaries, benefits, bonuses and stock-based compensation, 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 generally 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, including salaries, benefits, bonuses and stock-based compensation, 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. In the near term, we expect sales and marketing expense to decrease as we work to right size our costs. In the long term, we expect sales and marketing expense to generally increase in absolute dollars as we continue to 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-related expenses associated with administrative services, such as legal, human resources, information technology, accounting, and finance functions, as well as professional fees, software costs, travel expenses, provision for credit losses and allocated overhead expense, including facilities costs and any corporate overhead expenses not allocated to other expense categories.

We expect that our general and administrative expense may 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, Net**

Other income, 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. To the extent that sufficient positive evidence becomes available, we may release all or a portion of our valuation allowance in one or more future periods. A release of the valuation allowance, if any, would result in the recognition of certain deferred tax assets and an associated income tax benefit for the period in which such release is recorded. The exact timing and amount of the valuation allowance release are dependent on the basis of the level of sustained U.S. profitability that we are able to actually achieve, as well as the amount of tax deductible stock compensation, which is driven by the share price of our common stock, and macroeconomic conditions, among other factors.

### Results of Operations

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

<i>(in thousands)</i>	Three Months Ended October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
Revenue:				
Subscription	\$ 180,634	\$ 170,464	\$ 535,856	\$ 491,581
Professional services	20,055	15,861	57,999	46,572
Total revenue	200,689	186,325	593,855	538,153
Costs of revenue:				
Costs of subscription <sup>(1)</sup>	35,723	29,877	102,599	85,136
Costs of professional services <sup>(1)</sup>	22,098	16,571	60,663	46,716
Total costs of revenue	57,821	46,448	163,262	131,852
Gross profit	142,868	139,877	430,593	406,301
Operating expense:				
Research and development <sup>(1)</sup>	23,280	23,146	69,441	68,230
Sales and marketing <sup>(1)</sup>	77,576	75,446	245,557	244,766
General and administrative <sup>(1)</sup>	34,123	28,096	102,084	77,820
Total operating expense	134,979	126,688	417,082	390,816
Operating income	7,889	13,189	13,511	15,485
Other income, net	5,495	6,328	19,409	18,324
Income before provision for income taxes	13,384	19,517	32,920	33,809
Provision for income taxes	2,929	2,550	9,990	3,549
Net income	\$ 10,455	\$ 16,967	\$ 22,930	\$ 30,260

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

<i>(in thousands)</i>	Three Months Ended October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
Costs of subscription	\$ 335	\$ 268	\$ 945	\$ 858
Costs of professional services	400	331	1,081	1,139
Research and development	2,896	2,128	8,304	9,092
Sales and marketing	5,091	6,132	16,497	18,398
General and administrative	6,508	5,071	17,350	12,618
Stock-based compensation expense, net of amounts capitalized	\$ 15,230	\$ 13,930	\$ 44,177	\$ 42,105

The following table sets forth our condensed consolidated statements of operations data expressed as a percentage of total revenue<sup>(1)</sup>:

	Three Months Ended October 31,		Nine Months Ended October 31,	
	2024	2023	2024	2023
<b>Revenue:</b>				
Subscription	90 %	91 %	90 %	91 %
Professional services	10 %	9 %	10 %	9 %
Total revenue	100 %	100 %	100 %	100 %
<b>Costs of revenue:</b>				
Costs of subscription	18 %	16 %	17 %	16 %
Costs of professional services	11 %	9 %	10 %	9 %
Total costs of revenue	29 %	25 %	27 %	25 %
<b>Operating expense:</b>				
Research and development	12 %	12 %	12 %	13 %
Sales and marketing	39 %	41 %	41 %	45 %
General and administrative	17 %	15 %	17 %	14 %
Total operating expense	67 %	68 %	70 %	72 %
Operating income	4 %	7 %	2 %	3 %
Other income, net	3 %	3 %	3 %	3 %
Income before provision for income taxes	7 %	10 %	6 %	6 %
Provision for income taxes	1 %	1 %	2 %	0 %
Net income	5 %	9 %	4 %	6 %

<sup>(1)</sup> Totals may not foot due to rounding

#### Comparison of the Three Months Ended October 31, 2024 and 2023

##### Revenue

<i>(in thousands)</i>	Three Months Ended October 31,		\$ Change	% Change
	2024	2023		
Subscription	\$ 180,634	\$ 170,464	\$ 10,170	6 %
Professional services	20,055	15,861	4,194	26 %
Total revenue	\$ 200,689	\$ 186,325	\$ 14,364	8 %

The increase in subscription revenue was primarily due to increased revenue from existing customers driven by the purchase of additional quantities of current subscription solutions and additional add-on solutions within our platform, as well as demand for our solutions from new customers. Such growth was partially offset by certain existing customers purchasing fewer quantities of current subscription solutions within our platform, partially driven by macroeconomic challenges.

The increase in professional services revenue was primarily due to continued growth in both implementations and managed services related to Contact Center as a Service ("CCaaS") delivery capabilities.

## Costs of Revenue and Gross Margin

<i>(in thousands)</i>	Three Months Ended October 31,		\$ Change	% Change
	2024	2023		
Costs of subscription revenue	\$ 35,723	\$ 29,877	\$ 5,846	20 %
Costs of professional services revenue	22,098	16,571	5,527	33 %
Total costs of revenue	\$ 57,821	\$ 46,448	\$ 11,373	24 %
Gross margin - subscription	80 %	82 %		
Gross margin - professional services	(10)%	(4)%		

The increase in costs of subscription revenue was primarily due to (i) higher costs related to third-party cloud infrastructure necessary to meet our increased customer demand, which included a \$4.6 million increase in our data and hosting costs and (ii) an \$0.8 million increase in the amortization of capitalized research and development costs.

The increase in costs of professional services revenue was primarily due to (i) a \$3.6 million increase in subcontractor costs as a result of higher partner delivery costs associated with increased professional services revenue and (ii) higher personnel-related costs of \$1.4 million as a result of increased headcount.

Gross margin for subscription decreased by two percentage points, primarily driven by increased costs associated with third-party cloud infrastructure and data. Gross margin for professional services decreased by six percentage points, as we increased our investment in CCaaS delivery personnel in fiscal year 2025 to support future growth in our CCaaS solution.

## Research and Development Expense

<i>(in thousands)</i>	Three Months Ended October 31,		\$ Change	% Change
	2024	2023		
Research and development	\$ 23,280	\$ 23,146	\$ 134	1 %
% of revenue	12 %	12 %		

Research and development expense remained relatively flat during the three months ended October 31, 2024 as compared to the prior year period.

## Sales and Marketing Expense

<i>(in thousands)</i>	Three Months Ended October 31,		\$ Change	% Change
	2024	2023		
Sales and marketing	\$ 77,576	\$ 75,446	\$ 2,130	3 %
% of revenue	39 %	41 %		

The increase in sales and marketing expense was primarily due to (i) an increase in software subscription costs of \$0.8 million, (ii) an increase in marketing-related expenses of \$0.6 million and (iii) an increase in personnel costs of \$0.3 million as we continue to invest in our sales resources, including higher compensation costs, partially offset by lower severance expense due to minimal restructuring activities compared to the prior year period. For additional information regarding restructuring charges, see Note 13, *Restructuring Charges* included in Part I, Item 1 of this Form 10-Q.

## General and Administrative Expense

<i>(in thousands)</i>	Three Months Ended October 31,		\$ Change	% Change
	2024	2023		
General and administrative	\$ 34,123	\$ 28,096	\$ 6,027	21 %
% of revenue	17 %	15 %		

The increase in general and administrative expense was primarily due to (i) an increase in consulting costs of \$4.7 million primarily related to strategic projects and (ii) an increase personnel costs of \$3.3 million, driven by higher general and administrative headcount, as well as increased stock compensation expense, primarily related to new grants during fiscal year 2025. These increases were partially offset by a decrease in professional fees of \$1.2 million, as a result of lower legal-related costs.

### Other Income, Net

(in thousands)	Three Months Ended October 31,		\$ Change	% Change
	2024	2023		
Other income, net	\$ 5,495	\$ 6,328	\$ (833)	(13) %
% of revenue	3 %	3 %		

The decrease in other income, net was primarily due to the net effect of (i) a \$2.3 million decrease in interest income from our money market and short-term investment accounts as a result of lower average balances in these accounts and lower average interest rates and (ii) an increase of \$1.5 million associated with net foreign currency gains.

### Provision for Income Taxes

(in thousands)	Three Months Ended October 31,		\$ Change	% Change
	2024	2023		
Provision for income taxes	\$ 2,929	\$ 2,550	\$ 379	15 %
% of revenue	1 %	1 %		

The increase in provision for income taxes was primarily related to the impact of customer withholding taxes and state taxes recorded in the three months ended October 31, 2024.

### Comparison of the Nine Months Ended October 31, 2024 and 2023

#### Revenue

(in thousands)	Nine Months Ended October 31,		\$ Change	% Change
	2024	2023		
Subscription	\$ 535,856	\$ 491,581	\$ 44,275	9 %
Professional services	57,999	46,572	11,427	25 %
Total revenue	\$ 593,855	\$ 538,153	\$ 55,702	10 %

The increase in subscription revenue was primarily due to increased revenue from existing customers driven by the purchase of additional quantities of current subscription solutions and additional add-on solutions within our platform, as well as demand for our solutions from new customers. Such growth was partially offset by certain existing customers purchasing fewer quantities of current subscription solutions within our platform, partially driven by macroeconomic challenges.

The increase in professional services revenue was primarily due to continued growth in both implementations and managed services related to CCaaS delivery capabilities.

#### Costs of Revenue and Gross Margin

(in thousands)	Nine Months Ended October 31,		\$ Change	% Change
	2024	2023		
Costs of subscription revenue	\$ 102,599	\$ 85,136	\$ 17,463	21 %
Costs of professional services revenue	60,663	46,716	13,947	30 %
Total costs of revenue	\$ 163,262	\$ 131,852	\$ 31,410	24 %
Gross margin - subscription	81 %	83 %		
Gross margin - professional services	(5) %	0 %		

The increase in costs of subscription revenue was primarily due to (i) higher costs related to third-party cloud infrastructure necessary to meet our increased customer demand, which included a \$13.3 million increase in our data and hosting costs and (ii) a \$2.5 million increase in the amortization of capitalized research and development costs.

The increase in costs of professional services revenue was primarily due to (i) an \$8.8 million increase in subcontractor costs as a result of higher partner delivery costs associated with increased professional services revenue and (ii) higher personnel-related costs of \$3.8 million as a result of increased headcount.

Gross margin for subscription decreased by two percentage points, primarily driven by increased costs associated with third-party cloud infrastructure and data. Gross margin for professional services decreased by five percentage points as we increased our investment in CCaaS delivery personnel in fiscal year 2025 to support future growth in our CCaaS solution.

**Research and Development Expense**

<i>(in thousands)</i>	<b>Nine Months Ended October 31,</b>		<b>\$ Change</b>	<b>% Change</b>
	<b>2024</b>	<b>2023</b>		
Research and development	\$ 69,441	\$ 68,230	\$ 1,211	2 %
% of revenue	12 %	13 %		

The increase in research and development expense was primarily due to an increase in software subscription costs of \$1.1 million.

**Sales and Marketing Expense**

<i>(in thousands)</i>	<b>Nine Months Ended October 31,</b>		<b>\$ Change</b>	<b>% Change</b>
	<b>2024</b>	<b>2023</b>		
Sales and marketing	\$ 245,557	\$ 244,766	\$ 791	— %
% of revenue	41 %	45 %		

The increase in sales and marketing expense was primarily due to (i) a \$2.0 million increase in marketing-related expenses and (ii) an increase in travel and related costs of \$1.3 million. These increases were partially offset by (i) a \$2.0 million decrease in severance and related costs as a result of fewer sales and marketing employees being included in the restructuring implemented during the nine months ended October 31, 2024 than the restructuring program implemented during the prior year and (ii) a decrease in personnel-related costs of \$0.6 million primarily due to lower stock-based compensation expense as a result of reduced sales and marketing headcount.

**General and Administrative Expense**

<i>(in thousands)</i>	<b>Nine Months Ended October 31,</b>		<b>\$ Change</b>	<b>% Change</b>
	<b>2024</b>	<b>2023</b>		
General and administrative	\$ 102,084	\$ 77,820	\$ 24,264	31 %
% of revenue	17 %	14 %		

The increase in general and administrative expense was primarily due to (i) a \$9.5 million increase in personnel-related costs driven by increased stock compensation expense, primarily related to new grants during fiscal year 2025, as well as higher general and administrative headcount, (ii) a \$9.0 million increase in provision for credit losses due to increased reserves for certain customers that we deemed to be uncollectible accounts and (iii) a \$6.7 million increase in consulting costs primarily related to strategic projects.

**Other Income, Net**

<i>(in thousands)</i>	<b>Nine Months Ended October 31,</b>		<b>\$ Change</b>	<b>% Change</b>
	<b>2024</b>	<b>2023</b>		
Other income, net	\$ 19,409	\$ 18,324	\$ 1,085	6 %
% of revenue	3 %	3 %		

The increase in other income, net was primarily attributable to a \$2.0 million increase in net foreign currency gains, partially offset by a \$0.8 million decrease in interest income from our money market and short-term investment accounts as a result of lower average balances in these accounts, partially offset by higher average interest rates.

**Provision for Income Taxes**

<i>(in thousands)</i>	<b>Nine Months Ended October 31,</b>		<b>\$ Change</b>	<b>% Change</b>
	<b>2024</b>	<b>2023</b>		
Provision for income taxes	\$ 9,990	\$ 3,549	\$ 6,441	181 %
% of revenue	2 %	— %		

The increase in provision for income taxes was primarily related to the impact of customer withholding taxes and state taxes recorded in the nine months ended October 31, 2024, as well as the impact of a \$3.3 million valuation allowance release in Japan and Brazil during the nine months ended October 31, 2023.

## 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 and non-GAAP operating margin; and
- Non-GAAP net income and non-GAAP net income per share.

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

In addition, we believe that free cash flow is also a useful non-GAAP financial measure. Free cash flow is defined as net cash provided by operating activities less cash used for purchases of property and equipment and capitalized internal-use software. We believe that free cash flow is 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. 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>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>Non-GAAP gross profit and non-GAAP gross margin:</b>				
U.S. GAAP gross profit	\$ 142,868	\$ 139,877	\$ 430,593	\$ 406,301
Stock-based compensation expense and related charges <sup>(1)</sup>	740	612	2,064	2,035
Non-GAAP gross profit	\$ 143,608	\$ 140,489	\$ 432,657	\$ 408,336
Gross margin	71 %	75 %	73 %	75 %
Non-GAAP gross margin	72 %	75 %	73 %	76 %
<b>Non-GAAP operating income:</b>				
U.S. GAAP operating income	\$ 7,889	\$ 13,189	\$ 13,511	\$ 15,485
Stock-based compensation expense and related charges <sup>(2)</sup>	15,376	14,204	45,243	44,043
Amortization of acquired intangible assets	18	50	118	150
Non-GAAP operating income	\$ 23,283	\$ 27,443	\$ 58,872	\$ 59,678
Operating margin	4 %	7 %	2 %	3 %
Non-GAAP operating margin	12 %	15 %	10 %	11 %

<sup>(1)</sup> Employer payroll tax related to stock-based compensation for the periods ended October 31, 2024 and 2023 was immaterial as it relates to the impact to gross profit.

<sup>(2)</sup> Includes \$0.1 million and \$0.3 million of employer payroll tax related to stock-based compensation for the three months ended October 31, 2024 and 2023, respectively, and \$1.1 million and \$1.9 million of employer payroll tax related to stock-based compensation expense for the nine months ended October 31, 2024 and 2023, respectively.



	Three Months Ended October 31,					
	2024			2023		
	(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</b>						
Net income	\$ 10,455	\$ 0.04	\$ 0.04	\$ 16,967	\$ 0.06	\$ 0.06
<b>Add:</b>						
Stock-based compensation expense and related charges	15,376	0.06	0.06	14,204	0.06	0.05
Amortization of acquired intangible assets	18	0.00	0.00	50	0.00	0.00
Total additions, net	15,394	0.06	0.06	14,254	0.06	0.05
<b>Non-GAAP net income</b>	<b>\$ 25,849</b>	<b>\$ 0.10</b>	<b>\$ 0.10</b>	<b>\$ 31,221</b>	<b>\$ 0.12</b>	<b>\$ 0.11</b>
Weighted-average shares outstanding		253,807	261,972		271,202	288,121

	Nine Months Ended October 31,					
	2024			2023		
	(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</b>						
Net income	\$ 22,930	\$ 0.09	\$ 0.08	\$ 30,260	\$ 0.11	\$ 0.11
<b>Add:</b>						
Stock-based compensation expense and related charges	45,243	0.17	0.17	44,043	0.17	0.15
Amortization of acquired intangible assets	118	0.00	0.00	150	0.00	0.00
Total additions, net	45,361	0.17	0.17	44,193	0.17	0.15
<b>Non-GAAP net income</b>	<b>\$ 68,291</b>	<b>\$ 0.26</b>	<b>\$ 0.25</b>	<b>\$ 74,453</b>	<b>\$ 0.28</b>	<b>\$ 0.26</b>
Weighted-average shares outstanding		262,030	275,109		268,596	285,985

(in thousands)

<b>Free cash flow:</b>	Nine Months Ended October 31,	
	2024	2023
Net cash provided by operating activities	\$ 72,225	\$ 54,162
Purchase of property and equipment	(5,000)	(6,494)
Capitalized internal-use software	(9,609)	(8,791)
Free cash flow	<u>\$ 57,616</u>	<u>\$ 38,877</u>

## Liquidity and Capital Resources

### Overview

As of October 31, 2024, our principal sources of liquidity were \$93.2 million of cash and cash equivalents and \$383.4 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. As of October 31, 2024, \$0.6 million of this restricted cash is recorded within prepaid expenses and other current assets and \$0.7 million 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 \$6.9 million is outstanding as of October 31, 2024. As of October 31, 2024, \$0.9 million of this restricted cash is recorded within prepaid expenses and other current assets and \$6.0 million 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 \$131.1 million as of January 31, 2024, of which \$69.5 million is due within twelve months. In the normal course of business we may renew existing contracts throughout the year. In addition, we lease certain office facilities under operating lease arrangements that expire on various dates through fiscal year 2035. In August 2023, we signed a 10-year lease for a new corporate headquarters in New York, NY, which commenced on April 29, 2024, with payments beginning in December 2024. Refer to Note 7, *Leases*, included in Part I, Item 1 of this Form 10-Q for a discussion of our leases. There were no other significant changes in our material cash requirements as compared to the material cash requirements from known contractual and other obligations described in the 2024 10-K.

On January 8, 2024, we entered into a share repurchase plan (the “2024 Share Repurchase Program”), whereby we could repurchase up to \$100 million of our Class A common stock. On both March 26, 2024 and June 3, 2024, our board of directors approved an additional \$100 million of repurchases under the 2024 Share Repurchase Program, bringing the total amount authorized for purchase under the 2024 Share Repurchase Program to \$300 million.

During the nine months ended October 31, 2024 we repurchased 25,460,052 shares, of our Class A common stock for a cost of \$271.0 million, including commissions. There were no share repurchases during the three months ended October 31, 2024. All of the shares repurchased have been returned to our authorized but unissued share reserve. During the second quarter of fiscal year 2025, we completed the full purchase authorization of \$300 million under the 2024 Share Repurchase Program. For additional information regarding the 2024 Share Repurchase Program, see Note 9, *Stockholders’ Equity* included in Part I, Item 1 of this Form 10-Q.

#### **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>	<b>Nine Months Ended October 31,</b>	
	<b>2024</b>	<b>2023</b>
Net cash provided by operating activities	\$ 72,225	\$ 54,162
Net cash provided by (used in) investing activities	\$ 109,996	\$ (96,338)
Net cash (used in) provided by financing activities	\$ (251,551)	\$ 36,301

Our net income 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. Non-cash charges primarily include depreciation and amortization, amortization/accretion on marketable securities, stock-based compensation, provision for credit losses, 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, 2024, cash provided by operating activities was \$72.2 million, which consisted of net income of \$22.9 million, adjusted for non-cash expenses of \$67.0 million and \$17.7 million of net cash flows used as a result of changes in operating assets and liabilities. The \$17.7 million of net cash flows used as a result of changes in our operating assets and liabilities reflected an \$80.7 million decrease in accounts receivable due to collections outpacing billings. This increase to cash flow from operations was partially offset by (i) a \$60.5 million decrease in deferred revenue as a result of recognized revenue exceeding billings, (ii) a \$21.9 million decrease in accrued expenses and other current liabilities primarily due to the timing of bonus and commission payments, (iii) an \$9.1 million increase in prepaid expenses and other current assets due to higher prepaid hosting and data costs, and (iv) a \$3.9 million decrease in operating lease liabilities due to ongoing payments for leased properties.

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 flows 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.

#### *Investing Activities*

For the nine months ended October 31, 2024, cash provided by investing activities was \$110.0 million and primarily consisted of \$453.9 million of sales and maturities of marketable securities, partially offset by \$329.3 million of purchases of marketable securities.

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 \$362.8 million of sales and maturities of marketable securities.

#### *Financing Activities*

For the nine months ended October 31, 2024, cash used in financing activities was \$251.6 million, which consisted of payments for the 2024 Share Repurchase Program of \$273.9 million, offset by \$18.9 million of proceeds from the exercise of stock options and \$3.4 million of proceeds from the purchase of stock under our 2021 Employee Stock Purchase Plan (“ESPP”).

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.

#### **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, including historical common stock valuations and performance-based award valuations. 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 and Note 2, *Basis of Presentation and Summary of Significant Accounting Policies*, to our Consolidated Financial Statements included in “Part II, Item 8. Financial Statements” of the 2024 10-K 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 2024 10-K with the exception of estimates related to our U.S. deferred tax assets. We maintain a full valuation allowance against our U.S. deferred tax assets as of October 31, 2024 and regularly assess the need for a valuation allowance against our deferred tax assets.

### ***Income Taxes***

We have determined that it is more likely than not that our U.S. deferred tax assets will not be realizable as of October 31, 2024. In determining the need, or continued need, for a valuation allowance, we considered the weighting of the positive and negative evidence, which includes, among other things, cumulative losses including tax deductible stock compensation expense, future growth, forecasted earnings and future taxable income. However, given our current earnings, anticipated future earnings and future taxable income, we believe that there is a reasonable possibility that within the next 12 months, sufficient positive evidence may become available to allow us to reach a conclusion that the U.S. valuation allowance will no longer be needed. In the event we change our determination as to the amount of deferred tax assets that can be realized, we will adjust our valuation allowance with a corresponding impact to the provision for income taxes in the period in which such determination is made. See note 12, *Income Taxes*, included in Part I, Item 1 of this Form 10-Q for additional discussion of our valuation allowance.

### **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 regarding recently issued accounting pronouncements.

### **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, 2024, as disclosed in the 2024 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, 2024. Based on such evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective.

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

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, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## 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 growth may not be indicative of our future growth. Our 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.
- 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 actual operating results may differ significantly from any guidance provided.
- 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") platform to satisfy customer demands, achieve increased market acceptance or adapt to changing market dynamics would adversely affect our business, results of operations, financial condition and growth prospects.
- The market for Unified-CXM solutions is new and rapidly evolving, and if this market develops more slowly than we expect or declines, 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.
- We use artificial intelligence in our products, which may result in operational challenges, legal liability, reputational concerns and competitive risks.
- 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 and the third parties with whom we work are subject to stringent and changing obligations related to data privacy and security. Our (or the third parties with whom we work) 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 the third parties with whom we work 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.

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

Our revenue was \$200.7 million and \$186.3 million for the three months ended October 31, 2024 and 2023, respectively, and \$593.9 million and \$538.2 million for the nine months ended October 31, 2024 and 2023, 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.***

Other than the recent fiscal year ended January 31, 2024, 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 \$724.8 million and \$474.8 million as of October 31, 2024 and January 31, 2024, 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, 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 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. As we continue to enter new markets and expand our international operations, we have launched new product innovations in recent years, which has led, and could continue to lead, to increased product and operational complexity, including increased implementation periods, which could adversely affect our business, results of operations and financial condition. 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.

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.

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. For example, we recorded a higher than expected provision for credit losses in the second quarter of fiscal year 2025, which caused certain of our operating results to fall below the guidance ranges provided for such metrics in the previous period. 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;
- our ability to collect on accounts receivable;
- 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;
- pricing adjustments made to existing 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 Customer Experience Management (“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 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. For example, the impact of current economic uncertainties may cause customers to request better pricing, which may not be reflected immediately in our results of operations. In addition, customers have in the past and may continue in the future to slow their rate of expansion or reduce their number of licenses. 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.

***The failure to attract and retain qualified talent could prevent us from successfully executing our business strategy.***

To successfully execute our business strategy, we must attract and retain highly qualified talent. There is high competition for executive officers, software engineers, product managers, account executives, sales leaders and other key talent in our industry. In particular, we compete with many other companies for engineers with high levels of experience in designing, developing and managing cloud-based software, as well as for technical sales, operations and general leadership. In addition, we believe that the success of our business and corporate culture depends on employing people with a variety of backgrounds and experiences, and the competition for such diverse talent is significant. Many of the companies with which we compete for diverse and experienced talent have greater resources than we do and can frequently offer substantially greater compensation and benefits than we can offer, including, in some cases, large equity packages and cash-based awards. In addition, prospective and existing employees often consider the value of the equity awards they receive in connection with their employment. If the perceived value of our equity awards declines, including as a result of volatility or decline in the market price of our Class A common stock or changes in the perception about our future prospects, it may adversely affect our ability to recruit and retain highly qualified talent. In order to manage attrition, including as a result of recent decreases in our stock price and market volatility, we have issued, and may continue to issue, additional equity awards and increased cash compensation to attract and retain talent, which may impact results of operations or be dilutive to stockholders. We also face significant competition in hiring and attracting qualified talent in all aspects of our business, and the opportunity to work remotely or on a hybrid basis has also increased the competition for such talent. If we fail to attract new talent or fail to retain and motivate our current talent, our ability to maintain and grow our products and support our existing customers, attract new customers, respond to competitive pressures, and execute our business plan, would be at risk.

***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, including attacks enhanced or facilitated by artificial intelligence ("AI") 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 and equipment 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 clouding computing provider agreements may be terminable for convenience by the counterparty. If services are interrupted at any of these facilities or providers, such agreements are terminated, or we are unable to renew these agreements on commercially reasonable terms or at all, or if one of our data center or cloud computing providers is acquired or encounters financial difficulties, including bankruptcy, we may be required to transfer our data, 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, and may in the future experience, delays in our 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. If we are unable to successfully develop, release, 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, our customers may delay or withhold payment to us, cancel their agreements with us, elect not to renew, or make service credit claims, warranty claims or other claims against us, and we could lose future sales. The occurrence of any of these events could result in diminishing demand for our solutions, a reduction of our revenues, an increase in our bad debt expense or in collection cycles for accounts receivable or could cause us to incur the risk or expense of litigation.

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 and operations, which may result in operational challenges, legal liability, reputational concerns and competitive risks.***

In addition to the use of our own AI features within our products, we have also incorporated generative artificial intelligence (“Generative AI”) into our product offerings and internal operations through third-party partners, which has the potential to 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 Microsoft Azure, OpenAI or alternative large language model providers. The use of Generative AI technology and 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’ reluctance or failure to adopt or implement our new products and features as intended. For example, AI and Generative AI use

machine learning techniques, including, but not limited to, algorithms, natural language processing 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 and Generative AI, and if our deployment or use of AI or Generative AI becomes controversial or is successfully and adversely challenged by our current or prospective customers, we may be subject to reputational risk. Any sensitive information (including confidential, competitive, proprietary, or personal data) that our customers input into the third-party Generative AI features in our products (or that we input into Generative AI tools that we use) could be leaked, disclosed to others or used for improper purposes, including if sensitive information is used to train our own AI or 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 or generate other personal or sensitive data which we could lose control over or impair our ability to fulfill certain data subject requests in compliance with certain privacy laws or contractual obligations to our customers, such as requests to delete certain personal data ingested by the product. Further, unauthorized use or misuse of Generative AI by our employees, customers or others, including violation of internal policies or procedures or guidelines or contractual agreements and terms (including internal and external Acceptable Use policies or other policies and third-party terms), may result in disclosure or misuse of confidential company and customer data, reputational harm, privacy law violations, legal and contractual liability, or regulatory actions, including algorithmic disgorgement. Improper development and use of AI and Generative AI has the potential to result in biased outcomes and could lead to decisions that could harm certain individuals (or classes of individuals), and adversely impact their rights, employment, and ability to obtain certain pricing, products, services, or benefits. In addition, 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 make it successful. 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. Furthermore, we make numerous statements online and in our marketing materials describing the availability of AI, as well as our use and integration of Generative AI in our products. Although we endeavor to be accurate with our public statements and documentation, we may at times fail to do so or be alleged to have failed to do so. Our statements regarding our AI-supported features and use of Generative AI 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 that could adversely affect our business, reputation, results of operations and financial condition.

Uncertainty in the legal regulatory regime relating to AI, as well as variation on AI regulations from jurisdiction to jurisdiction, may require significant resources to modify and maintain business practices to comply with U.S. and foreign laws, the nature of which cannot be determined at this time as they continue to rapidly evolve and solidify. Several jurisdictions around the globe have already proposed or enacted laws or guidelines governing AI. For example, in October 2023, the Biden administration 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, the EU Artificial Intelligence Act ("EU AI Act") has come into force and its provisions are gradually becoming effective, which imposes a number of obligations on various parties related to the development and use of certain AI-powered systems, and other jurisdictions are beginning to adopt or prepare for adoption of similar laws. These laws may be more restrictive than the EU AI Act and may render the use of such technologies challenging. While we aim to develop and use AI responsibly by attempting to identify and mitigate any issues associated with fairness, bias, transparency, or ethical or legal use of AI, we may be unsuccessful in identifying or resolving such issues. Further, use of our AI systems for unintended or improper use cases by customer users may alter the associated legal obligations upon Sprinklr, without our knowledge. We may not be able to detect, mitigate and remediate such misuse, and limitations of liability in contracts may be inadequate to address legal liability, fines, penalties and other regulatory actions resulting from such misuse. 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 AI, particularly training AI using personal data. These obligations may make it harder for us to conduct our business using AI, develop innovative AI models and create potential for regulatory fines or penalties, require us to change our business practices, retrain our AI, prevent or limit our creation and use of AI or Generative AI, or delete or require us to disgorge certain algorithms. For example, the US Federal Trade Commission has required other companies to turn over or delete or 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. Further, intellectual property ownership and liability for violation of terms of use, open-source licenses, infringement or misappropriation of intellectual property and violation of privacy or publicity rights are issues arising from the use of AI technologies that legislators are still attempting to establish and with which courts are still grappling. In addition, access to data from third-party sources, including public sources and data suppliers, may become more restricted in the future, which could negatively impact our development and deployment of products, including AI technologies, that rely on such data for training or operation. Therefore, the

use of AI technologies in connection with our products or operations may impact our business model or result in the inability to establish ownership of intellectual property or exposure to claims relating to the foregoing.

Moreover, our employees and personnel use Generative AI technologies to support their work, and the associated disclosure and use of personal data may be subject to various privacy laws and other privacy obligations. Our use of this technology could result in additional compliance costs, regulatory investigations and actions, and lawsuits if we do not use (or are perceived to not use it) in accordance with our internal and external policies and governance, or applicable laws and other obligations, including contractual obligations to our customers. Output from Generative AI systems that we use may infringe on third party intellectual property rights without us being aware. However, if we are unable to use Generative AI, it could make our business less efficient and result in competitive disadvantages. Additionally, sensitive information of ours or our customers could be inadvertently leaked, disclosed, or revealed as a result of or in connection with our employees', personnel's, customers' or vendors' use of Generative AI technologies.

***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. For example, we rely on third parties to support certain components of our communication and voice services. Failure of any of these third-party providers to provide their services or to meet contractual service level commitments, or if they materially increase the cost of their services, for any reason, could adversely affect our relationships with our customers, lead to increases in the prices we are charged and therefore potentially the prices our customers pay for our products and services, damage our brand and reputation and result in delays or difficulties in our ability to provide certain services. 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 December 31, 2026. If our agreement with X 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. In addition, we obtain data from data aggregators who, despite their commercial commitments to us, may not have the right to provide that data to us, and so could expose us to claims in the future, from the data sources or data owners.

***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, 2024 and 2023, 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 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, 2024, approximately 41% 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, 2024, we owned 38 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 partes review, interference and derivation proceedings and equivalent proceedings in foreign jurisdictions (e.g., opposition proceedings) or litigation. The steps we take to protect our intellectual property rights may not be sufficient to effectively prevent third parties from infringing, misappropriating or otherwise violating our intellectual property or to prevent unauthorized disclosure or unauthorized use of our trade secrets or other confidential information. We cannot guarantee that any of our pending applications will issue or be approved or that our existing and future intellectual property rights will be sufficiently broad to protect our proprietary technology.

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

We attempt to protect our intellectual property, technology, and confidential information in part through confidentiality, non-disclosure and invention assignment agreements with our employees, consultants, contractors, corporate collaborators, advisors and other third parties who develop intellectual property on our behalf or with whom we share information. However, we cannot guarantee that we have entered into such agreements with each party who has developed intellectual property on our behalf and each party that has or may have had access to our confidential information, know-how and trade secrets. These agreements may be insufficient or breached, or may not effectively prevent unauthorized access to or unauthorized use, disclosure, misappropriation or reverse engineering of, our confidential information, intellectual property, or technology. There can be no assurance that these agreements will be self-executing or otherwise provide meaningful protection for our trade secrets or other intellectual property or proprietary information. Moreover, these agreements may not provide an adequate remedy for breaches or 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. We 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 workarounds 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 by any pending or future securities litigation or stockholder activism.***

We are, and may become in the future, subject to securities class actions, derivative suits or other securities-related legal actions. For example, in August 2024, a putative securities class action was filed against us and certain of our officers alleging violations of the federal securities laws for allegedly making false and misleading statements.

In the past, securities class action litigation have often 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.

Any claims or litigation, even if fully indemnified or insured, could adversely affect our relationships with customers and business partners, damage our reputation, decrease customer demand for our services and make it more difficult to attract and retain qualified personnel, making it more difficult for us to compete effectively. In addition, lawsuits or legal claims involving us may increase our insurance premiums, deductibles or co-insurance requirements or otherwise make it more difficult for us to maintain or obtain adequate insurance coverage on acceptable terms, if at all. Furthermore, while we maintain insurance for certain potential liabilities, such insurance does not cover all types and amounts of potential liabilities and is subject to various exclusions, as well as caps on amounts recoverable. Even if we believe that a claim is covered by insurance, insurers may dispute our entitlement to recovery for a variety of potential reasons, which may affect the timing and, if the insurers prevail, the amount of our recovery. Our exposure under these matters may also include our indemnification obligations, to the extent that we have any, to current and former officers and directors against losses incurred in connection with these matters, including reimbursement of legal fees and other expenses.

As a result, pending or future lawsuits involving us, or our officers or directors, could have a material adverse effect on our business, reputation, financial condition, results of operations, liquidity and the trading price of our Class A common stock.

##### ***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 affected 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, federal and state 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") repealed its 2015 "network neutrality" rules, effective June 2018. The 2015 network neutrality rules were designed to ensure that all online content and services were treated the same by internet service providers 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. In April 2024, the FCC adopted an order that substantially reinstated the 2015 rules. In addition, a number of states have adopted or are adopting or considering legislation or executive actions that would regulate the conduct of broadband providers. For example, California began enforcing a state-specific network neutrality law on March 25, 2021. A number of other states have adopted or are adopting or considering legislation or executive actions that would regulate the conduct of broadband providers. The FCC's April 2024 order permits it to preempt any state-level network neutrality requirements that go

beyond the requirements adopted in that order, but specifically held that the California law would not be preempted. We cannot predict the actions that the FCC may take, whether any new FCC order or state initiatives regulating providers will be modified, overturned, or vacated by legal action, federal legislation, or the FCC itself, or the degree to which additional federal or state regulatory action – or inaction – may adversely affect our business. 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 number 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.

***Our business could be adversely impacted by laws and regulations related to the telecommunications industry.***

We provide certain communications and voice services that are or could become subject to existing or potential domestic or international regulations around telecommunications. For example, we are registered as an interconnected Voice Over Internet Protocol (“VoIP”) provider in the United States, which subjects us to the FCC’s rules and regulations applicable to VoIP providers such as filings and regulatory assessments (including contributions to FCC-mandated funds), call authentication requirements, access to emergency services, requirements around the provision or portability of phone numbers, data privacy, and law enforcement access laws. We may seek to expand business activities to new jurisdictions, which could subject us to new or increased regulations, increase compliance costs or limit the level of services we offer, each of which could affect our business strategies and potential customer base. In addition, existing and future laws and regulations could limit our ability to make telephone numbers available to customers who request them. Legislators or the agencies may expand the scope of our regulatory obligations or limit our rights at any time. If we do not comply with any current or future regulations that apply to our business, we could be subject to substantial fines and penalties, we may have to restructure our product offerings, exit certain markets, or raise the price of our products, any of which could ultimately harm our business and results of operations. Any enforcement action by the regulators, which may be a public process, would hurt our reputation in the industry, possibly impair our ability to sell our services to our customers and harm our business.

**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 integrity and availability of our products and confidentiality of our confidential information through certain controls, such as business continuity and disaster recovery plans, redundant designs of operational systems and processes, training and availability of key employees, 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 periodic review of our plans. Notwithstanding these efforts, we cannot ensure that our systems or those of our third-party partners are not or 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 limit or reduce their use of our products, switch to our competitors or 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 and the third parties with whom we work are subject to stringent and changing obligations related to data privacy and security. Our (or the third parties with whom we work) 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 collect, receive, store, process, generate, use, transfer, disclose, make accessible, protect, secure, dispose of, transmit, share and conduct other activities with (which we collectively refer to as “process”) proprietary and confidential data, including personal data, intellectual property, and trade secrets, of ours or our customers (collectively, “confidential information”). Additionally, our customers can utilize our Unified-CXM platform to process confidential information or personal data relating to their employees, customers, partners and other individuals. Our data processing activities subject us to numerous global data privacy and security obligations, such as various laws, regulations, guidance, industry standards, external and internal privacy and security policies, contracts, and other obligations that govern the processing of confidential information by us and on our behalf.

In the United States, federal, state, and local governments have enacted numerous data privacy and security laws, including data breach notification laws, personal data privacy laws, and consumer protection laws (such as Section 5 of the Federal Trade Commission Act), and other laws, including wiretapping laws. For example, some privacy laws and other obligations may require us or our customers to obtain consent to process personal data in certain circumstances. 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. In addition, we must comply with the FCC’s regulations that require us to protect private customer information about their use of telecommunications services, known as customer proprietary network information. Our inability or failure to adhere to applicable requirements could result in adverse consequences, including class action litigation, mass arbitration demands and statutory fines for noncompliance. In the past few years, numerous U.S. states 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, which, even if not directly applicable to Sprinklr as a data processor, may be applicable to our customers. 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 intentional 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 various laws has prompted similar legislative developments in other states, which has created a patchwork of overlapping nuanced 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 still considering comprehensive privacy legislation.

In addition, as we continue to expand our business activities, we are accessing additional types and greater volumes of potentially confidential or sensitive information that may subject us to additional privacy and security laws and obligations. For example, in certain limited instances, we have agreed 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 input or allow such information within the platform 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 or confidential information unknowingly, and our failure to comply could result in significant penalties.

As another example, we process an increasing amount of credit card data through our Secure Forms module, and we have entered 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.

Outside of the United States, an increasing number of laws, regulations, and industry standards apply to data privacy and security. Some examples of laws that apply to our processing of personal data 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 Act on the 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 industry-specific laws requiring data to be localized in some limited circumstances or limiting the transfer of personal data to other countries. European and other data protection laws, including the GDPR, place some restrictions on the ability of companies to freely transfer personal data to countries deemed to be inadequate for privacy purposes, and there are fairly rigorous restrictions regarding transfers of personal data from China (although these have been softened recently). Other jurisdictions may also adopt stringent data localization and cross-border data transfer requirements and, in many circumstances, these may be requirements outside of the scope of privacy law, including industry-specific or national security 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 EU’s standard contractual clauses, these mechanisms continue to be 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 (including remote access by employees in support teams in certain regions), 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, can be subject to increased scrutiny from regulators, individual litigants, and activist groups.

We may also become directly or indirectly subject to new laws in the EEA that regulate cybersecurity and non-personal data, such as the EU Data Act, the EU Digital Operational Resilience Act (DORA) or the so-called “EU NIS2 Directive.” Depending on how new laws are implemented and interpreted, we may have to adapt our business practices, contractual arrangements 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 certain unsolicited 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 and onward provider to our customers. 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, and the 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 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 data to us 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, for example, where necessary by providing appropriate transparency notices to data subjects, obtaining necessary consents or where the data is not lawfully made available to us. In addition, there may be 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, and our customers are requiring broader and more extensive commitments.

Moreover, we are certified or assessed to be compliant with UK Cyberessentials, Spain ENS, TISAX, System and Organization Controls (“SOC”) 1, SOC 2, SOC 3, ISO 27001, PCI-DSS 4.0 and HIPAA (under Statements on Standards for Attestation Engagements (“SSAE”) 21 reporting) and maintain a Federal Risk and Authorizations Management Program (“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, terms of service, contracts, requests for information, in online collateral, 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 and privacy 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 including, without limitation, 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, Microsoft 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 with whom we work with, including 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 partners 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, individuals 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 the third parties with whom we work 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 process 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 online and offline, fraud, security issues 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.

In addition, our Unified-CXM platform or other internal systems used for operating our business may be misconfigured or contain significant unmitigated weaknesses or vulnerabilities, resulting in a heightened exposure to internal and external threats. The processes used to implement technical and administrative controls to protect our systems and the data they contain may be ineffective in parts or entirely. Our employees, contractors, partners, vendors and customers could create situations whereby critical controls are bypassed, deactivated or otherwise reduced in effectiveness, which could lead to the inadvertent exposure of confidential information, intellectual property or other sensitive information and heighten our exposure to security threats. Moreover, we may not have access to any effective control mechanisms that could mitigate these concerns or address new or advanced concerns.

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 with whom we work, 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 with whom we work are 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, worms, backdoors and time bombs), 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, and 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 important to the internal processes of many of our customers 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 parties and third-party 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 the third parties with whom we work to 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 the third parties with whom we work experience a security incident or other interruption, we could experience adverse consequences. While we may be entitled to damages if these third parties 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 in the third parties' with whom we work 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 and services is critical to our success. We take steps designed to detect, mitigate, and remediate vulnerabilities in our information systems (such as our hardware, software, and products, and those of the third parties with whom we work). However, our information systems may contain 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 and remediate all such vulnerabilities in our information systems including on a timely basis, and sometimes customer permission to remediate certain vulnerabilities may be required, which could result in further delays in timely remediation. 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. Even if we have issued or otherwise made patches or information for vulnerabilities in our information systems, our customers may be unwilling or unable to deploy such patches and use such information effectively and in a timely manner. Vulnerabilities could be exploited and result in a security incident.

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 with whom we work) to provide our Unified-CXM platform and our services. We may expend significant resources or modify our business activities to try to remediate and 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 certain applicable laws and our customer agreements require us to implement and maintain specific security measures, industry-standard or reasonable security measures to protect our information technology systems and confidential information. In addition, 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 reject, 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, including breach of contract or applicable legislation. If we (or a third party with whom we work) 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, value-added, goods and services or other similar 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 tax, 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 in various jurisdictions. Our domestic and international tax liabilities are subject to 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, as well as a one percent excise tax on stock repurchases imposed on public corporations making such repurchases. 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. The OECD Pillar 2 guidelines address the increasing digitalization of the global economy and re-allocating taxing rights among countries. The European Union and many other member states have committed to adopting Pillar 2, which calls for a global minimum tax of 15% to be effective for tax years beginning in 2024. The OECD guidelines published to date include transition and safe harbor rules around the implementation of the

Pillar 2 global minimum tax. We are monitoring developments and evaluating the impacts these new rules will have on our tax rate, including eligibility to qualify for these safe harbor rules.

***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 matters. 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 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 and other tax assets to offset future taxable income or tax liability 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. If these net operating loss carryforwards expire unused, they will be unavailable to offset future income tax liabilities, which could adversely affect our potential profitability.

In addition, under Section 382 of the Internal Revenue Code of 1986, as amended (the “Code”), 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 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 generally are 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.

#### **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, including as a result of any future share repurchase program implemented by the company;
- 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;
- our involvement in any litigation, including class action lawsuits;
- governmental or regulatory actions or audits;
- regulatory or political developments in the United States, foreign countries or both, including potential implications from the recent elections in the United States;
- general economic, political and market conditions and overall fluctuations in the financial markets in the United States and abroad, including as a result of public health crises or geographical tensions and wars, such as the Russia-Ukraine war and the Israel-Hamas war (including any escalation or geographical expansion of these conflicts); 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, 2024 beneficially held approximately 45.8% of our outstanding capital stock, but controlled approximately 89.4% 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, 2024, our directors, executive officers and their respective affiliates beneficially owned, in the aggregate, approximately 98.2% of our Class B common stock, and controlled approximately 89.7% 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 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.***

Our business depends to a significant extent on the overall demand for enterprise cloud software products and on the economic health of our current and prospective customers. 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, fluctuations in inflation and interest rates, disruptions in access to bank deposits or lending commitments due to bank failures and uncertainty about economic stability.

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, fluctuations in 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 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, general economic weakness may lead to longer collection cycles for payments due from our customers, an increase in customer bad debt and restructuring initiatives and associated expenses, and customers and potential customers may require financial concessions, all of 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 Sales of Equity Securities and Use of Proceeds**

**Recent Sales of Unregistered Equity Securities**

None.

**Item 5. Other Information**

**Insider Trading Arrangements**

During our last fiscal quarter, none of our directors and officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated any contracts, instructions or written plans for the purchase or sale of the Company's securities.

**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>Form of Indemnification Agreement between Registrant and each director and executive officer.</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 with Embedded Linkbase Documents
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibits 101)

# Indicates management contract or compensatory plan.

\* The certifications furnished in Exhibit 32.1 are deemed to accompany this Quarterly Report on Form 10-Q and are not deemed "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 4, 2024

By: /s/ Manish Sarin

Manish Sarin  
Chief Financial Officer  
*(Principal Financial Officer)*

Date: December 4, 2024

By: /s/ Marlise Ricci

Marlise Ricci  
Chief Accounting Officer  
*(Principal Accounting Officer)*

**SPRINKLR, INC.**  
**INDEMNIFICATION AGREEMENT**

This **Indemnification Agreement** (this "**Agreement**") is dated as of \_\_\_\_\_, 20\_\_ and is between Sprinklr, Inc., a Delaware corporation (the "**Company**"), and \_\_\_\_\_ ("**Indemnitee**").

**Recitals**

- A.** Indemnitee's service to the Company and/or any Enterprise substantially benefits the Company.
- B.** Individuals are reluctant to serve as directors or officers of corporations or in certain other capacities unless they are provided with adequate protection through insurance or indemnification against the risks of claims and actions against them arising out of such service.
- C.** Indemnitee does not regard the protection currently provided by applicable law, the Company's governing documents and any insurance as adequate under the present circumstances, and Indemnitee may not be willing to serve the Company or any other Enterprise without additional protection.
- D.** In order to induce Indemnitee to continue to provide services to the Company or any other Enterprise, it is reasonable, prudent and necessary for the Company to contractually obligate itself to indemnify, and to advance expenses on behalf of, Indemnitee as permitted by applicable law.
- E.** This Agreement is a supplement to and in furtherance of the indemnification provided in the Company's certificate of incorporation and bylaws, and any resolutions adopted pursuant thereto, and this Agreement shall not be deemed a substitute therefor, nor shall this Agreement be deemed to limit, diminish or abrogate any rights of Indemnitee thereunder.

**Agreement**

The parties agree as follows:

**1. Definitions.**

**(a)** "**Beneficial Owner**" shall have the meaning given to such term in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"); provided, however, that "Beneficial Owner" shall exclude any Person otherwise becoming a Beneficial Owner solely by reason of (i) the stockholders of the Company approving a merger of the Company with another Person, or entering into tender or support agreements relating thereto, provided such merger was approved by the Company's board of directors, or (ii) the Company's board of directors approving a sale of securities by the Company to such Person.

**(b)** A "**Change in Control**" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

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(i) *Acquisition of Stock by Third Party.* Any Person (as defined below) becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company's then outstanding securities;

(ii) *Change in Board Composition.* During any period of two consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constituted the Company's board of directors and any Approved Directors cease for any reason to constitute at least a majority of the members of the Company's board of directors. "**Approved Directors**" means new directors (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 1(b)(i), 1(b)(iii) or 1(b)(iv)) whose election or nomination by the board of directors (or, if applicable, by the Company's stockholders) was approved by a vote of at least two thirds of the directors then still in office who either were directors at the beginning of such two-year period or whose election or nomination for election was previously so approved;

(iii) *Corporate Transactions.* The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the combined voting power of the voting securities of the surviving entity outstanding immediately after such merger or consolidation and with the power to elect a majority of the board of directors or other governing body of such surviving entity; or

(iv) *Liquidation.* The approval by the Company's board of directors of a complete liquidation or the dissolution of the Company or an agreement for the sale, lease or disposition by the Company of all or substantially all of the Company's assets; or

(v) *Other Events.* Any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Exchange Act, whether or not the Company is then subject to such reporting requirement.

(c) "**Corporate Status**" describes the status of a person who is or was a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of the Company or any other Enterprise.

(d) "**DGCL**" means the General Corporation Law of the State of Delaware.

(e) "**Disinterested Director**" means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(f) "**Enterprise**" means the Company and any other corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise, including the Company's subsidiaries and branches, of which Indemnitee is or was serving at the request of the Company as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary.

(g) "**Expenses**" include all reasonable and actually incurred attorneys' fees, retainers, court costs, transcript costs, fees and costs of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to

prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersede as bond or other appeal bond or their equivalent, and (ii) for purposes of Section 10(d), Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(h) **"Independent Counsel"** means a law firm, or a partner or member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent (i) the Company, any Enterprise or Indemnitee in any matter material to any such party (other than as Independent Counsel with respect to matters concerning Indemnitee under this Agreement, or other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term Independent Counsel shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(i) **"Person"** shall have the meaning set forth in Sections 13(d) and 14(d) of the Exchange Act; *provided, however*, that Person shall exclude (i) the Company, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, and (iii) any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(j) **"Proceeding"** means any threatened, pending or completed action, suit, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative or investigative nature, whether formal or informal, including any appeal therefrom and including without limitation any such Proceeding pending as of the date of this Agreement, in which Indemnitee was, is or will be involved as a party, a potential party, a non-party witness or otherwise by reason of (i) the fact that Indemnitee is or was a director or officer of the Company, (ii) any action taken by Indemnitee or any action or inaction on Indemnitee's part while acting as a director or officer of the Company, or (iii) the fact that he or she is or was serving at the request of the Company as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of the Company or any other Enterprise, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification or advancement of expenses can be provided under this Agreement.

(k) **"to the fullest extent permitted by applicable law"** means to the fullest extent permitted by all applicable laws, including without limitation: (i) the fullest extent permitted by DGCL as of the date of this Agreement and (ii) the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

(l) In connection with any Proceeding relating to an employee benefit plan: references to **"fines"** shall include any excise taxes assessed on a person with respect to any employee benefit plan; references to **"serving at the request of the Company"** shall include any service as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of the

Company or any other Enterprise which imposes duties on, or involves services by, such person with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he or she reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “*not opposed to the best interests of the Company*” as referred to in this Agreement.

**2. Indemnity in Third-Party Proceedings.** The Company shall indemnify Indemnitee in accordance with the provisions of this Section 2 if Indemnitee is, or is threatened to be made, a party to or witness or other participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 2, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by Indemnitee or on his or her behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

**3. Indemnity in Proceedings by or in the Right of the Company.** The Company shall indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a witness or other participant in any Proceeding by or in the right of the Company or any other Enterprise to procure a judgment in its favor. Pursuant to this Section 3, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses incurred by Indemnitee or on his or her behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 3 in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged by a court of competent jurisdiction to be liable to the Company or any other Enterprise, unless and only to the extent that the Delaware Court of Chancery or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification for such expenses as the Delaware Court of Chancery or such other court shall deem proper.

**4. Indemnification for Expenses of a Party Who is Wholly or Partly Successful.** Notwithstanding any other provision of this Agreement, in circumstances where indemnification is not available under Section 2 or 3, as the case may be, to the fullest extent permitted by law and to the extent that Indemnitee is a party to, and is successful (on the merits or otherwise) in defense of, any Proceeding or any claim, issue or matter therein, the Company shall indemnify Indemnitee against all Expenses incurred by Indemnitee or on Indemnitee’s behalf in connection therewith. For purposes of this Section 4, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

**5. Exclusions.** Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any Proceeding (or any part of any Proceeding):

(a) for which payment has actually been made to or on behalf of Indemnitee under any statute, insurance policy, indemnity provision, vote or otherwise, except with respect to any excess beyond the amount paid;



(b) for an accounting or disgorgement of profits pursuant to Section 16(b) of the Exchange Act, or similar provisions of federal, state or local statutory law or common law, if Indemnitee is held liable therefor (including pursuant to any settlement arrangements);

(c) for any reimbursement of the Company by Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the “*Sarbanes-Oxley Act*”), or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act), if Indemnitee is held liable therefor (including pursuant to any settlement arrangements);

(d) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or any other Enterprise, or its or their directors, officers, employees, agents or other indemnitees, unless (i) the Company’s board of directors authorized the Proceeding (or the relevant part of the Proceeding) prior to its initiation, (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law, (iii) otherwise authorized in Section 10(d) or (iv) otherwise required by applicable law; provided, for the avoidance of doubt, Indemnitee shall not be deemed for purposes of this paragraph, to have initiated any Proceeding (or any part of a Proceeding) by reason of (i) having asserted any affirmative defenses in connection with a claim not initiated by Indemnitee or (ii) having made any counterclaim (whether permissive or mandatory) in connection with any claim not initiated by Indemnitee; or

(e) if prohibited by the DGCL or other applicable law.

**6. Advances of Expenses.** The Company shall advance the Expenses incurred by Indemnitee in connection with any Proceeding prior to its final disposition, and such advancement shall be made as soon as reasonably practicable, but in any event no later than 30 days, after the receipt by the Company of a written statement or statements requesting such advances from time to time (which shall include invoices received by Indemnitee in connection with such Expenses but, in the case of invoices in connection with legal services, any references to legal work performed or to expenditure made that would cause Indemnitee to waive any privilege accorded by applicable law shall not be included with the invoice). Advances shall be unsecured and interest free and made without regard to Indemnitee’s ability to repay such advances. Indemnitee hereby undertakes to repay any advance to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company, *except*, with respect to advances of expenses made pursuant to Section 10(c), in which case Indemnitee makes the undertaking provided in Section 10(c). This Section 6 shall not apply to the extent advancement is prohibited by law and shall not apply to any Proceeding (or any part of any Proceeding) for which indemnity is not permitted under this Agreement, but shall apply to any Proceeding (or any part of any Proceeding) referenced in Section 5(b) or 5(c) prior to a determination that Indemnitee is not entitled to be indemnified by the Company.

**7. Procedures for Notification and Defense of Claim.**

(a) Indemnitee shall notify the Company in writing of any matter with respect to which Indemnitee intends to seek indemnification or advancement of Expenses as soon as reasonably practicable following the receipt by Indemnitee of notice thereof. The written notification to the Company shall include, in reasonable detail, a description of the nature of the Proceeding and the facts underlying the Proceeding. The failure by Indemnitee to notify the Company will not relieve the Company from any

liability that it may have to Indemnitee hereunder or otherwise than under this Agreement, and any delay in so notifying the Company shall not constitute a waiver by Indemnitee of any rights, except to the extent that such failure or delay materially prejudices the Company or any other Enterprise.

(b) If, at the time of the receipt of a notice of a Proceeding pursuant to the terms hereof, the Company has directors' and officers' liability insurance in effect that may be applicable to the Proceeding, the Company shall give prompt notice of the commencement of the Proceeding to the insurers in accordance with the procedures set forth in the applicable policies. The Company shall thereafter take all commercially reasonable action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(c) In the event the Company may be obligated to make any indemnity in connection with a Proceeding, the Company and any Enterprise, as applicable, shall be entitled to assume the defense of such Proceeding with counsel approved by Indemnitee, which approval shall not be unreasonably withheld, conditioned or delayed, upon the delivery to Indemnitee of written notice of its election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company or any other Enterprise will not be liable to Indemnitee for any fees or expenses of counsel subsequently incurred by Indemnitee with respect to the same Proceeding. Notwithstanding the Company's assumption of the defense of any such Proceeding, the Company shall be obligated to pay the fees and expenses of Indemnitee's separate counsel to the extent (i) the employment of separate counsel by Indemnitee is authorized by the Company, (ii) counsel for the Company shall have reasonably concluded that there is a conflict of interest between the Company and Indemnitee in the conduct of any such defense such that Indemnitee needs to be separately represented, (iii) the Company is not financially or legally able to perform its indemnification obligations, or (iv) the Company shall not have retained, or shall not continue to retain, counsel to defend such Proceeding. Regardless of any provision in this Agreement, Indemnitee shall have the right to employ counsel in any Proceeding at Indemnitee's personal expense. The Company shall not be entitled, without the consent of Indemnitee, to assume the defense of any claim brought by or in the right of the Company.

(d) Indemnitee shall give the Company such information and cooperation in connection with the Proceeding as may be reasonably appropriate.

(e) The Company shall not be liable to indemnify Indemnitee for any settlement of any Proceeding (or any part thereof) effected without the Company's prior written consent, which shall not be unreasonably withheld, conditioned or delayed. The Company acknowledges that a settlement or other disposition short of final judgment may be successful if it permits a party to avoid expense, delay, distraction, disruption and uncertainty. In the event that any action, claim or proceeding to which Indemnitee is a party is resolved in a settlement to which the Company has given its prior written consent, such settlement shall be treated as a success on the merits in the settled action, suit or proceeding.

(f) The Company shall not settle any Proceeding (or any part thereof) in a manner that imposes any penalty or liability on Indemnitee not paid by the Company without Indemnitee's prior written consent, which shall not be unreasonably withheld, conditioned or delayed.

## **8. Procedures upon Application for Indemnification.**

(a) To obtain indemnification, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and as is reasonably necessary to determine whether and to what extent Indemnitee is entitled

to indemnification following the final disposition of the Proceeding. Any delay in providing the request will not relieve the Company from its obligations under this Agreement, except to the extent such failure is prejudicial.

**(b)** Upon written request by Indemnitee for indemnification pursuant to Section 8(a), a determination with respect to Indemnitee's entitlement thereto shall be made as follows, provided that a Change in Control shall not have occurred: (i) by a majority vote of the Disinterested Directors, even though less than a quorum of the Company's board of directors; (ii) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Company's board of directors; (iii) if there are no such Disinterested Directors or, if a majority of Disinterested Directors so direct, by Independent Counsel in a written opinion to the Company's board of directors, a copy of which shall be delivered to Indemnitee; or (iv) if so directed by the Company's board of directors, by the stockholders of the Company. If a Change in Control shall have occurred, a determination with respect to Indemnitee's entitlement to indemnification shall be made by Independent Counsel in a written opinion to the Company's board of directors, a copy of which shall be delivered to Indemnitee. If it is determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within 10 days after such determination. Indemnitee shall cooperate with the person, persons or entity making the determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information that is not privileged or otherwise protected from disclosure and that is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or expenses (including attorneys' fees and disbursements) actually and reasonably incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company, to the extent permitted by applicable law.

**(c)** In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 8(b), the Independent Counsel shall be selected as provided in this Section 8(c). If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Company's board of directors, and the Company shall give written notice to Indemnitee advising him or her of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Company's board of directors, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within 10 days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 1, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within 20 days after the later of (i) submission by Indemnitee of a written request for indemnification pursuant to Section 8(a) and (ii) the final disposition of the Proceeding, the parties have not agreed upon an Independent Counsel, either the Company or Indemnitee may petition a court of competent jurisdiction for resolution of any objection that shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 8(b). Upon the due commencement

of any judicial proceeding or arbitration pursuant to Section 10(a), the Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(d) The Company shall pay the reasonable fees and expenses of any Independent Counsel and to fully indemnify such counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

#### **9. Presumptions and Effect of Certain Proceedings.**

(a) In making a determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination shall, to the fullest extent not prohibited by law, presume that Indemnitee is entitled to indemnification under this Agreement, and the Company shall, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption by clear and convincing evidence.

(b) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner that he or she reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his or her conduct was unlawful.

(c) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith to the extent Indemnitee relied in good faith on (i) the records or books of account of the Enterprise, including financial statements, (ii) information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, (iii) the advice of legal counsel for the Enterprise or its board of directors or counsel selected by any committee of the board of directors or (iv) information or records given or reports made to the Enterprise by an independent certified public accountant, an appraiser, investment banker or other expert selected with reasonable care by the Enterprise or its board of directors or any committee of the board of directors. The provisions of this Section 9(c) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(d) Neither the knowledge, actions nor failure to act of any other director, officer, agent or employee of the Enterprise shall be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

#### **10. Remedies of Indemnitee.**

(a) Subject to Section 10(e), in the event that (i) a determination is made pursuant to Section 9 that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 6 or 10(d), (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 8 within 30 days after the later of the receipt by the Company of the request for indemnification or the final disposition of the Proceeding, (iv) payment of indemnification pursuant to this Agreement is not made (A) within 10 days after a determination has been made that Indemnitee is entitled to indemnification or (B) with respect to indemnification pursuant to Sections 4, 5 and 10(d), within 30 days after receipt by the Company of a written request therefor, or (v) the Company or any other person or entity takes or threatens to take any action to declare this Agreement

void or unenforceable, or institutes any litigation or other action or proceeding designed to deny, or to recover from, Indemnitee the benefits provided or intended to be provided to Indemnitee hereunder, Indemnitee shall be entitled to an adjudication by a court of competent jurisdiction of his or her entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnitee, at his or her option, may seek an award in arbitration with respect to his or her entitlement to such indemnification or advancement of Expenses, to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 12 months following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 10(a); *provided, however*, that the foregoing clause shall not apply in respect of a proceeding brought by Indemnitee to enforce his or her rights under Section 4. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration in accordance with this Agreement.

**(b)** Neither (i) the failure of the Company, its board of directors, any committee or subgroup of the board of directors, Independent Counsel or stockholders to have made a determination that indemnification of Indemnitee is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor (ii) an actual determination by the Company, its board of directors, any committee or subgroup of the board of directors, Independent Counsel or stockholders that Indemnitee has not met the applicable standard of conduct, shall create a presumption that Indemnitee has or has not met the applicable standard of conduct. In the event that a determination shall have been made pursuant to Section 8 that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 10 shall be conducted in all respects as a *de novo* trial, or arbitration, on the merits, and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 10, the Company shall, to the fullest extent not prohibited by law, have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be, and the burden of proof shall be by clear and convincing evidence.

**(c)** To the fullest extent not prohibited by law, the Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 10 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement. If a determination shall have been made pursuant to Section 10 that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 10, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statements not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

**(d)** To the extent not prohibited by law, the Company shall indemnify Indemnitee against all Expenses incurred by Indemnitee in connection with any action for indemnification or advancement of Expenses from the Company under this Agreement, any other agreement, the Company's certificate of incorporation or bylaws or under any directors' and officers' liability insurance policies maintained by the Company to the extent Indemnitee is successful in such action, and, if requested by Indemnitee, shall (as soon as reasonably practicable, but in any event no later than 30 days, after receipt by the Company of a written request therefor) advance such Expenses to Indemnitee, subject to the provisions of Section 6. Indemnitee hereby undertakes to repay such advances to the extent the Indemnitee is ultimately unsuccessful in such action or arbitration.

(e) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification shall be required to be made prior to the final disposition of the Proceeding.

**11. Contribution.** To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amounts incurred by Indemnitee, whether for Expenses, judgments, fines or amounts paid or to be paid in settlement, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the events and transactions giving rise to such Proceeding; and (ii) the relative fault of Indemnitee and the Company (and its other directors, officers, employees and agents) in connection with such events and transactions.

**12. Non-exclusivity.** The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Company's certificate of incorporation or bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Company's certificate of incorporation and bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change, subject to the restrictions expressly set forth herein or therein. Except as expressly set forth herein, no right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. Except as expressly set forth herein, the assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

**13. Primary Responsibility.** The Company acknowledges that to the extent Indemnitee is serving as a director on the Company's board of directors at the request or direction of a private equity or venture capital fund or other entity and/or certain of its affiliates (collectively, the "**Secondary Indemnitors**"), Indemnitee may have certain rights to indemnification and advancement of expenses provided by such Secondary Indemnitors. The Company agrees that, as between the Company and the Secondary Indemnitors, the Company is primarily responsible for amounts required to be indemnified or advanced under the Company's certificate of incorporation or bylaws or this Agreement and any obligation of the Secondary Indemnitors to provide indemnification or advancement for the same amounts is secondary to those Company obligations. To the extent not in contravention of any insurance policy or policies providing liability or other insurance for the Company or any director, trustee, general partner, managing member, officer, employee, agent or fiduciary of the Company or any other Enterprise, the Company waives any right of contribution or subrogation against the Secondary Indemnitors with respect to the liabilities for which the Company is primarily responsible under this Section 13. In the event of any payment by the Secondary Indemnitors of amounts otherwise required to be indemnified or advanced by the Company under the Company's certificate of incorporation or bylaws or this Agreement, the Secondary Indemnitors shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee for indemnification or advancement of expenses under the Company's certificate of incorporation or bylaws or this Agreement or, to the extent such subrogation is unavailable and contribution is found to be the applicable remedy, shall have a right of contribution with respect to the

amounts paid. The Secondary Indemnitors are express third-party beneficiaries of the terms of this Section 13.

**14. No Duplication of Payments.** Subject to Section 13, the Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable hereunder (or for which advancement is provided hereunder) if and to the extent that Indemnitee has otherwise actually received payment for such amounts under any insurance policy, contract, agreement or otherwise.

**15. Insurance.** To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, trustees, general partners, managing members, officers, employees, agents or fiduciaries of the Company or any other Enterprise, Indemnitee shall be covered by such policy or policies.

**16. Subrogation.** Subject to Section 13, in the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

**17. Services to the Company.** Indemnitee agrees to serve as a director or officer or employee of the Company or, at the request of the Company, as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of another Enterprise, for so long as Indemnitee is duly elected or appointed or serving in such position or until Indemnitee tenders his or her resignation or is removed from such position. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law), in which event the Company shall have no obligation under this Agreement to continue Indemnitee in such position. This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee. Indemnitee specifically acknowledges that any employment with the Company (or any of its subsidiaries or any Enterprise) is at will, and Indemnitee may be discharged at any time for any reason, with or without cause, with or without notice, except as may be otherwise expressly provided in any executed, written employment contract between Indemnitee and the Company (or any of its subsidiaries or any Enterprise), any existing formal severance policies adopted by the Company's board of directors or, with respect to service as a director or officer of the Company, the Company's certificate of incorporation or bylaws or the DGCL. No such document shall be subject to any oral modification thereof.

**18. Duration.** This Agreement shall continue until and terminate upon the later of (a) five years after the date that Indemnitee shall have ceased to serve as a director or officer or employee of the Company or as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of any other Enterprise, as applicable; or (b) one year after the final termination of any Proceeding, including any appeal, then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any Proceeding commenced by Indemnitee pursuant to Section 10 relating thereto.

**19. Successors.** This Agreement shall be binding upon the Company and its successors and assigns, including any direct or indirect successor, by purchase, merger, consolidation or otherwise, to all or substantially all of the business or assets of the Company, and shall inure to the benefit of Indemnitee and Indemnitee's heirs, executors and administrators. Further, the Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or

substantially all of the business or assets of the Company, by written agreement, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

**20. Severability.** Nothing in this Agreement is intended to require or shall be construed as requiring the Company to do or fail to do any act in violation of applicable law. The Company's inability, pursuant to court order or other applicable law, to perform its obligations under this Agreement shall not constitute a breach of this Agreement. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (i) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (ii) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (iii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

**21. Enforcement.** The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer or employee of the Company or, at the request of the Company, as a director, trustee, general partner, managing member, officer, employee, agent or fiduciary of another Enterprise, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving in such position.

**22. Entire Agreement.** This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; *provided, however*, that this Agreement is a supplement to and in furtherance of the Company's certificate of incorporation and bylaws and applicable law.

**23. Modification and Waiver.** No supplement, modification or amendment to this Agreement shall be binding unless executed in writing by the parties hereto. No amendment, alteration or repeal of this Agreement shall adversely affect any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her Corporate Status prior to such amendment, alteration or repeal. No waiver of any of the provisions of this Agreement shall constitute or be deemed a waiver of any other provision of this Agreement nor shall any waiver constitute a continuing waiver.

**24. Notices.** All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by registered or certified mail, postage prepaid, sent by facsimile or electronic mail or otherwise delivered by hand, messenger or courier service addressed:

(a) if to Indemnitee, to Indemnitee's address, facsimile number or electronic mail address as shown on the signature page of this Agreement or in the Company's records, as may be updated in accordance with the provisions hereof; or

(b) if to the Company, to Sprinklr, Inc., 441 9<sup>th</sup> Ave, 12<sup>th</sup> Floor, New York, NY, 10001, Attention: Chief Legal Officer, or at such other current address as the Company shall have furnished to Indemnitee.



Each such notice or other communication shall for all purposes of this Agreement be treated as effective or having been given (i) if delivered by hand, messenger or courier service, when delivered (or if sent *via* a nationally-recognized overnight courier service, freight prepaid, specifying next-business-day delivery, one business day after deposit with the courier), or (ii) if sent via mail, at the earlier of its receipt or five days after the same has been deposited in a regularly-maintained receptacle for the deposit of the United States mail, addressed and mailed as aforesaid, or (iii) if sent via facsimile, upon confirmation of facsimile transfer or, if sent via electronic mail, upon confirmation of delivery when directed to the relevant electronic mail address, if sent during normal business hours of the recipient, or if not sent during normal business hours of the recipient, then on the recipient's next business day.

**25. Applicable Law and Consent to Jurisdiction.** This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 10(a), the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court of Chancery, and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court of Chancery for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, The Corporation Trust Company, Wilmington, Delaware as its agent in the State of Delaware as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court of Chancery, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court of Chancery has been brought in an improper or inconvenient forum.

**26. Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. This Agreement may also be executed and delivered by facsimile signature and in counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

**27. Captions.** The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

*(signature page follows)*

The parties are signing this Indemnification Agreement as of the date stated in the introductory sentence.

**Sprinklr, Inc.**

By: \_\_

Name: \_\_

Title: \_\_

—  
**[indemnitee name]**

Address: \_\_

—

*[Signature Page to Indemnification Agreement]*



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

I, Manish Sarin, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sprinklr, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers 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 officers 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 4, 2024

By: /s/ Manish Sarin  
Name: Manish Sarin  
Title: Chief Financial Officer  
(Principal Financial 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**

Rory Read, President 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, 2024 (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 4, 2024

/s/ Rory Read

\_\_\_\_\_  
Rory Read  
President and Chief Executive Officer  
(Principal Executive Officer)

/s/ Manish Sarin

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